Sanford C. Bernstein Fund, Inc.

International Portfolio
Tax-Managed International Portfolio
Emerging Markets Portfolio
Short Duration New York Municipal Portfolio
Short Duration California Municipal Portfolio
Short Duration Diversified Municipal Portfolio
New York Municipal Portfolio
California Municipal Portfolio
Diversified Municipal Portfolio
U.S. Government Short Duration Portfolio
Short Duration Plus Portfolio
Intermediate Duration Portfolio

Semi-Annual Report

March 31, 2013

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Before investing in any portfolio of the Sanford C. Bernstein Fund, Inc., a prospective investor should consider carefully the portfolio's investment objectives and policies, charges, expenses and risks. These and other matters of importance to prospective investors are contained in the portfolio's prospectus, an additional copy of which may be obtained by visiting our website at www.bernstein.com and clicking on "Investments", then "Stocks" or "Bonds", then "Prospectuses, SAIs and Shareholder Reports" or by calling your financial advisor or by calling Bernstein's mutual fund shareholder help line at 212.756.4097. Please read the prospectus carefully before investing.

For performance information current to the most recent month-end, please visit our website at www.bernstein.com and click on "Investments", then "Stocks" or "Bonds", then "Prospectuses, SAIs and Shareholder Reports".

This shareholder report must be preceded or accompanied by the Sanford C. Bernstein Fund, Inc. prospectus for individuals who are not shareholders of the Fund.

You may obtain 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 www.alliancebernstein.com, or go to the Securities and Exchange Commission's website at www.sec.gov, or call AllianceBernstein at 800.227.4618.

The Fund will file 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 Form N-Q is available on the Commission's website at www.sec.gov. The Fund's Form N-Q may also be reviewed and copied at the Commission's Public Reference Room in Washington, D.C.; information on the operation of the Public Reference Room may be obtained by calling 800.SEC.0330.

The Report of Independent Registered Public Accounting Firm can be found with the applicable Portfolio's Schedules of Investments. The Schedules of Investments, an integral part of the financial statements for each Portfolio, are included as inserts to this Report.

Portfolio Manager Commentary *(Unaudited)*

To Our Shareholders—May 17, 2013

On the following pages, you will find the 2013 Semi-Annual Report for the Portfolios* of the Sanford C. Bernstein Fund, Inc. (collectively, the "Portfolios" and individually a "Portfolio"). The Semi-Annual Report covers the six-month period ended March 31, 2013 and includes financial statements as well as notes to the financial statements, information about the recent performance of the Portfolios and a listing of each Portfolio's holdings as of the period end.

Global equity and bond markets advanced during the 12-month period ended March 31, 2013, driven largely by improved investor sentiment and a greater willingness on the part of investors to take risk. The determination to address the European sovereign debt crisis shown by European Union leaders, the U.S. Government compromise surrounding the fiscal cliff, and continued monetary easing by the U.S. Federal Reserve, the European Central Bank and Bank of Japan all contributed to investors' increased confidence.

Despite some setbacks along the way, the U.S. stock market has recovered to its pre-2008 financial crisis high, and, in our view, the global stock market is not far behind. Taking a long-term view, we continue to believe that stocks are reasonably valued and the opportunity to deliver outperformance with active management remains large. Meanwhile, bond yields have crept up but remain near historic lows, depressing returns for municipal and taxable bonds recently. We believe that bond yields are likely to rise slowly and are positioning your Portfolios accordingly.

Should you have any questions about your investments in the Portfolios, please contact your Financial Advisor, call 212.756.4097 or visit www.bernstein.com. As always, we are firmly dedicated to your investment success. Thank you for your continued interest in the Portfolios.

Sincerely,
Dianne F. Lob
President
Sanford C. Bernstein Fund, Inc.

* This performance discussion is intended as a general market commentary and does not pertain specifically to the performance of the Portfolios.
Please note that the information for the Overlay Portfolios of Sanford C. Bernstein Fund. Inc. may be found in a separate report.

Bernstein International Portfolio
Bernstein Tax-Managed International Portfolio

Investment Objectives and Strategies

The Portfolios seek to provide long-term capital growth. The Portfolios invest primarily in equity securities of issuers in countries that make up the Morgan Stanley Capital International ("MSCI") Europe, Australasia and Far East ("EAFE") Index, and Canada. AllianceBernstein L.P. (the "Adviser") diversifies the Portfolios among many foreign countries, but not necessarily in the same proportion that the countries are represented in the MSCI EAFE Index. Under normal circumstances, the Portfolios will invest in companies in at least three countries (and normally substantially more) other than the United States. The Portfolios also invest in less developed or emerging equity markets. The Adviser may diversify the Portfolio across multiple research strategies as well as capitalization ranges. The Adviser relies on both fundamental and quantitative research to manage both risk and return for the Portfolios. The Portfolios may own stocks from the Adviser's bottom-up fundamental research in value, growth, stability and other disciplines. The Bernstein International Portfolio is managed without regard to tax considerations. The Bernstein Tax-Managed International Portfolio seeks to minimize the impact of taxes on shareholders' returns.

The Portfolios may invest in companies of any size. The Portfolios will invest primarily in common stocks but may also invest in preferred stocks, warrants and convertible securities of foreign issuers, including sponsored or unsponsored American Depositary Receipts ("ADRs") and Global Depositary Receipts ("GDRs"). The Portfolios may use derivatives, such as options, futures, forwards and swaps. The Portfolios may enter into foreign currency transactions for hedging and non-hedging purposes on a spot (i.e., cash) basis or through the use of derivatives transactions, such as forward currency exchange contracts, currency futures and options thereon, and options on currencies. An appropriate hedge of currency exposure resulting from the Portfolios' securities positions may not be available or cost effective, or the Adviser

(Portfolio Manager Commentary continued on next page)

may determine not to hedge the positions, possibly even under market conditions where doing so could benefit the Portfolios. The Portfolios will generally invest in foreign-currency futures contracts or foreign-currency forward contracts with terms of up to one year. The Portfolios will also purchase foreign currency for immediate settlement in order to purchase foreign securities. In addition, the Portfolios will generally invest a portion of uncommitted cash balances in futures contracts to expose that portion of the Portfolios to the equity markets. The Portfolios may use options strategies involving the purchase and/or writing of various combinations of call and/or put options, including on individual securities and stock indexes, futures contracts (including futures contracts on individual securities and stock indexes) or shares of exchange-traded funds ("ETFs"). These options transactions may be used, for example, in an effort to earn extra income, to adjust exposure to individual securities or markets, or to protect all or a portion of the Portfolios' portfolio from a decline in value, sometimes within certain ranges.

Bernstein Emerging Markets Portfolio

Investment Objective and Strategy

The Portfolio seeks to provide long-term capital growth through investments in equity securities of companies in emerging market countries. Under normal circumstances, the Portfolio will invest at least 80% of its net assets in securities of companies in emerging markets. For purposes of this policy, net assets include any borrowings for investment purposes. The Adviser diversifies the investment portfolio between growth and value equity investment styles. Normally, approximately 50% of the value of the Portfolio will consist of emerging markets value stocks and 50% will consist of emerging markets growth stocks. The Portfolio will be rebalanced as necessary to maintain this targeted allocation. Depending on market conditions, however, the actual weightings of securities from each investment discipline in the Portfolio may vary within a range. In extraordinary circumstances, when research determines conditions favoring one investment style are compelling, the range may be 40%–60% before rebalancing occurs.

The Portfolio may invest in companies of any size. The Portfolio will invest primarily in common stocks but may also invest in preferred stocks, Real Estate Investment Trusts ("REITs"), warrants and convertible securities of foreign issuers, including sponsored or unsponsored ADRs and GDRs. Under most conditions, the Portfolio intends to have its assets diversified among emerging-market countries, although the Portfolio may also invest in more developed country markets. In allocating the Portfolio's assets among emerging market countries, factors will be considered such as the geographical distribution of the Portfolio, the sizes of the stock markets represented and the various key economic characteristics of the countries. However, the Portfolio may not necessarily be diversified on a geographical basis. The Adviser will also consider the transaction costs and volatility of each individual market.

The Adviser may hedge currency risk when it believes there is potential to enhance risk-adjusted returns. An appropriate hedge of currency exposure resulting from the Portfolio's securities positions may not be available or cost effective, or the Adviser may determine not to hedge the positions, possibly even under market conditions where doing so could benefit the Portfolio. In addition, the Portfolio may invest a portion of its uncommitted cash balances in futures contracts to expose that portion of the Portfolio to the equity markets. The Portfolio may use derivatives, such as options, futures, forwards and swaps. The Portfolio may use options strategies involving the purchase and/or writing of various combinations of call and/or put options, including on individual securities and stock indexes, futures contracts (including futures contracts on individual securities and stock indexes) or shares of ETFs. These options transactions may be used, for example, in an effort to earn extra income, to adjust exposure to individual securities or markets, or to protect all or a portion of the Portfolio's portfolio from a decline in value, sometimes within certain ranges. The Portfolio may also make investments in developed foreign securities that comprise the MSCI EAFE Index.

Bernstein Short Duration New York Municipal Portfolio

Bernstein Short Duration California Municipal Portfolio

Bernstein Short Duration Diversified Municipal Portfolio

Investment Objectives and Strategies

Each of the Portfolios seeks to provide safety of principal and a moderate rate of return after taking account of federal taxes (and, in the case of the Short Duration New York Municipal Portfolio, New York state and local taxes and, in the case of the Short Duration California Municipal Portfolio, California state taxes). Under normal circumstances, the Portfolios will invest at least 80% of their net assets in municipal securities (and in the case of the Short Duration New York Municipal and Short Duration California Municipal Portfolios, municipal securities

(Portfolio Manager Commentary continued on next page)

issued by the State of New York or the State of California, or their political subdivisions, or otherwise exempt from New York or California state income tax, respectively). For purposes of these policies, net assets include any borrowings for investment purposes.

Each of the Portfolios invest at least 80% of its total assets in municipal securities rated A or better by national rating agencies (or, if unrated, determined by the Adviser to be of comparable quality) and comparably rated municipal notes. Each of the Short Duration Portfolios may invest up to 20% of its total assets in fixed income securities rated BB or B by national rating agencies, which are not investment-grade (commonly known as "junk bonds").

The Short Duration New York Municipal Portfolio and Short Duration California Municipal Portfolio each may also invest up to 20% of its net assets in fixed income securities of U.S. issuers that are not municipal securities if, in the opinion of the Adviser, these securities will enhance the after-tax return for New York investors and California investors, respectively. The Short Duration Diversified Municipal Portfolio will invest no more than 25% of its total assets in municipal securities of issuers located in any one state. The Portfolios may use derivatives, such as options, futures, forwards and swaps. The Portfolios seek to maintain an effective duration of one-half year to two and one-half years under normal market conditions.

Bernstein New York Municipal Portfolio
Bernstein California Municipal Portfolio
Bernstein Diversified Municipal Portfolio

Investment Objectives and Strategies

Each of the Portfolios seeks to provide safety of principal and maximize total return after taking account of federal taxes (and, in the case of the New York Portfolio, New York state and local taxes and, in the case of the California Portfolio, California state taxes). Under normal circumstances, each of the Portfolios will invest at least 80% of its net assets in municipal securities (and, in the case of the New York and California Portfolios, municipal securities issued by the State of New York or the State of California, or their political subdivisions, or otherwise exempt from New York or California state income tax, respectively). Each of the Portfolios invests at least 80% of its total assets in municipal securities rated A or better by national rating agencies (or, if unrated, determined by the Adviser to be of comparable quality) and comparably rated municipal notes. Each of the Portfolios may invest up to 20% of their total assets in fixed income securities rated BB or B by national rating agencies, which are not investment-grade.

Each of the Portfolios may also invest up to 20% of its net assets in fixed income securities of U.S. issuers that are not municipal securities if, in the opinion of the Adviser, these securities will enhance the after-tax return for investors. The Diversified Municipal Portfolio will invest no more than 25% of its net assets in municipal securities of issuers located in any one state. The Portfolios may use derivatives, such as options, futures, forwards and swaps. Each Portfolio seeks to maintain an effective duration between three and one-half to seven years under normal market conditions.

Bernstein U.S. Government Short Duration Portfolio

Investment Objective and Strategy

The Portfolio seeks to provide safety of principal and a moderate rate of income that is generally exempt from state and local taxes. Under normal circumstances, the Portfolio will invest at least 80% of its net assets in U.S. Government and agency securities. For purposes of this policy, net assets include any borrowings for investment purposes. The Portfolio may also invest in high-quality money-market securities, which are securities that have remaining maturities of one year or less and are rated A-1 or better by Standard & Poor's Corporation ("Standard & Poor's") or Fitch Ratings, Inc. ("Fitch") or P-1 or better by Moody's Investors Services, Inc. ("Moody's") (or, if unrated, determined by the Adviser to be of comparable quality). Additionally, up to 10% of the Portfolio's total assets may be invested in other securities rated A or better by national rating agencies and comparably rated commercial paper and notes.

Many types of securities may be purchased by the Portfolio, including bills, notes, corporate bonds, inflation-protected securities, mortgage-backed securities and asset-backed securities, as well as others. The Portfolio may use derivatives, such as options, futures, forwards and swaps. The income earned by the Portfolio is generally exempt from state and local taxes; however, states have different requirements for tax-exempt distributions and there is no assurance that your distributions from the Portfolio's income will not be subject to the state and local taxes of your state. The Portfolio seeks to maintain an effective duration of one to three years under normal market conditions.

(Portfolio Manager Commentary continued on next page)

Bernstein Short Duration Plus Portfolio

Investment Objective and Strategy

The Portfolio seeks to provide safety of principal and a moderate rate of income that is subject to taxes. The Portfolio will invest at least 80% of its total assets in securities rated A or better by national rating agencies (or, if unrated, determined by the Adviser to be of comparable quality). Many types of securities may be purchased by the Portfolio, including corporate bonds, notes, U.S. Government and agency securities, asset-backed securities, mortgage-related securities, inflation-protected securities, bank loan debt and preferred stock, as well as others.

The Portfolio may also invest up to 20% of its total assets in fixed income foreign securities in developed or emerging market countries. The Portfolio may use derivatives, such as options, futures, forwards and swaps. The Portfolio may invest up to 20% of its total assets in fixed income securities rated BB or B by national rating agencies, which are not investment-grade. The Portfolio seeks to maintain an effective duration of one to three years under normal market conditions.

The Portfolio may enter into foreign currency transactions on a spot (i.e., cash) basis or through the use of derivatives transactions, such as forward currency exchange contracts, currency futures and options thereon, and options on currencies. An appropriate hedge of currency exposure resulting from the Portfolio's securities positions may not be available or cost effective, or the Adviser may determine not to hedge the positions, possibly even under market conditions where doing so could benefit the Portfolio.

Bernstein Intermediate Duration Portfolio

Investment Objective and Strategy

The Portfolio seeks to provide safety of principal and a moderate to high rate of income that is subject to taxes. The Portfolio will seek to maintain an average portfolio quality minimum of A, based on ratings given to the Portfolio's securities by national rating agencies (or, if unrated, determined by the Adviser to be of comparable quality). Many types of securities may be purchased by the Portfolio, including corporate bonds, notes, U.S. Government and agency securities, asset-backed securities, mortgage-related securities, inflation-protected securities, as well as others. The Portfolio may also invest up to 25% of its total assets in fixed income, non-U.S. dollar-denominated foreign securities, and may invest without limit in fixed income, U.S. dollar-denominated foreign securities, in each case in developed or emerging-market countries. The Portfolio may use derivatives, such as options, futures, forwards and swaps. The Portfolio may invest up to 25% of its total assets in fixed income securities rated below investment-grade (BB or below) by national rating agencies. No more than 5% of the Portfolio's total assets may be invested in fixed income securities rated CCC by national rating agencies. The Portfolio seeks to maintain an effective duration of three to six years under normal market conditions.

The Portfolio may enter into foreign currency transactions on a spot (i.e., cash) basis or through the use of derivatives transactions, such as forward currency exchange contracts, currency futures and options thereon, and options on currencies. An appropriate hedge of currency exposure resulting from the Portfolio's securities positions may not be available or cost effective, or the Adviser may determine not to hedge the positions, possibly even under market conditions where doing so could benefit the Portfolio.

Disclosures and Risks *(Unaudited)*

Benchmark Disclosures

None of the following indices or averages reflects fees and expenses associated with the active management of a mutual fund portfolio. The MSCI EAFE Index (free float-adjusted, market capitalization weighted) represents the equity market performance of developed markets, excluding the U.S. and Canada. The MSCI Emerging Markets ("EM") Index (free float-adjusted, market capitalization weighted) represents the equity market performance of emerging markets. The MSCI EAFE Index and MSCI EM Index values are calculated using net returns. Net returns include the reinvestment of dividends after deduction of non-U.S. withholding tax. MSCI makes no express or implied warranties or representations, and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices, any securities or financial products. This report is not approved, reviewed or produced by MSCI. The Barclays 1-Year Municipal Bond Index is a total-return performance benchmark for the short-term municipal bond market with maturities of up to 1.99 years. The Barclays 5-Year General Obligation ("GO") Municipal Bond Index represents the performance of long-term, investment-grade tax-exempt bonds with maturities ranging from four to six years. The Bank of America Merrill Lynch® ("BofA ML") 1-3 Year U.S. Treasury Index represents the performance of U.S. dollar-denominated sovereign debt publicly issued by the U.S. government in its domestic market with a remaining term to final maturity of 1–3 years. The Barclays U.S. Aggregate Bond Index represents the performance of securities within the U.S. investment-grade fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities, asset-backed securities, and commercial mortgage-backed securities. Lipper Composites are the equal-weighted average returns of the funds in the relevant Lipper Inc. categories; the average fund in a category may differ in composition from the Portfolios. **Investors cannot invest directly in indices, and their results are not indicative of the performance for any specific investment, including the Portfolios.**

A Word About Risk

All Bernstein Portfolios:

The share price of the Portfolios will fluctuate and you may lose money. There is no guarantee that the Portfolios will achieve their investment objectives.

Derivatives Risk: The Portfolios may use derivatives as direct investments to earn income, enhance return and broaden portfolio diversification, which entails greater risk than if used solely for hedging purposes. In addition to other risks such as the credit risk of the counterparty, derivatives involve the risk that changes in the value of the derivative may not correlate perfectly with relevant assets, rates or indices. Derivatives may be illiquid and difficult to price or unwind, and small changes may produce disproportionate losses for the Portfolios. Assets required to be set aside or posted to cover or secure derivatives positions may themselves go down in value, and these collateral and other requirements may limit investment flexibility. Some derivatives involve leverage, which can make the Portfolios more volatile and can compound other risks. Recent legislation calls for new regulation of the derivatives markets. The extent and impact of the regulation are not yet fully known and may not be for some time. The regulation may make derivatives more costly, may limit their availability, or may otherwise adversely affect their value or performance.

Management Risk: The Portfolios are subject to management risk because it is an actively managed investment portfolio. The Adviser will apply its investment techniques and risk analyses in making investment decisions for the Portfolios, but there can be no guarantee that its decisions will produce the desired results. In some cases, derivative and other investment techniques may be unavailable or the Adviser may determine not to use them, possibly even under market conditions where their use could benefit the Portfolios.

Market Risk: The Portfolios are subject to market risk, which is the risk that stock prices in general may decline over short or extended periods. Equity and debt markets around the world have experienced unprecedented volatility, including as a result of the recent European sovereign debt crisis, and these market conditions may continue or get worse. This financial environment has caused a significant decline in the value and liquidity of many investments, and could make identifying investment risks and opportunities especially difficult. High public debt in the United States and other countries creates ongoing systemic and market risks and policy making uncertainty. In addition, policy and legislative changes in the U.S. and other countries calls for changes in many aspects of financial regulation. The impact of the legislation on the markets, and the practical implications for market participants, may not be fully known for some time.

(Disclosures & Risks continued on next page)

Bernstein International, Bernstein Tax-Managed International, Bernstein Emerging Markets, Bernstein Short Duration Plus and Bernstein Intermediate Duration Portfolios:

Foreign (Non-U.S.) Securities Risk: Investments in foreign securities entail significant risks in addition to those customarily associated with investing in U.S. securities. These risks include risks related to adverse market, economic, political and regulatory factors and social instability, all of which could disrupt the financial markets in which the Portfolios invest and adversely affect the value of the Portfolios' assets.

Foreign Currency Risk: Changes in foreign (non-U.S.) currency exchange rates may negatively affect the value of the Portfolios' investments or reduce the returns of the Portfolios. For example, the value of the Portfolios' investments in foreign stocks and foreign currency positions 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).

Actions by a Few Major Investors Risk: In certain countries, volatility may be heightened by actions of a few major investors. For example, substantial increases or decreases in cash flows of mutual funds investing in these markets could significantly affect local stock prices and, therefore, share prices of the Portfolios.

Bernstein International, Bernstein Tax-Managed International and Bernstein Emerging Markets Portfolios:

Emerging Markets Securities Risk: The risks in investing in foreign (non-U.S.) securities are heightened with respect to issuers in emerging market countries because the markets are less developed and less liquid and there may be a greater amount of economic, political and social uncertainty.

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

Allocation Risk: The allocation of investments among investment disciplines may have significant effect on the Portfolios' performance when the investment disciplines in which the Portfolios have greater exposure worse than the investment disciplines with less exposure.

Country Concentration Risk: The Portfolio may not always be diversified among countries or regions and the effect on the share price of the Portfolio of specific risks identified above such as political, regulatory and currency may be magnified due to concentration of the Portfolio's investments in a particular country or region.

Bernstein Short Duration New York Municipal, Bernstein Short Duration California Municipal, Bernstein Short Duration Diversified Municipal, Bernstein New York Municipal, Bernstein California Municipal, Bernstein Diversified Municipal, Bernstein U.S. Government Short Duration, Bernstein Short Duration Plus, and Bernstein Intermediate Duration Portfolios:

Interest Rate Risk: Changes in interest rates will affect the value of the Portfolios' investments in fixed income debt securities such as bonds and notes. Interest rates in the United States have recently been historically low. Increases in interest rates may cause the value of the Portfolios' investments to decline 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: The issuer or the guarantor of a debt security, or the counterparty to a derivatives or other contract, will be unable or unwilling to make timely principal and/or interest payments, 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.

Inflation Risk: The value of assets or income from investments may be less in the future as inflation decreases the value of money. As inflation increases, the value of the Portfolios' assets can decline as can the value of the Portfolios' distributions.

Liquidity Risk: Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing the Portfolios from selling out of these illiquid securities at an advantageous price. Illiquid securities may also be difficult to value. Derivatives and securities involving substantial market and credit risk tend to involve greater liquidity risk. The Portfolios are subject to liquidity risk because the market for municipal securities is generally smaller than many other markets.

(Disclosures & Risks continued on next page)

Duration Risk: The duration of a fixed-income security may be shorter than or equal to full maturity of a fixed-income security. Fixed-income securities with longer durations have more risk and will decrease in price as interest rates rise. For example, a fixed-income security with a duration of three years will decrease in value by approximately 3% if interest rates increase by 1%.

Prepayment and Extension Risk: Prepayment risk is the risk that a loan, bond or other security might be called or otherwise converted, prepaid or redeemed before maturity. If this happens, particularly during a time of declining interest rates or credit spreads, the Portfolios may not be able to invest the proceeds in securities providing as much income, resulting in a lower yield to the Portfolios. Conversely, extension risk is the risk that as interest rates rise or spreads widen, payments of securities may occur more slowly than anticipated by the market. When this happens, the values of these securities may go down because their interest rates are lower than current market rates and they remain outstanding longer than anticipated.

Bernstein Short Duration New York Municipal, Bernstein Short Duration California Municipal, Bernstein Short Duration Diversified Municipal, Bernstein U.S. Government Short Duration and Bernstein Short Duration Plus Portfolios:
Riskier than a Money-Market Fund: The Portfolios are invested in securities with longer maturities and in some cases lower quality than the assets of the type of mutual fund known as a money-market fund. The risk of a decline in the market value of the Portfolios is greater than for a money-market fund since the credit quality of the Portfolios' securities may be lower and the effective duration of the Portfolios will be longer.

Bernstein Short Duration New York Municipal, Bernstein Short Duration California Municipal, Bernstein Short Duration Diversified Municipal, Bernstein New York Municipal, Bernstein California Municipal and Bernstein Diversified Municipal Portfolios:
Municipal Market Risk: Special factors may adversely affect the value of municipal securities and have a significant effect on the yield or value of the Portfolios' investments in municipal securities. These factors include political or legislative changes, uncertainties related to the tax status of municipal securities, or the rights of investors in these securities.

Tax Risk: There is no guarantee that all of the Portfolios' income will remain exempt from federal or state income taxes. From time to time, the U.S. Government and the U.S. Congress consider changes in federal tax law that could limit or eliminate the federal tax exemption for municipal bond income, which would in effect reduce the income received by shareholders from the Portfolios by increasing taxes on that income. In such event, the Portfolios' net asset value could also decline as yields on municipal bonds, which are typically lower than those on taxable bonds, would be expected to increase to approximately the yield of comparable taxable bonds. Actions or anticipated actions affecting the tax exempt status of municipal bonds could also result in significant shareholder redemptions of the Portfolios' shares as investors anticipate adverse effects on the Portfolios or seek higher yields to offset the potential loss of the tax deduction. As a result, the Portfolios would be required to maintain higher levels of cash to meet the redemptions, which would negatively affect the Portfolios' yield.

Bernstein Short Duration New York Municipal, Bernstein Short Duration California Municipal, Bernstein New York Municipal and Bernstein California Municipal Portfolios:
Non-diversification Risk: Concentration of investments in a small number of securities tends to increase risk. The Portfolios are not "diversified." This means that the Portfolios can invest more of their assets in a relatively small number of issuers with greater concentration of risk. Matters affecting these issuers can have a more significant effect on the Portfolios' net asset value ("NAV").

Bernstein Short Duration New York Municipal, Bernstein Short Duration California Municipal, Bernstein Short Duration Diversified Municipal, Bernstein New York Municipal, Bernstein California Municipal and Bernstein Diversified Municipal, Bernstein Intermediate Duration Portfolio:
Lower-rated Securities Risk: Lower-rated securities, or junk bonds/high yield securities, are subject to greater risk of loss of principal and interest and greater market risk than higher-rated securities. The capacity of issuers of lower-rated securities to pay interest and repay principal is more likely to weaken than is that of issuers of higher-rated securities in times of deteriorating economic conditions or rising interest rates.

Bernstein U.S. Government Short Duration Portfolio:
No Government Guarantee: An investment in the Portfolio is not insured by the U.S. Government.

(Disclosures & Risks continued on next page)

Bernstein U.S. Government Short Duration, Bernstein Short Duration Plus and Bernstein Intermediate Duration Portfolios:

Inflation-Protected Securities Risk: The terms of inflation-protected securities provide for the coupon and/ or maturity value to be adjusted based on changes in inflation. Decreases in the inflation rate or in investors' expectations about inflation could cause these securities to underperform non-inflation-adjusted securities on a total-return basis. In addition, these securities may have limited liquidity in the secondary market.

Mortgage-Related Securities Risk: A loss could be incurred if the collateral backing these securities is insufficient.

Subordination Risk: The Portfolios may invest in securities that are subordinated to more senior securities of an issuer, or which represent interests in pools of such subordinated securities. Subordinated securities will be disproportionately affected by a default or even a perceived decline in creditworthiness of the issuer. Subordinated securities are more likely to suffer a credit loss than non-subordinated securities of the same issuer, any loss incurred by the subordinated securities is likely to be proportionately greater, and any recovery of interest or principal may take more time. As a result, even a perceived decline in creditworthiness of the issuer is likely to have a greater impact on them.

Leverage Risk: To the extent the Portfolio uses leveraging techniques, its NAV may be more volatile because leverage tends to exaggerate the effect of changes in interest rates and any increase or decrease in the value of the Portfolio's investments.

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

An Important Note About Historical Performance

Except as noted, returns do not reflect the deduction of taxes that a shareholder would pay on portfolio distributions or the redemption of portfolio shares. Certain Bernstein Emerging Markets Portfolio performance data presented herein do not reflect the deduction of purchase and redemption fees, which, if reflected, would reduce the level of performance quoted. All fees and expenses related to the operation of the Portfolios have been deducted, except as noted for Bernstein Emerging Markets Portfolio. Bernstein International Portfolio, Bernstein Tax-Managed International Portfolio and Bernstein Emerging Markets Portfolio returns throughout this report include dividends net of withholding taxes.

The performance shown on page 9 represents past performance and does not guarantee future results. Performance information is as of the dates shown. 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 calling 212.756.4097. The investment return and principal value of an investment in the Portfolios will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost.

Investors should consider the investment objectives, risks, charges and expenses of the Fund/Portfolios carefully before investing. For copies of our prospectus or summary prospectus, which contain this and other information, visit www.bernstein.com (click on "Investments", then "Stocks" or "Bonds", then "Prospectuses, SAIs and Shareholder Reports") or by calling Bernstein's mutual fund shareholder help line at 212.756.4097 or contact your Bernstein Advisor. Please read the prospectus and/or summary prospectus carefully before investing.

Historical Performance *(Unaudited)*

Sanford C. Bernstein Fund Portfolios vs. Their Benchmarks and Lipper Averages

	Total Returns		Average Annual Total Returns			
Through March 31, 2013	Past 6 Months	Past 12 Months	Past 5 Years	Past 10 Years	Since Inception	Inception Date
International	11.41%	6.12%	-6.18%	6.07%	2.58%	4/30/1999
Tax-Managed International	11.39	6.29	-6.09	5.92	5.66	6/22/1992
Return after taxes on Distributions*	11.22	6.12	-6.17	5.40	4.67	
Return after taxes on Distributions and sale of shares*	7.23	4.30	-4.15	5.67	4.83	
MSCI EAFE Index	12.04	11.25	-0.89	9.69		
Lipper International Multi-Cap Core Funds Average	10.59	10.12	-0.93	8.93		
Emerging Markets						12/15/1995
Before deduction of purchase and redemption fees	4.56	-1.00	-1.66	16.70	7.90	
*After deduction of purchase and redemption fees***	2.48	-2.99	-2.06	16.35	7.71	
MSCI Emerging Markets Index	3.87	1.96	1.09	17.05		
Lipper Emerging Markets Funds Average	5.74	3.49	-0.06	15.98		
Short Duration New York Municipal	0.22	0.76	1.72	2.05	2.86	10/3/1994
Short Duration California Municipal	0.12	0.25	1.57	1.86	2.76	10/3/1994
Short Duration Diversified Municipal	0.11	0.66	1.81	2.08	3.01	10/3/1994
Barclays 1-Year Municipal Bond Index	0.39	0.79	2.03	2.32		
Lipper Short Term Municipal Debt Funds Average	0.35	1.27	2.09	2.11		
Diversified Municipal	0.44	2.93	4.21	3.69	5.05	1/9/1989
California Municipal	0.36	2.91	4.24	3.64	4.83	8/6/1990
New York Municipal	0.50	2.92	4.19	3.67	5.07	1/9/1989
Barclays 5-Year GO Municipal Bond Index	0.35	2.87	4.85	4.16		
Lipper Short & Intermediate Term Blended Municipal Debt Funds Average	0.64	3.17	3.91	3.26		
U.S. Government Short Duration	-0.33	0.11	1.42	2.14	4.53	1/3/1989
Short Duration Plus	-0.20	0.45	1.88	2.00	4.62	12/12/1988
BofA ML 1-3 Year U.S. Treasury Index	0.18	0.64	1.75	2.67		
Lipper Short Term Investment Grade Debt Funds Average	0.75	2.53	2.84	2.94		
Lipper Short Term U.S. Government Debt Funds Average	-0.07	0.62	2.00	2.44		
Intermediate Duration	0.55	4.99	6.43	5.28	6.72	1/17/1989
Barclays U.S. Aggregate Bond Index	0.09	3.77	5.47	5.02		
Lipper Intermediate Investment Grade Debt Funds Average	0.89	5.48	5.79	4.81		

Past performance is no guarantee of future results and an investment in the portfolios described could lose value.

The current prospectus fee table shows the total operating expense ratios as 1.21% for International Portfolio; 1.16 % for Tax Managed International Portfolio; 1.49 % for Emerging Markets Portfolio; 0.64 % for Short Duration New York Municipal Portfolio; 0.67 % for Short Duration California Municipal Portfolio; 0.59 % for Short Duration Diversified Municipal Portfolio; 0.61 % for New York Municipal Portfolio; 0.63 % for California Municipal Portfolio; 0.56 % for Diversified Municipal Portfolio; 0.68 % for U.S. Government Short Duration Portfolio; 0.62 % for Short Duration Plus Portfolio; and 0.57 % for Intermediate Duration Portfolio. The Financial Highlights section of this report sets forth expense ratio data for the current reporting period; the expense ratios shown above may differ from the expense ratios in the Financial Highlights section since they are based on different time periods.

There are no sales charges associated with an investment in the Bernstein funds. Total returns and average annual returns are therefore the same.

* After-tax returns are an estimate, which is based on the highest historical individual federal marginal income tax rates, and do not reflect the impact of state and local taxes; actual after-tax returns depend on an individual investor's tax situation and are likely to differ from those shown, and are not relevant to investors who hold Portfolio shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

** Prior to May 2, 2005, the Portfolio imposed a 2% fee on purchases and redemptions. Effective May 2, 2005, the fees were reduced from 2% to 1%. The fees are retained by the Portfolio, not paid to Bernstein.

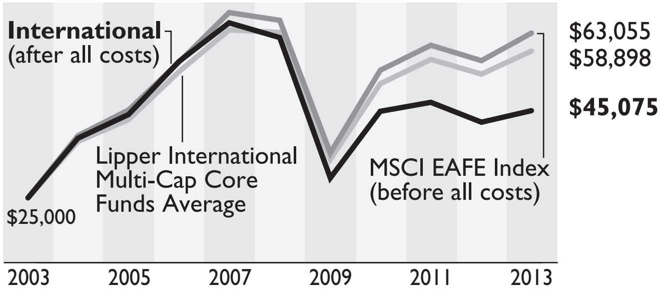
See Disclosures, Risks and Note about Historical Performance on pages 5–8.

(Historical Performance continued on next page)

Foreign Stock Portfolios

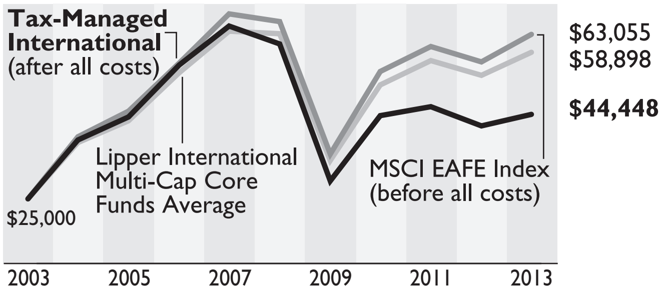
International

Growth of $25,000



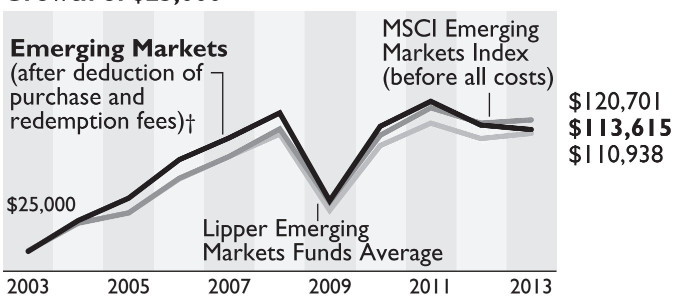
Tax-Managed International

Growth of $25,000



Emerging Markets

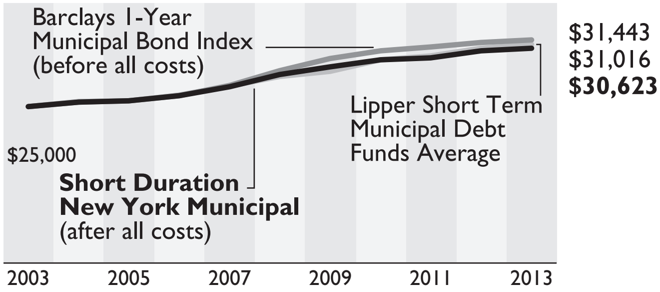
Growth of $25,000



Municipal Bond Portfolios

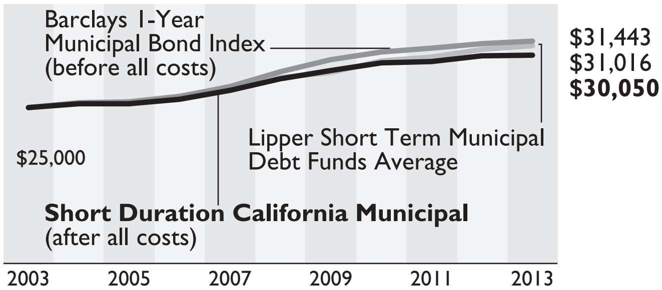
Short Duration New York Municipal

Growth of $25,000



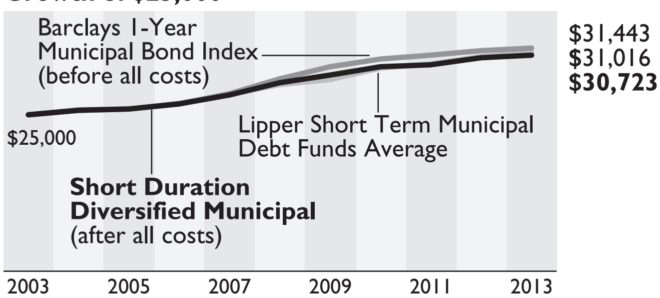
Short Duration California Municipal

Growth of $25,000



Short Duration Diversified Municipal

Growth of $25,000



Past performance is no guarantee of future results and an investment in the portfolios described could lose value.

Each chart shows the growth of $25,000 for the 10-year period ended March 31, 2013.

† Reflects the growth of $25,000 in the Portfolio after the deduction of the purchase fee each investor must pay to the Portfolio upon making an investment in the Portfolio (except for reinvested capital gains and dividends) and the redemption fee payable on closing out an investment in the Portfolio. The starting point for the indices is $25,000. The starting point for the Portfolio is $24,750, which reflects the deduction of the 1% fee. Before purchase and redemption charges and excluding these fees, an investment of $25,000 in this Portfolio would have increased to $117,075. The purchase fee is taken out of the first month's return and the redemption fee is taken out of the last month's return. Prior to May 2, 2005, the Portfolio imposed a 2% fee on purchases and redemptions. Effective May 2, 2005, the fees were reduced from 2% to 1%. The fees are retained by the Portfolio, not paid to Bernstein.

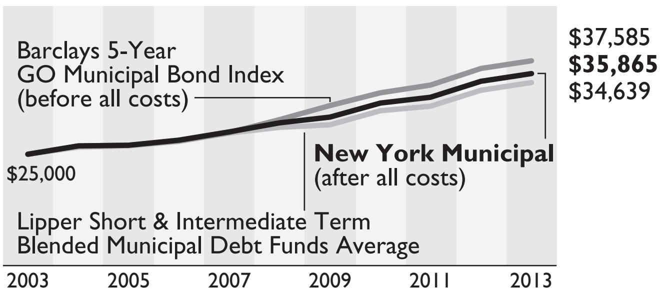
See Disclosures, Risks and Note about Historical Performance on pages 5–8.

(Historical Performance continued on next page)

Municipal Bond Portfolios

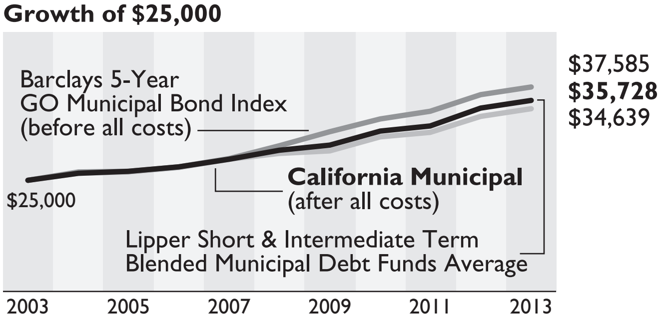
New York Municipal

Growth of $25,000



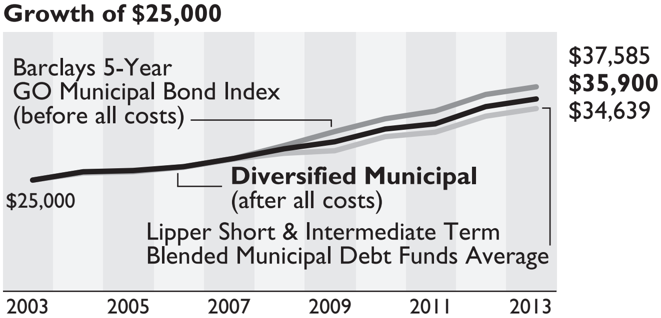
California Municipal

Growth of $25,000



Diversified Municipal

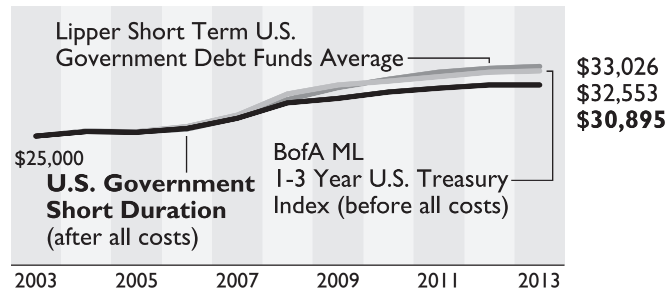
Growth of $25,000



Taxable Bond Portfolios

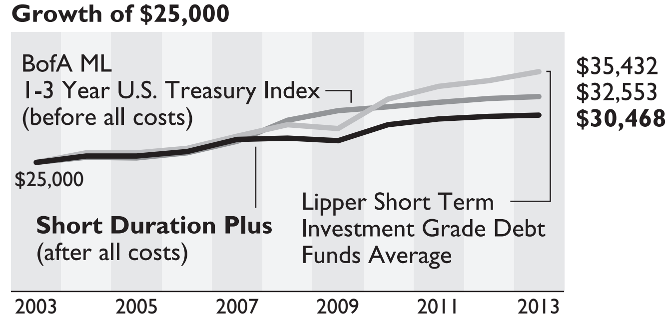
U.S. Government Short Duration

Growth of $25,000



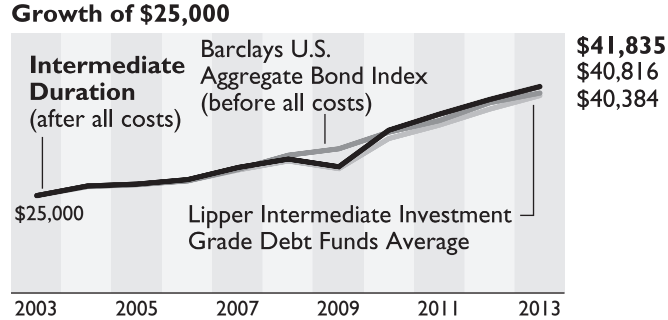
Short Duration Plus

Growth of $25,000



Intermediate Duration

Growth of $25,000



Past performance is no guarantee of future results and an investment in the portfolios described could lose value.
Each chart shows the growth of $25,000 for the 10-year period ended March 31, 2013.

See Disclosures, Risks and Note about Historical Performance on pages 5–8.

Fund Expenses—*March 31, 2013 (Unaudited)*

Fund Expenses—As a shareholder of the Fund, you incur two types of costs: (1) *in the case of the Emerging Markets Portfolio only, transaction fees (1% of amounts invested or redeemed at the time of such purchase or redemption)* and (2) ongoing costs, including management 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 October 1, 2012	Ending Account Value March 31, 2013	Expenses Paid During Period*	Annualized Expense Ratio*
International Class Shares				
Actual	$1,000	$1,114.10	$6.06	1.15%
Hypothetical**	$1,000	$1,019.20	$5.79	1.15%
Tax-Managed International Class Shares				
Actual	$1,000	$1,113.90	$5.85	1.11%
Hypothetical**	$1,000	$1,019.40	$5.59	1.11%
Emerging Markets Class Shares				
Actual	$1,000	$1,045.60	$7.29	1.43%
Hypothetical**	$1,000	$1,017.80	$7.19	1.43%
Short Duration New York Municipal Class Shares				
Actual	$1,000	$1,002.20	$3.24	0.65%
Hypothetical**	$1,000	$1,021.69	$3.28	0.65%
Short Duration California Municipal Class Shares				
Actual	$1,000	$1,001.20	$3.39	0.68%
Hypothetical**	$1,000	$1,021.54	$3.43	0.68%
Short Duration Diversified Municipal Class Shares				
Actual	$1,000	$1,001.10	$3.09	0.62%
Hypothetical**	$1,000	$1,021.84	$3.13	0.62%
New York Municipal Class Shares				
Actual	$1,000	$1,005.00	$3.05	0.61%
Hypothetical**	$1,000	$1,021.89	$3.07	0.61%
California Municipal Class Shares				
Actual	$1,000	$1,003.60	$3.15	0.63%
Hypothetical**	$1,000	$1,021.79	$3.18	0.63%
Diversified Municipal Class Shares				
Actual	$1,000	$1,004.40	$2.80	0.56%
Hypothetical**	$1,000	$1,022.14	$2.82	0.56%
U.S. Government Short Duration Class Shares				
Actual	$1,000	$ 996.70	$3.48	0.70%
Hypothetical**	$1,000	$1,021.44	$3.53	0.70%
Short Duration Plus Class Shares				
Actual	$1,000	$ 998.00	$3.04	0.61%
Hypothetical**	$1,000	$1,021.89	$3.07	0.61%
Intermediate Duration Class Shares				
Actual	$1,000	$1,005.50	$2.85	0.57%
Hypothetical**	$1,000	$1,022.09	$2.87	0.57%

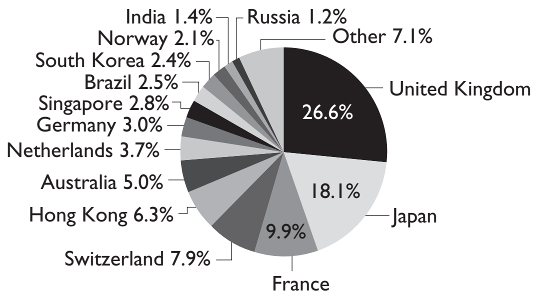
* Expenses are equal to each Class' annualized expense ratio, multiplied by the average account value over the period, multiplied by 182/365 (to reflect the one-half year period).

** Assumes 5% return before expenses.

Portfolio Summary—*March 31, 2013 (Unaudited)*

International Portfolio

Country Breakdown*

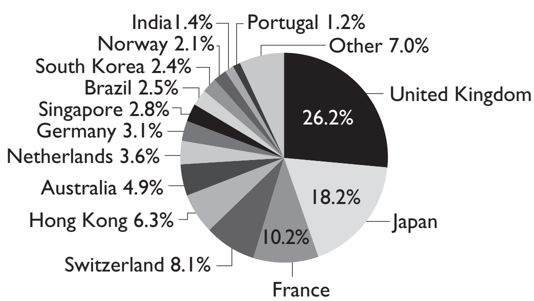


Sector Breakdown**

Financials	25.9%
Consumer Discretionary	18.4
Consumer Staples	12.9
Industrials	11.3
Health Care	7.5
Information Technology	5.6
Materials	5.5
Telecommunication Services	5.0
Energy	4.9
Utilities	3.0

Tax-Managed International Portfolio

Country Breakdown*

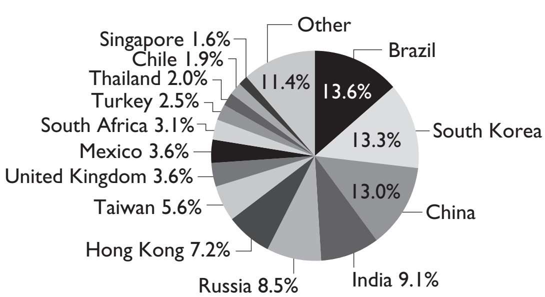


Sector Breakdown**

Financials	26.0%
Consumer Discretionary	18.4
Consumer Staples	12.9
Industrials	11.5
Health Care	7.6
Materials	5.7
Information Technology	5.3
Telecommunication Services	5.0
Energy	4.6
Utilities	3.0

Emerging Markets Portfolio

Country Breakdown*



Sector Breakdown**

Financials	28.2%
Information Technology	18.1
Consumer Discretionary	15.3
Energy	11.1
Consumer Staples	9.3
Materials	8.1
Industrials	4.3
Health Care	2.4
Utilities	2.0
Telecommunication Services	1.2

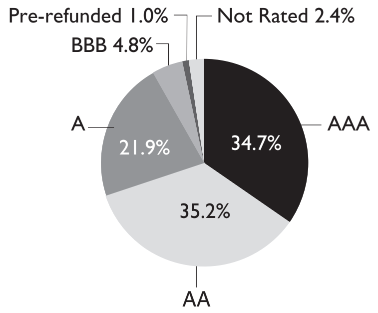
* All data are as of March 31, 2013. The Portfolio's country and sector breakdowns are expressed as a percentage of each Portfolio's long-term investments and may vary over time. Each Portfolio may also invest in other financial instruments, including derivative instruments, which provide investment exposure to a variety of asset classes (see "Schedule of Investments" section of the report for the Tax-Managed International and International Portfolios).

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

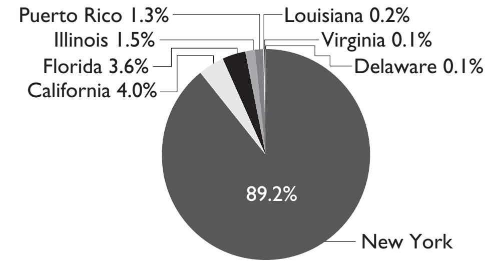
Portfolio Summary—*March 31, 2013 (Unaudited)* *(continued)*

Short Duration New York Municipal Portfolio

Quality Rating Breakdown*
Highest of S&P, Moody's and Fitch

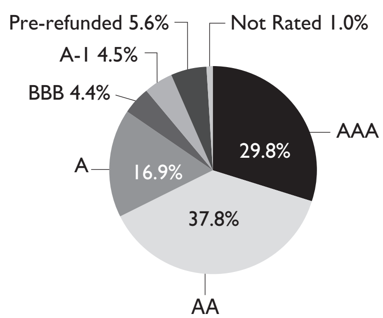


State Breakdown*

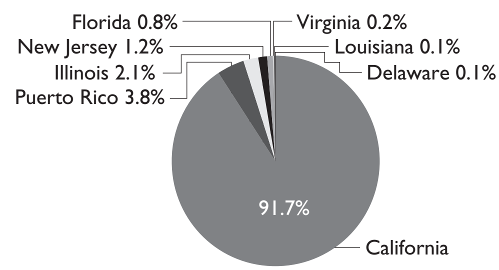


Short Duration California Municipal Portfolio

Quality Rating Breakdown*
Highest of S&P, Moody's and Fitch

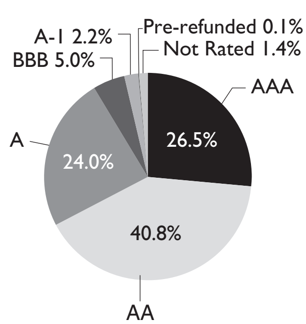


State Breakdown*

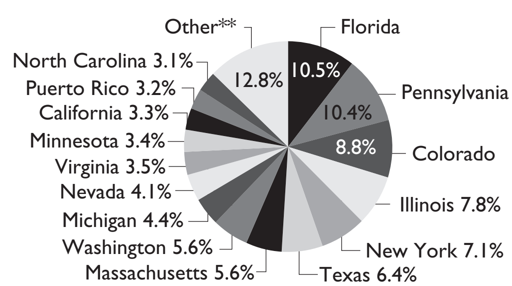


Short Duration Diversified Municipal Portfolio

Quality Rating Breakdown*
Highest of S&P, Moody's and Fitch



State Breakdown*



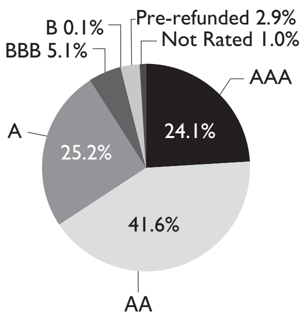
* All data are as of March 31, 2013. The Portfolio's quality rating and state breakdowns are expressed as a percentage of the Portfolio's total investments in municipal securities and may vary over time. The quality ratings are determined by using the Standard & Poor's Rating Services ("S&P"), Moody's Investors Services, Inc. ("Moody's") and Fitch Ratings, Ltd. ("Fitch"). These ratings are a measure of the quality and safety of a bond or portfolio, based on the issuer's financial condition. AAA is highest (best) and D is lowest (worst). If applicable, the pre-refunded category includes bonds which are secured by U.S. Government Securities and therefore have been deemed high-quality investment grade by the Adviser. If applicable, Not Applicable (N/A) includes non credit worthy investments; such as, equities, currency contracts, futures and options. If applicable, the Not Rated category includes bonds that are not rated by a Nationally Recognized Statistical Rating Organization.

** "Other" represents less than 2.9% in 10 different states.

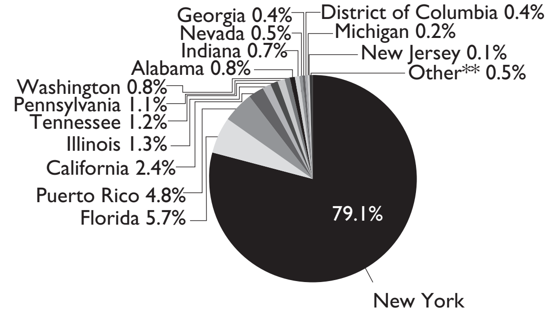
Portfolio Summary—*March 31, 2013 (Unaudited)* *(continued)*

New York Municipal Portfolio

Quality Rating Breakdown*
Highest of S&P, Moody's and Fitch

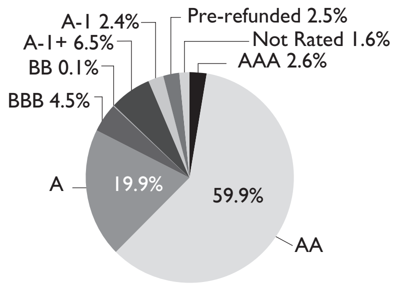


State Breakdown*

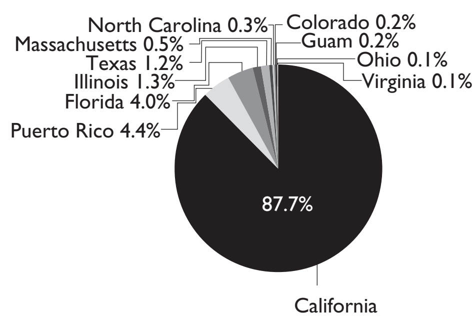


California Municipal Portfolio

Quality Rating Breakdown*
Highest of S&P, Moody's and Fitch

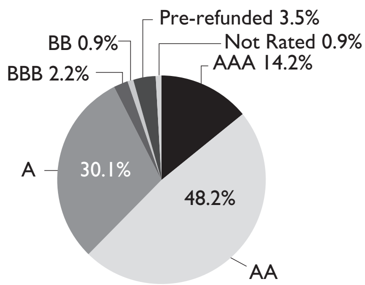


State Breakdown*

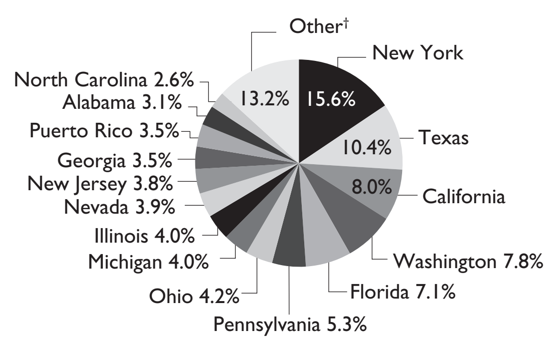


Diversified Municipal Portfolio

Quality Rating Breakdown*
Highest of S&P, Moody's and Fitch



State Breakdown*



* All data are as of March 31, 2013. The Portfolio's quality rating and state breakdowns are expressed as a percentage of the Portfolio's total investments in municipal securities and may vary over time. The quality ratings are determined by using the Standard & Poor's Rating Services ("S&P"), Moody's Investors Services, Inc. ("Moody's") and Fitch Ratings, Ltd. ("Fitch"). These ratings are a measure of the quality and safety of a bond or portfolio, based on the issuer's financial condition. AAA is highest (best) and D is lowest (worst). If applicable, the pre-refunded category includes bonds which are secured by U.S. Government Securities and therefore have been deemed high-quality investment grade by the Adviser. If applicable, Not Applicable (N/A) includes non credit worthy investments; such as, equities, currency contracts, futures and options. If applicable, the Not Rated category includes bonds that are not rated by a Nationally Recognized Statistical Rating Organization.

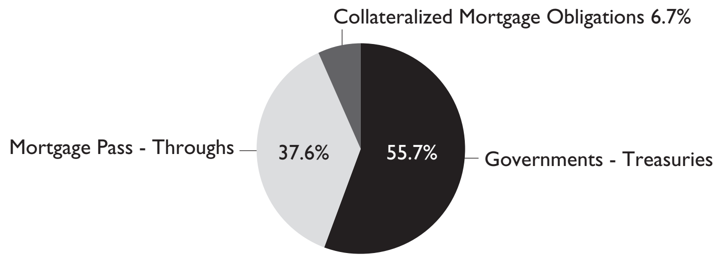
† "Other" represents less than 2.1% in 20 different states.

** "Other" represents less than 0.1% in 8 different states.

Portfolio Summary—*March 31, 2013 (Unaudited)* *(continued)*

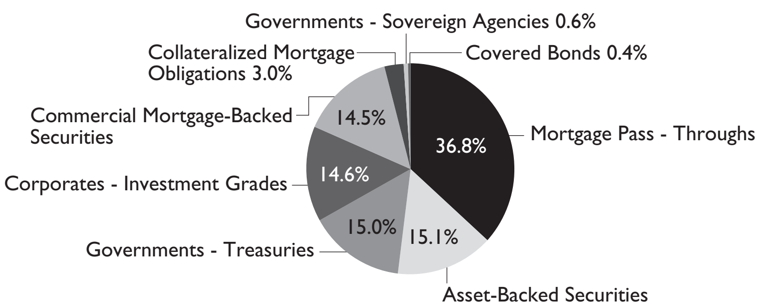
U.S. Government Short Duration Portfolio

Security Type Breakdown*



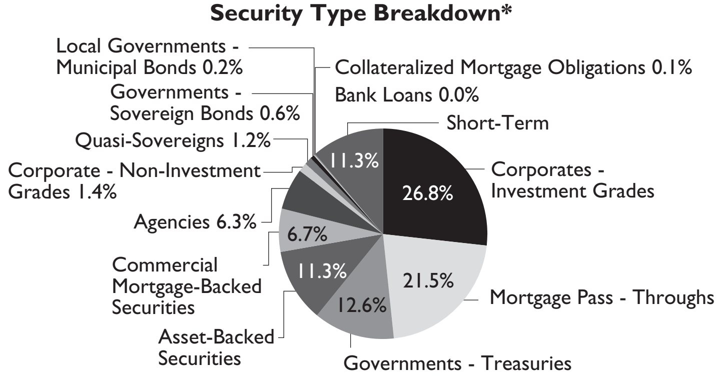
Short Duration Plus Portfolio

Security Type Breakdown*



Intermediate Duration Portfolio

Security Type Breakdown*



* All data are as of March 31, 2013. The Portfolio's security type breakdowns are expressed as a percentage of each Portfolio's total investments and may vary over time. Each Portfolio also invests in other financial instruments, including derivative instruments, which provide investment exposure to a variety of asset classes (see "Schedule of Investments" section of the report for additional details).

Statement of Assets and Liabilities—*March 31, 2013 (Unaudited)*

	International Portfolio	Tax-Managed International Portfolio	Emerging Markets Portfolio
ASSETS			
Investments in securities, at value	$ 1,509,530,055	$ 3,464,589,698	$1,200,409,828
Foreign currencies, at value **(a)**	9,703,483	21,604,212	6,687,688
Cash in bank	0	4,134,223	3,530,079
Receivables:			
Dividends and interest	7,515,439	17,324,922	2,609,854
Investment securities sold and foreign currency transactions	17,081,554	44,894,853	3,603,068
Foreign withholding tax reclaims	5,694,332	15,237,141	43,007
Capital shares sold	1,333,697	4,644,695	2,589,893
Unrealized appreciation of forward currency exchange contracts	1,371,676	48,166,426	0
Total assets	**1,552,230,236**	**3,620,596,170**	**1,219,473,417**
LIABILITIES			
Payables:			
Investment securities purchased and foreign currency transactions	15,899,800	25,487,176	7,551,986
Capital shares redeemed	1,326,404	2,784,713	1,362,245
Management fee	1,105,058	2,483,808	1,140,396
Shareholder servicing fee	323,631	755,892	258,557
Transfer Agent fee	15,950	25,399	38,494
Distribution fee	4,063	732	0
Accrued expenses and other liabilities	130,441	180,212	517,385
Unrealized depreciation of forward currency exchange contracts	8,175,664	31,661,967	0
Total liabilities	**26,981,011**	**63,379,899**	**10,869,063**
NET ASSETS (b)	**$ 1,525,249,225**	**$ 3,557,216,271**	**$1,208,604,354**
Cost of investments	**$ 1,376,477,875**	**$ 3,116,356,322**	**$1,112,807,072**
SHARES OF CAPITAL STOCK OUTSTANDING			**43,819,293**
NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE			**$ 27.58**
NET ASSETS CONSIST OF:			
Capital stock, at par	$ 105,510	$ 244,646	$ 43,819
Additional paid-in capital	2,583,936,747	5,571,573,015	1,158,884,517
Undistributed net investment income/(distributions in excess of net investment income)	3,460,273	14,012,821	(180,920)
Accumulated net realized loss on investment and foreign currency transactions	(1,189,064,131)	(2,394,969,357)	(37,299,966)
Net unrealized appreciation/depreciation of:			
Investments transactions†	133,048,734	348,225,441	87,186,187
Foreign currency denominated assets and liabilities	(6,237,908)	18,129,705	(29,283)
	$ 1,525,249,225	**$ 3,557,216,271**	**$1,208,604,354**

(a) Cost: $9,756,286, $21,701,634 and $6,693,266, respectively. (Note 1)

(b) See page 18 for share class information on net asset value, offering price, and redemption price per share of the International and Tax-Managed International Portfolios.

† Net of accrued foreign capital gains taxes of $3,446, $7,935 and $416,569, respectively.

See Notes to Financial Statements. The Schedules of Investments, an integral part of the financial statements for each Portfolio, are included as inserts to this Report.

	International Portfolio		Tax-Managed International Portfolio	
CALCULATION OF MAXIMUM OFFERING PRICE				
International Class Shares				
Net Assets	$1,517,053,435			
Shares of capital stock outstanding	104,936,104			
Net asset value, offering and redemption price per share	**$**	**14.46**		
Tax-Managed International Class Shares				
Net Assets			$3,555,372,163	
Shares of capital stock outstanding			244,516,840	
Net asset value, offering and redemption price per share			**$**	**14.54**
Class A Shares				
Net Assets	$	5,058,473	$	1,416,727
Shares of capital stock outstanding		354,416		98,966
Net asset value and redemption price per share	**$**	**14.27**	**$**	**14.32**
Sales charge—4.25% of public offering price		**0.63**		**0.64**
Maximum offering price	**$**	**14.90**	**$**	**14.96**
Class B Shares				
Net Assets	$	484,884	$	30,577
Shares of capital stock outstanding		33,972		2,145
Net asset value and offering price per share	**$**	**14.27**	**$**	**14.26**
Class C Shares				
Net Assets	$	2,652,433	$	396,804
Shares of capital stock outstanding		185,653		27,723
Net asset value and offering price per share	**$**	**14.29**	**$**	**14.31**

	Short Duration New York Municipal Portfolio	Short Duration California Municipal Portfolio	Short Duration Diversified Municipal Portfolio
ASSETS			
Investments in securities, at value	$110,322,150	$79,842,612	$327,263,299
Receivables:			
Interest	1,407,193	847,359	3,752,649
Investment securities sold	8,103	0	121,538
Capital shares sold	114,772	5,953	974,519
Total assets	**111,852,218**	**80,695,924**	**332,112,005**
LIABILITIES			
Payables:			
Dividends to shareholders	19,345	7,445	57,520
Investment securities purchased	0	2,734,525	0
Capital shares redeemed	125,007	1,861,198	917,230
Management fee	43,038	28,404	127,449
Shareholder servicing fee	9,564	6,308	28,323
Transfer Agent fee	3,271	4,087	5,688
Accrued expenses	13,957	20,116	46,447
Total liabilities	**214,182**	**4,662,083**	**1,182,657**
NET ASSETS	**$111,638,036**	**$76,033,841**	**$330,929,348**
Cost of investments	**$110,749,242**	**$80,164,978**	**$326,807,693**
SHARES OF CAPITAL STOCK OUTSTANDING	**8,898,482**	**6,058,664**	**26,135,662**
NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE	**$ 12.55**	**$ 12.55**	**$ 12.66**
NET ASSETS CONSIST OF:			
Capital stock, at par	$ 8,898	$ 6,059	$ 26,136
Additional paid-in capital	111,938,980	76,250,121	330,010,816
Undistributed net investment income/(distributions in excess of net investment income)	(8,161)	(25,884)	18,553
Accumulated net realized gain on investment transactions	125,411	125,911	418,237
Net unrealized appreciation/depreciation of investments	(427,092)	(322,366)	455,606
	$111,638,036	**$76,033,841**	**$330,929,348**

See Notes to Financial Statements. The Schedules of Investments, an integral part of the financial statements for each Portfolio, are included as inserts to this Report.

Statement of Assets and Liabilities—*March 31, 2013 (Unaudited)* *(continued)*

	New York Municipal Portfolio	California Municipal Portfolio	Diversified Municipal Portfolio
ASSETS			
Investments in securities, at value	$1,777,850,011	$1,115,237,632	$5,388,516,255
Receivables:			
Interest	22,120,099	14,696,074	64,053,999
Investment securities sold	702,353	5,000	645,117
Capital shares sold	3,626,595	1,362,716	11,396,827
Total assets	**1,804,299,058**	**1,131,301,422**	**5,464,612,198**
LIABILITIES			
Payables:			
Dividends to shareholders	1,374,035	827,112	4,026,542
Investment securities purchased	8,744,254	3,379,329	0
Capital shares redeemed	2,419,214	2,591,011	8,097,954
Management fee	727,751	474,361	2,007,532
Distribution fee	149,647	59,881	364,079
Shareholder servicing fee	121,776	82,058	380,683
Transfer Agent fee	416	4,792	21,624
Accrued expenses	126,604	73,415	289,465
Total liabilities	**13,663,697**	**7,491,959**	**15,187,879**
NET ASSETS (a)	**$1,790,635,361**	**$1,123,809,463**	**$5,449,424,319**
Cost of investments	**$1,682,351,165**	**$1,055,085,320**	**$5,101,847,487**
NET ASSETS CONSIST OF:			
Capital stock, at par	$ 123,281	$ 76,130	$ 368,888
Additional paid-in capital	1,693,578,969	1,067,649,626	5,156,423,990
Undistributed net investment income/(distributions in excess of net investment income)	(144,328)	(196,679)	33,568
Accumulated net realized gain (loss) on investment transactions	1,578,593	(3,871,926)	5,929,105
Net unrealized appreciation of investments	95,498,846	60,152,312	286,668,768
	$1,790,635,361	**$1,123,809,463**	**$5,449,424,319**

(a) See page 21 for share class information on net asset value, offering price, and redemption price per share of the New York Municipal, California Municipal and Diversified Municipal Portfolios.

See Notes to Financial Statements. The Schedules of Investments, an integral part of the financial statements for each Portfolio, are included as inserts to this Report.

	New York Municipal Portfolio	California Municipal Portfolio	Diversified Municipal Portfolio
CALCULATION OF MAXIMUM OFFERING PRICE			
Municipal Class Shares			
Net Assets	$1,428,707,246	$961,460,924	$4,462,067,505
Shares of capital stock outstanding	98,357,055	65,131,602	302,074,674
Net asset value and offering price per share	**$ 14.53**	**$ 14.76**	**$ 14.77**
Class A Shares			
Net Assets	$ 263,695,342	$131,690,164	$ 796,849,021
Shares of capital stock outstanding	18,159,968	8,921,081	53,921,453
Net asset value and redemption price per share	**$ 14.52**	**$ 14.76**	**$ 14.78**
Sales charge—3.00% of public offering price	**0.45**	**0.46**	**0.46**
Maximum offering price	**$ 14.97**	**$ 15.22**	**$ 15.24**
Class B Shares			
Net Assets	$ 490,980	$ 55,202	$ 480,481
Shares of capital stock outstanding	33,829	3,740	32,505
Net asset value and offering price per share	**$ 14.51**	**$ 14.76**	**$ 14.78**
Class C Shares			
Net Assets	$ 97,741,793	$ 30,603,173	$ 190,027,312
Shares of capital stock outstanding	6,730,278	2,073,357	12,859,774
Net asset value and offering price per share	**$ 14.52**	**$ 14.76**	**$ 14.78**

Statement of Assets and Liabilities—*March 31, 2013 (Unaudited)* *(continued)*

	U.S. Government Short Duration Portfolio	Short Duration Plus Portfolio	Intermediate Duration Portfolio
ASSETS			
Investments in securities, at value	$74,611,195	$540,426,250	$5,063,690,283
Foreign currencies, at value **(a)**	0	0	130
Cash in bank **(b)**	443,315	3,853,196	29,700
Receivables:			
Dividends and interest	185,716	1,340,161	29,082,851
Investment securities sold	1,186,539	358,811	5,482,890
Capital shares sold	1,620	642,939	5,381,004
Margin due from broker on futures contracts	10,109	64,390	2,063
Unrealized appreciation of forward currency exchange contracts	0	0	419,921
Unrealized appreciation of credit default swap contracts	0	0	412,344
Total assets	**76,438,494**	**546,685,747**	**5,104,501,186**
LIABILITIES			
Reverse repurchase agreements	0	0	4,320,502
Due to custodian	0	0	9,420
Payables:			
Dividends to shareholders	16,146	150,297	3,506,943
Investment securities purchased	2,645,937	19,317,982	655,351,166
Management fee	34,190	194,547	1,686,160
Capital shares redeemed	27,510	3,384,463	5,757,769
Shareholder servicing fee	7,598	39,463	379,074
Transfer Agent fee	3,057	14,282	45,123
Distribution fee	0	31,109	0
Accrued expenses	33,254	128,387	296,859
Unrealized depreciation of interest rate swap contracts	0	0	1,944,645
Unrealized depreciation of forward currency exchange contracts	0	15,097	1,215,598
Premium received on credit default swap contracts	0	0	394,672
Total liabilities	**2,767,692**	**23,275,627**	**674,907,931**
NET ASSETS (c)	**$73,670,802**	**$523,410,120**	**$4,429,593,255**
Cost of investments	**$74,332,760**	**$539,298,679**	**$4,815,881,343**
SHARES OF CAPITAL STOCK OUTSTANDING	**5,842,977**		**316,728,603**
NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE	**$ 12.61**		**$ 13.99**
NET ASSETS CONSIST OF:			
Capital stock, at par	$ 5,843	$ 44,229	$ 316,729
Additional paid-in capital	73,682,208	553,555,586	4,178,698,996
Distributions in excess of net investment income	(233,288)	(1,754,248)	(6,552,166)
Accumulated net realized gain (loss) on investment transactions	(6,383)	(29,229,382)	11,651,032
Net unrealized appreciation/depreciation of:			
Investments, futures and swap transactions	222,422	809,028	246,278,381
Foreign currency denominated assets and liabilities	0	(15,093)	(799,717)
	$73,670,802	**$523,410,120**	**$4,429,593,255**

(a) Cost: $0, $0 and $129, respectively. (Note 1)
(b) Amounts of $46,840, $256,830 and $29,700 have been segregated to collateralize margin requirements for open futures contracts outstanding at March 31, 2013, respectively.
(c) See page 23 for class share information on net asset value, offering price, and redemption price per share of the Short Duration Plus Portfolio.
See Notes to Financial Statements. The Schedules of Investments, an integral part of the financial statements for each Portfolio, are included as inserts to this Report.

	Short Duration Plus Portfolio
CALCULATION OF MAXIMUM OFFERING PRICE	
Short Duration Plus Class Shares	
Net Assets	$453,194,232
Shares of capital stock outstanding	38,295,275
Net asset value and offering price per share	**$ 11.83**
Class A Shares	
Net Assets	$ 48,793,391
Shares of capital stock outstanding	4,121,348
Net asset value and redemption price per share	**$ 11.84**
Sales charge—4.25% of public offering price	**0.53**
Maximum offering price	**$ 12.37**
Class B Shares	
Net Assets	$ 1,994,688
Shares of capital stock outstanding	168,802
Net asset value and offering price per share	**$ 11.82**
Class C Shares	
Net Assets	$ 19,427,809
Shares of capital stock outstanding	1,644,011
Net asset value and offering price per share	**$ 11.82**

Statement of Operations—*for the six months ended March 31, 2013 (Unaudited)*

	International Portfolio	Tax-Managed International Portfolio	Emerging Markets Portfolio
INVESTMENT INCOME			
Income:			
Interest	$ 71,464	$ 161,009	$ 25,760
Dividends **(a)**	17,526,048	40,345,581	9,168,937
Total income	**17,597,512**	**40,506,590**	**9,194,697**
Expenses:			
Management fee (see Note 2A)	6,788,747	15,169,020	7,082,717
Shareholder servicing fee (see Note 2B)	1,875,346	4,349,032	1,537,959
Custodian fee	162,723	232,265	241,803
Transfer Agent fee—Non-Retail Class	57,683	91,327	126,178
Transfer Agent fee—Class A	11,456	5,198	0
Transfer Agent fee—Class B	1,114	215	0
Transfer Agent fee—Class C	5,760	1,886	0
Distribution fees—Class A	8,588	2,125	0
Distribution fees—Class B	2,639	258	0
Distribution fees—Class C	14,146	2,469	0
Registration fees	60,373	88,034	13,038
Directors' fees and expenses	28,712	67,478	23,535
Printing fees	28,582	16,554	25,022
Auditing and tax fees	21,978	50,881	14,152
Legal fees	18,494	29,833	14,392
Miscellaneous	39,313	67,123	53,258
Total expenses	**9,125,654**	**20,173,698**	**9,132,054**
Less: expenses waived and reimbursed by the Adviser (see Note 2A)	(377,339)	(870,297)	(307,592)
Net expenses	8,748,315	19,303,401	8,824,462
Net investment income	**8,849,197**	**21,203,189**	**370,235**
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENT AND FOREIGN CURRENCY TRANSACTIONS			
Net realized gain (loss) on:			
Investment transactions	(7,844,056)	(12,565,545)	6,381,277 **(b)**
Futures transactions	(220,364)	(874,072)	0
Options written	2,002,905	4,714,634	1,979,570
Foreign currency transactions	24,406,670	27,925,912	(346,110)
Net realized gain on investment and foreign currency transactions	**18,345,155**	**19,200,929**	**8,014,737**
Net change in unrealized appreciation/depreciation of:			
Investments **(c)**	142,125,382	322,638,692	46,473,321
Futures transactions	99,493	0	0
Options written	(1,886,952)	(4,441,694)	(1,837,070)
Foreign currency denominated assets and liabilities	(5,488,498)	15,580,446	(89,173)
Net change in unrealized appreciation/depreciation of investments and foreign currency denominated assets and liabilities	**134,849,425**	**333,777,444**	**44,547,078**
Net realized and unrealized gain (loss) on investment and foreign currency transactions	**153,194,580**	**352,978,373**	**52,561,815**
Net increase in net assets resulting from operations	**$162,043,777**	**$374,181,562**	**$52,932,050**

(a) Net of foreign withholding taxes of $1,358,528, $3,152,919, and $916,268, for the International Portfolio, Tax-Managed International Portfolio and Emerging Markets Portfolio, respectively.
(b) Net of foreign capital gains taxes of $88,815.
(c) Net of increase in accrued foreign capital gains taxes of $3,446, $7,935 and $193,698, for the International Portfolio, Tax-Managed International Portfolio and Emerging Markets Portfolio, respectively.
See Notes to Financial Statements.

Short Duration New York Municipal Portfolio	Short Duration California Municipal Portfolio	Short Duration Diversified Municipal Portfolio
$748,296	$ 449,848	$ 2,168,332
0	0	0
748,296	**449,848**	**2,168,332**
272,106	188,599	787,227
60,468	41,911	174,939
35,086	31,753	52,121
9,792	8,908	11,612
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
4,077	3,937	32,439
2,548	1,863	7,283
2,413	889	2,921
875	1,291	5,020
449	1,339	4,552
3,517	3,869	5,905
391,331	**284,359**	**1,084,019**
0	0	0
391,331	284,359	1,084,019
356,965	**165,489**	**1,084,313**
203,416	133,497	1,240,890
0	0	0
0	0	0
0	0	0
203,416	**133,497**	**1,240,890**
(369,680)	(258,053)	(1,801,286)
0	0	0
0	0	0
0	0	0
(369,680)	**(258,053)**	**(1,801,286)**
(166,264)	**(124,556)**	**(560,396)**
$190,701	**$ 40,933**	**$ 523,917**

Statement of Operations—*for the six months ended March 31, 2013 (Unaudited)* *(continued)*

	New York Municipal Portfolio	California Municipal Portfolio	Diversified Municipal Portfolio
INVESTMENT INCOME			
Income:			
Interest	$ 29,717,145	$ 19,147,112	$ 88,001,477
Dividends	0	0	0
Total income	**29,717,145**	**19,147,112**	**88,001,477**
Expenses:			
Management fee (see Note 2A)	4,310,532	2,796,741	11,923,841
Shareholder servicing fee (see Note 2B)	727,149	489,001	2,287,504
Custodian fee	115,880	102,879	173,460
Transfer Agent fee—Non-Retail Class	24,367	28,256	135,200
Transfer Agent fee—Class A	40,897	10,964	64,334
Transfer Agent fee—Class B	108	14	65
Transfer Agent fee—Class C	16,528	2,468	14,488
Distribution fees—Class A	382,822	188,150	1,158,759
Distribution fees—Class B	2,757	302	2,562
Distribution fees—Class C	474,607	143,467	917,028
Directors' fees and expenses	36,216	19,988	111,916
Auditing and tax fees	22,911	16,270	65,757
Registration fees	22,103	10,414	126,151
Legal fees	20,372	9,604	49,669
Printing fees	10,204	9,471	32,546
Miscellaneous	31,159	20,772	88,752
Total expenses	**6,238,612**	**3,848,761**	**17,152,032**
Less: expenses waived and reimbursed by the Distributor (see Note 2D)	0	0	0
Net expenses	6,238,612	3,848,761	17,152,032
Net investment income	**23,478,533**	**15,298,351**	**70,849,445**
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENT AND FOREIGN CURRENCY TRANSACTIONS			
Net realized gain(loss) on:			
Investment transactions	3,918,839	2,402,635	8,776,974
Futures transactions	0	0	0
Swap transactions	0	0	0
Foreign currency transactions	0	0	0
Net realized gain on investment transactions	**3,918,839**	**2,402,635**	**8,776,974**
Net change in unrealized appreciation/depreciation of:			
Investments	(20,241,491)	(13,533,603)	(54,775,085)
Futures transactions	0	0	0
Swap transactions	0	0	0
Foreign currency denominated assets and liabilities	0	0	0
Net change in unrealized appreciation/depreciation of investments	**(20,241,491)**	**(13,533,603)**	**(54,775,085)**
Net realized and unrealized loss on investment transactions	**(16,322,652)**	**(11,130,968)**	**(45,998,111)**
Contributions from Adviser (see Note 2A)	0	0	0
Net increase (decrease) in net assets resulting from operations	**$ 7,155,881**	**$ 4,167,383**	**$ 24,851,334**

See Notes to Financial Statements.

U.S. Government Short Duration Portfolio	Short Duration Plus Portfolio	Intermediate Duration Portfolio
$ 365,197	$ 2,788,495	$ 69,533,315
0	0	75
365,197	**2,788,495**	**69,533,390**
231,742	1,309,510	10,233,934
51,498	254,024	2,309,169
33,930	83,891	149,310
9,306	11,027	106,652
0	25,844	0
0	3,361	0
0	13,486	0
0	76,750	0
0	11,868	0
0	102,084	0
2,360	12,452	97,413
1,458	11,402	63,966
19,301	31,527	55,557
2,364	6,651	56,586
580	12,047	18,057
6,181	14,608	95,848
358,720	**1,980,532**	**13,186,492**
0	(62,674)	0
358,720	1,917,858	13,186,492
6,477	**870,637**	**56,346,898**
42,142	600,241	10,741,432
5,192	(238,041)	(237,777)
0	0	(169,587)
0	179,304	2,340,405
47,334	**541,504**	**12,674,473**
(327,731)	(1,969,887)	(45,941,933)
(78,368)	(322,698)	23,454
0	0	1,736,003
0	(106,187)	(758,687)
(406,099)	**(2,398,772)**	**(44,941,163)**
(358,765)	**(1,857,268)**	**(32,266,690)**
0	0	725
$(352,288)	**$ (986,631)**	**$ 24,080,933**

Statement of Changes in Net Assets

	International Portfolio		Tax-Managed International Portfolio	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
INCREASE (DECREASE) IN NET ASSETS FROM				
Operations:				
Net investment income	$ 8,849,197	$ 27,724,852	$ 21,203,189	$ 67,721,169
Net realized gain (loss) on investment and foreign currency transactions	18,345,155	(118,341,291)	19,200,929	(344,821,758)
Net change in unrealized appreciation/depreciation of investments and foreign currency denominated assets and liabilities	134,849,425	241,269,412	333,777,444	592,279,467
Net increase in net assets resulting from operations	**162,043,777**	**150,652,973**	**374,181,562**	**315,178,878**
Dividends and distributions to shareholders:				
Dividends from net investment income **(a)**	(28,680,557)	(30,720,671)	(72,321,647)	(81,441,475)
Distributions from net realized gain on investment transactions **(a)**	0	0	0	0
Total dividends and distributions to shareholders	**(28,680,557)**	**(30,720,671)**	**(72,321,647)**	**(81,441,475)**
Capital-share transactions:				
Net proceeds from sales of shares	90,840,590	455,478,828	271,862,307	759,526,932
Net proceeds from sales of shares issued to shareholders on reinvestment of dividends and distributions	25,008,588	3,175,039	53,813,652	6,246,123
Total proceeds from shares sold	**115,849,178**	**458,653,867**	**325,675,959**	**765,773,055**
Cost of shares redeemed	(219,356,597)	(591,058,695)	(519,011,942)	(1,141,748,567)
Net decrease in net assets from capital-share transactions	**(103,507,419)**	**(132,404,828)**	**(193,335,983)**	**(375,975,512)**
Net increase (decrease) in net assets	**29,855,801**	**(12,472,526)**	**108,523,932**	**(142,238,109)**
NET ASSETS:				
Beginning of period	**1,495,393,424**	**1,507,865,950**	**3,448,692,339**	**3,590,930,448**
End of period (b)	**$1,525,249,225**	**$1,495,393,424**	**$3,557,216,271**	**$ 3,448,692,339**
(b) Includes undistributed net investment income/(distributions in excess of net investment income) of:	$ 3,460,273	$ 23,291,633	$ 14,012,821	$ 65,131,279

(a) See page 33 for share class information on dividend distributions of the International and Tax-Managed International Portfolios.

* Includes effect of portfolio transaction fee in the amounts of $2,739,583 and $5,091,096 for the six months ended March 31, 2013 and year ended September 30, 2012, respectively.

See Notes to Financial Statements.

Emerging Markets Portfolio		Short Duration New York Municipal Portfolio		Short Duration California Municipal Portfolio	
Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
$ 370,235	$ 15,458,587	$ 356,965	$ 1,137,411	$ 165,489	$ 533,004
8,014,737	(16,868,121)	203,416	381,507	133,497	480,522
44,547,078	174,832,154	(369,680)	437,818	(258,053)	(176,316)
52,932,050	**173,422,620**	**190,701**	**1,956,736**	**40,933**	**837,210**
(16,127,410)	(11,854,454)	(356,965)	(1,150,680)	(165,489)	(542,125)
0	(46,479,337)	0	0	(135,845)	0
(16,127,410)	**(58,333,791)**	**(356,965)**	**(1,150,680)**	**(301,334)**	**(542,125)**
94,599,041	162,031,598	27,608,382	56,648,294	34,462,048	76,377,785
15,020,786	56,565,146	305,327	731,097	277,512	407,165
109,619,827	**218,596,744**	**27,913,709**	**57,379,391**	**34,739,560**	**76,784,950**
(177,300,044)	(343,895,850)	(49,018,588)	(83,754,519)	(58,594,377)	(98,678,044)
(67,680,217)*	**(125,299,106)***	**(21,104,879)**	**(26,375,128)**	**(23,854,817)**	**(21,893,094)**
(30,875,577)	**(10,210,277)**	**(21,271,143)**	**(25,569,072)**	**(24,115,218)**	**(21,598,009)**
1,239,479,931	**1,249,690,208**	**132,909,179**	**158,478,251**	**100,149,059**	**121,747,068**
$1,208,604,354	**$1,239,479,931**	**$111,638,036**	**$132,909,179**	**$ 76,033,841**	**$100,149,059**
$ (180,920)	$ 15,576,255	$ (8,161)	$ (8,161)	$ (25,884)	$ (25,884)

Statement of Changes in Net Assets *(continued)*

	Short Duration Diversified Municipal Portfolio		New York Municipal Portfolio	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
INCREASE (DECREASE) IN NET ASSETS FROM				
Operations:				
Net investment income	$ 1,084,313	$ 3,514,051	$ 23,478,533	$ 52,331,896
Net realized gain on investment transactions	1,240,890	698,355	3,918,839	5,911,533
Net change in unrealized appreciation/depreciation of investments	(1,801,286)	1,139,395	(20,241,491)	25,169,346
Net increase (decrease) in net assets resulting from operations	**523,917**	**5,351,801**	**7,155,881**	**83,412,775**
Dividends and distributions to shareholders:				
Dividends from net investment income **(a)**	(1,084,313)	(3,514,051)	(23,478,533)	(52,331,896)
Distributions from net realized gain on investment transactions **(a)**	(1,487,503)	(266,512)	(865,321)	0
Total dividends and distributions to shareholders	**(2,571,816)**	**(3,780,563)**	**(24,343,854)**	**(52,331,896)**
Capital-share transactions:				
Net proceeds from sales of shares	165,665,603	305,674,547	222,114,481	380,451,892
Net proceeds from sales of shares issued to shareholders on reinvestment of dividends and distributions	2,382,832	2,817,660	17,600,992	23,711,647
Total proceeds from shares sold	**168,048,435**	**308,492,207**	**239,715,473**	**404,163,539**
Cost of shares redeemed	(229,585,980)	(334,134,345)	(268,064,390)	(428,045,585)
Net increase (decrease) in net assets from capital-share transactions	**(61,537,545)**	**(25,642,138)**	**(28,348,917)**	**(23,882,046)**
Net increase (decrease) in net assets	**(63,585,444)**	**(24,070,900)**	**(45,536,890)**	**7,198,833**
NET ASSETS:				
Beginning of period	**394,514,792**	**418,585,692**	**1,836,172,251**	**1,828,973,418**
End of period (b)	**$ 330,929,348**	**$ 394,514,792**	**$1,790,635,361**	**$1,836,172,251**
(b) Includes undistributed net investment income/(distributions in excess of net investment income) of:	$ 18,553	$ 18,553	$ (144,328)	$ (144,328)

(a) See pages 33 and 34 for share class information on dividend distributions of the New York Municipal, California Municipal and Diversified Municipal Portfolios.
See Notes to Financial Statements.

California Municipal Portfolio Six Months Ended 3/31/13 (Unaudited)	California Municipal Portfolio Year Ended 9/30/12	Diversified Municipal Portfolio Six Months Ended 3/31/13 (Unaudited)	Diversified Municipal Portfolio Year Ended 9/30/12	U.S. Government Short Duration Portfolio Six Months Ended 3/31/13 (Unaudited)	U.S. Government Short Duration Portfolio Year Ended 9/30/12
$ 15,298,351	$ 33,959,836	$ 70,849,445	$ 154,238,848	$ 6,477	$ 175,648
2,402,635	527,277	8,776,974	6,403,241	47,334	691,246
(13,533,603)	21,223,610	(54,775,085)	97,424,771	(406,099)	(171,364)
4,167,383	**55,710,723**	**24,851,334**	**258,066,860**	**(352,288)**	**695,530**
(15,298,351)	(33,959,836)	(70,849,445)	(154,519,274)	(364,034)	(653,503)
0	0	(7,415,537)	(4,546,355)	(282,178)	(956,224)
(15,298,351)	**(33,959,836)**	**(78,264,982)**	**(159,065,629)**	**(646,212)**	**(1,609,727)**
160,375,146	252,761,391	891,928,027	1,523,181,321	20,482,605	48,626,657
11,261,148	13,687,643	58,702,658	70,637,465	600,262	1,433,362
171,636,294	**266,449,034**	**950,630,685**	**1,593,818,786**	**21,082,867**	**50,060,019**
(168,060,746)	(269,046,540)	(1,115,261,910)	(1,581,303,607)	(57,676,768)	(68,101,964)
3,575,548	**(2,597,506)**	**(164,631,225)**	**12,515,179**	**(36,593,901)**	**(18,041,945)**
(7,555,420)	**19,153,381**	**(218,044,873)**	**111,516,410**	**(37,592,401)**	**(18,956,142)**
1,131,364,883	**1,112,211,502**	**5,667,469,192**	**5,555,952,782**	**111,263,203**	**130,219,345**
$1,123,809,463	**$1,131,364,883**	**$ 5,449,424,319**	**$ 5,667,469,192**	**$ 73,670,802**	**$111,263,203**
$ (196,679)	$ (196,679)	$ 33,568	$ 33,568	$ (233,288)	$ 124,269

Statement of Changes in Net Assets *(continued)*

	Short Duration Plus Portfolio		Intermediate Duration Portfolio	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
INCREASE (DECREASE) IN NET ASSETS FROM				
Operations:				
Net investment income	$ 870,637	$ 2,594,914	$ 56,346,898	$ 126,645,368
Net realized gain on investment and foreign currency transactions	541,504	3,895,760	12,674,473	67,842,526
Net change in unrealized appreciation/depreciation of investments	(2,398,772)	(606,908)	(44,941,163)	73,325,941
Contributions from Adviser (see Note 2A)	0	0	725	0
Net increase (decrease) in net assets resulting from operations	**(986,631)**	**5,883,766**	**24,080,933**	**267,813,835**
Dividends and distributions to shareholders:				
Dividends from net investment income **(a)**	(2,611,772)	(5,042,813)	(71,422,339)	(133,021,484)
Distributions from net realized gain on investment transactions	0	0	(35,956,854)	(111,218,638)
Total dividends and distributions to shareholders	**(2,611,772)**	**(5,042,813)**	**(107,379,193)**	**(244,240,122)**
Capital-share transactions:				
Net proceeds from sales of shares	137,857,639	268,151,975	370,168,125	754,105,620
Net proceeds from sales of shares issued to shareholders on reinvestment of dividends and distributions	2,108,999	3,170,368	90,646,132	160,445,510
Total proceeds from shares sold	**139,966,638**	**271,322,343**	**460,814,257**	**914,551,130**
Cost of shares redeemed	(239,128,204)	(372,800,562)	(769,848,627)	(1,275,881,852)
Net decrease in net assets from capital-share transactions	**(99,161,566)**	**(101,478,219)**	**(309,034,370)**	**(361,330,722)**
Net decrease in net assets	**(102,759,969)**	**(100,637,266)**	**(392,332,630)**	**(337,757,009)**
NET ASSETS:				
Beginning of period	**626,170,089**	**726,807,355**	**4,821,925,885**	**5,159,682,894**
End of period (b)	**$ 523,410,120**	**$ 626,170,089**	**$4,429,593,255**	**$ 4,821,925,885**
(b) Includes undistributed net investment income/(distributions in excess of net investment income) of:	$ (1,754,248)	$ (13,113)	$ (6,552,166)	$ 8,523,275

(a) See page 34 for share class information on dividend distributions for the Short Duration Plus Portfolio.
See Notes to Financial Statements.

	International Portfolio		Tax-Managed International Portfolio	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
Dividends to shareholders:				
Dividends from net investment income				
International and Tax-Managed International Class Shares, respectively	$(28,569,129)	$(30,576,496)	$(72,305,715)	$(81,403,350)
Class A	(91,428)	(120,546)	(15,932)	(34,092)
Class B	(2,097)	(3,896)	0	(801)
Class C	(17,903)	(19,733)	0	(3,232)
	$(28,680,557)	$(30,720,671)	$(72,321,647)	$(81,441,475)

	New York Municipal Portfolio		California Municipal Portfolio	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
Dividends and Distributions to shareholders:				
Dividends from net investment income				
Municipal Class	$(19,515,012)	$(45,177,436)	$(13,453,345)	$(31,057,627)
Class A	(3,128,608)	(5,633,810)	(1,582,089)	(2,431,695)
Class B	(4,837)	(13,507)	(549)	(2,346)
Class C	(830,076)	(1,507,143)	(262,368)	(468,168)
	$(23,478,533)	$(52,331,896)	$(15,298,351)	$(33,959,836)
Distributions from net realized gain on investment transactions				
Municipal Class	$ (697,861)	$ 0		
Class A	(121,681)	0		
Class B	(279)	0		
Class C	(45,500)	0		
	$ (865,321)	$ 0		

Statement of Changes in Net Assets *(continued)*

	Diversified Municipal Portfolio	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
Dividends and Distributions to shareholders:		
Dividends from net investment income		
Municipal Class	$(60,009,336)	$(135,203,695)
Class A	(9,271,370)	(16,725,113)
Class B	(4,366)	(13,234)
Class C	(1,564,373)	(2,577,232)
	$(70,849,445)	$(154,519,274)
Distributions from net realized gain on investment transactions		
Municipal Class	$ (6,180,319)	$ (3,995,574)
Class A	(987,749)	(453,984)
Class B	(695)	(674)
Class C	(246,774)	(96,123)
	$ (7,415,537)	$ (4,546,355)

	Short Duration Plus Portfolio	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
Dividends to shareholders:		
Dividends from net investment income		
Short Duration Plus Class	$(2,402,422)	$(4,674,392)
Class A	(160,252)	(308,624)
Class B	(3,499)	(6,990)
Class C	(45,599)	(52,807)
	$(2,611,772)	$(5,042,813)

See Notes to Financial Statements.

Financial Highlights

Selected per share data and ratios for a share of capital stock outstanding for each respective Portfolio for each of the periods presented:

	International Portfolio International Class					
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Year Ended 9/30/11	Year Ended 9/30/10	Year Ended 9/30/09	Year Ended 9/30/08
Net asset value, beginning of period	**$13.23**	**$12.36**	**$15.08**	**$15.00**	**$16.51**	**$29.38**
Income from investment operations:						
Investment income, net†	0.08 ‡	0.23 ‡	0.23	0.22	0.25	0.50
Net realized and unrealized gain (loss) on investment and foreign currency transactions	1.41	0.90	(2.68)	0.14	(1.31)	(9.89)
Total from investment operations	**1.49**	**1.13**	**(2.45)**	**0.36**	**(1.06)**	**(9.39)**
Less dividends and distributions:						
Dividends from taxable net investment income	(0.26)	(0.26)	(0.27)	(0.28)	(0.45)	(0.44)
Distributions from net realized gain on investment transactions	0	0	0	0	0	(3.04)
Total dividends and distributions	**(0.26)**	**(0.26)**	**(0.27)**	**(0.28)**	**(0.45)**	**(3.48)**
Net asset value, end of period	**$14.46**	**$13.23**	**$12.36**	**$15.08**	**$15.00**	**$16.51**
Total return (a)	**11.41%**	**9.32%**	**(16.61)%**	**2.43%**	**(5.59)%**	**(36.07)%**
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (000 omitted)	$1,517,053	$1,485,757	$1,495,894	$2,073,462	$2,364,571	$2,788,102
Average net assets (000 omitted)	$1,504,398	$1,546,251	$2,015,954	$2,199,418	$2,032,024	$3,828,486
Ratio to average net assets of:						
Expenses, net of waivers/reimbursements	1.15% *	1.16 %	1.18%	1.17 % **(d)**	1.19%	1.18%
Expenses, before waivers/reimbursements	1.20% *	1.21 %	1.18%	1.17 % **(d)**	1.19%	1.18%
Net investment income	1.18% ‡*	1.79 % ‡	1.50%	1.49 % **(d)**	2.03%	2.16%
Portfolio turnover rate	44%	69 %	62%	84 %	91%	53%

See Footnote Summary on page 47.
See Notes to Financial Statements.

Financial Highlights *(continued)*

Selected per share data and ratios for a share of capital stock outstanding for each respective Portfolio for each of the periods presented:

	Tax-Managed International Portfolio Tax-Managed International Class					
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Year Ended 9/30/11	Year Ended 9/30/10	Year Ended 9/30/09	Year Ended 9/30/08
Net asset value, beginning of period	**$13.33**	**$12.46**	**$15.19**	**$15.16**	**$16.52**	**$29.64**
Income from investment operations:						
Investment income, net†	0.09 ‡	0.25 ‡	0.24	0.22	0.25	0.52
Net realized and unrealized gain (loss) on investment and foreign currency transactions	1.41	0.91	(2.70)	0.09	(1.16)	(10.22)
Contributions from Adviser	0	0	0	0 **(c)**	0 **(c)**	0
Total from investment operations	**1.50**	**1.16**	**(2.46)**	**0.31**	**(0.91)**	**(9.70)**
Less dividends and distributions:						
Dividends from taxable net investment income	(0.29)	(0.29)	(0.27)	(0.28)	(0.45)	(0.42)
Distributions from net realized gain on investment transactions	0	0	0	0	0	(3.00)
Total dividends and distributions	**(0.29)**	**(0.29)**	**(0.27)**	**(0.28)**	**(0.45)**	**(3.42)**
Net asset value, end of period	**$14.54**	**$13.33**	**$12.46**	**$15.19**	**$15.16**	**$16.52**
Total return (a)	**11.39%**	**9.56%**	**(16.56)%**	**2.07%**	**(4.64)%**	**(36.75)%**
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (000 omitted)	$3,555,372	$3,446,598	$3,587,820	$4,845,829	$5,286,906	$6,024,221
Average net assets (000 omitted)	$3,488,784	$3,598,435	$4,714,049	$5,004,731	$4,376,859	$8,333,321
Ratio to average net assets of:						
Expenses, net of waivers/reimbursements	1.11% *	1.11%	1.14%	1.13% **(d)**	1.15%	1.12%
Expenses, before waivers/reimbursements	1.16% *	1.16%	1.14%	1.13% **(d)**	1.15%	1.12%
Net investment income	1.22% *‡	1.88% ‡	1.54%	1.53% **(d)**	2.07%	2.21%
Portfolio turnover rate	45%	62%	61%	85%	84%	70%

See Footnote Summary on page 47.
See Notes to Financial Statements.

	Emerging Markets Portfolio					
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Year Ended 9/30/11	Year Ended 9/30/10	Year Ended 9/30/09	Year Ended 9/30/08
Net asset value, beginning of period	**$26.72**	**$24.46**	**$31.40**	**$26.67**	**$25.97**	**$50.62**
Income from investment operations						
Investment income, net†	0.01 ‡	0.31 ‡	0.33	0.27	0.24	0.53
Net realized and unrealized gain (loss) on investment and foreign currency transactions	1.15	3.03	(7.10)	4.54	2.25	(14.32)
Contributions from Adviser	0	0	0	0	0	0 **(c)**
Total from investment operations	**1.16**	**3.34**	**(6.77)**	**4.81**	**2.49**	**(13.79)**
Less dividends and distributions:						
Dividends from taxable net investment income	(0.36)	(0.24)	(0.31)	(0.20)	(0.39)	(0.44)
Distributions from net realized gain on investment transactions	0	(0.94)	0	0	(1.50)	(10.55)
Total dividends and distributions	**(0.36)**	**(1.18)**	**(0.31)**	**(0.20)**	**(1.89)**	**(10.99)**
Portfolio transaction fee	**0.06**	**0.10**	**0.14**	**0.12**	**0.10**	**0.13**
Net asset value, end of period	**$27.58**	**$26.72**	**$24.46**	**$31.40**	**$26.67**	**$25.97**
Total return (a)(b)	**4.56%**	**14.63%**	**(22.95)%**	**16.19%**	**13.54%**	**(36.23)%**
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (000 omitted)	$1,208,604	$1,239,480	$1,249,690	$1,912,856	$1,949,728	$1,950,976
Average net assets (000 omitted)	$1,233,748	$1,303,241	$1,823,362	$1,928,521	$1,458,886	$2,877,534
Ratio to average net assets of:						
Expenses, net of waivers/ reimbursements	1.43% *	1.44%	1.45%	1.44% **(d)**	1.48%	1.51%
Expenses, before waivers/ reimbursements	1.48% *	1.49%	1.45%	1.44% **(d)**	1.48%	1.51%
Net investment income	0.06% ‡*	1.19% ‡	1.03%	0.94% **(d)**	1.25%	1.35%
Portfolio turnover rate	21%	55%	57%	67%	70%	55%

See Footnote Summary on page 47.
See Notes to Financial Statements.

Financial Highlights *(continued)*

Selected per share data and ratios for a share of capital stock outstanding for each respective Portfolio for each of the periods presented:

	Short Duration New York Municipal Portfolio					
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Year Ended 9/30/11	Year Ended 9/30/10	Year Ended 9/30/09	Year Ended 9/30/08
Net asset value, beginning of period	**$12.56**	**$12.49**	**$12.53**	**$12.59**	**$12.40**	**$12.40**
Income from investment operations						
Investment income, net†	0.04	0.10	0.20	0.22	0.30	0.37
Net realized and unrealized gain (loss) on investment transactions	(0.01)	0.07	(0.04)	(0.06)	0.20	0
Contributions from Adviser	0	0	0	0	0	0 **(c)**
Total from investment operations	**0.03**	**0.17**	**0.16**	**0.16**	**0.50**	**0.37**
Less dividends:						
Dividends from tax-exempt net investment income	(0.04)	(0.10)	(0.20)	(0.22)	(0.31)	(0.37)
Net asset value, end of period	**$12.55**	**$12.56**	**$12.49**	**$12.53**	**$12.59**	**$12.40**
Total return (a)	**0.22%**	**1.34%**	**1.28%**	**1.29%**	**4.14%**	**3.08%**
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (000 omitted)	$111,638	$132,909	$158,478	$273,147	$235,326	$161,836
Average net assets (000 omitted)	$121,268	$148,340	$200,953	$262,227	$186,124	$132,487
Ratio to average net assets of:						
Expenses	0.65% *	0.64%	0.61%	0.61% **(d)**	0.63%	0.67%
Net investment income	0.59% *	0.77%	1.61%	1.75% **(d)**	2.42%	2.98%
Portfolio turnover rate	22%	54%	32%	30%	45%	103%

See Footnote Summary on page 47.
See Notes to Financial Statements.

	Short Duration California Municipal Portfolio					
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Year Ended 9/30/11	Year Ended 9/30/10	Year Ended 9/30/09	Year Ended 9/30/08
Net asset value, beginning of period	**$12.58**	**$12.55**	**$12.62**	**$12.68**	**$12.53**	**$12.49**
Income from investment operations						
Investment income, net†	0.02	0.06	0.13	0.21	0.34	0.35
Net realized and unrealized gain (loss) on investment transactions	(0.01)	0.04	(0.04)	0.01	0.15	0.05
Total from investment operations	**0.01**	**0.10**	**0.09**	**0.22**	**0.49**	**0.40**
Less dividends and distributions:						
Dividends from tax-exempt net investment income	(0.02)	(0.07)	(0.13)	(0.21)	(0.34)	(0.36)
Distributions from net realized gain on investment transactions	(0.02)	0	(0.03)	(0.07)	0	0
Total dividends and distributions	**(0.04)**	**(0.07)**	**(0.16)**	**(0.28)**	**(0.34)**	**(0.36)**
Net asset value, end of period	**$12.55**	**$12.58**	**$12.55**	**$12.62**	**$12.68**	**$12.53**
Total return (a)	**0.12%**	**0.76%**	**0.74%**	**1.77%**	**3.95%**	**3.24%**
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (000 omitted)	$76,034	$100,149	$121,747	$144,606	$109,040	$141,225
Average net assets (000 omitted)	$84,052	$103,813	$127,326	$127,870	$119,438	$106,703
Ratio to average net assets of:						
Expenses	0.68% *	0.67%	0.63%	0.65% **(d)**	0.65%	0.69%
Net investment income	0.39% *	0.51%	1.08%	1.66% **(d)**	2.68%	2.81%
Portfolio turnover rate	15%	45%	81%	64%	52%	134%

See Footnote Summary on page 47.
See Notes to Financial Statements.

Financial Highlights *(continued)*

Selected per share data and ratios for a share of capital stock outstanding for each respective Portfolio for each of the periods presented:

	Short Duration Diversified Municipal Portfolio					
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Year Ended 9/30/11	Year Ended 9/30/10	Year Ended 9/30/09	Year Ended 9/30/08
Net asset value, beginning of period	**$12.74**	**$12.70**	**$12.69**	**$12.68**	**$12.53**	**$12.50**
Income from investment operations						
Investment income, net†	0.04	0.10	0.17	0.21	0.32	0.38
Net realized and unrealized gain (loss) on investment transactions	(0.03)	0.05	0.01	0.01	0.16	0.04
Total from investment operations	**0.01**	**0.15**	**0.18**	**0.22**	**0.48**	**0.42**
Less dividends and distributions:						
Dividends from tax-exempt net investment income	(0.03)	(0.10)	(0.16)	(0.21)	(0.33)	(0.39)
Distributions from net realized gain on investment transactions	(0.06)	(0.01)	(0.01)	0	0	0
Total dividends and distributions	**(0.09)**	**(0.11)**	**(0.17)**	**(0.21)**	**(0.33)**	**(0.39)**
Net asset value, end of period	**$12.66**	**$12.74**	**$12.70**	**$12.69**	**$12.68**	**$12.53**
Total return (a)	**0.11%**	**1.18%**	**1.42%**	**1.75%**	**3.85%**	**3.35%**
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (000 omitted)	$330,929	$394,515	$418,586	$591,202	$457,515	$328,867
Average net assets (000 omitted)	$350,840	$437,015	$515,306	$556,818	$368,993	$277,346
Ratio to average net assets of:						
Expenses	0.62% *	0.59%	0.62%	0.62% **(d)**	0.62%	0.64%
Net investment income	0.62% *	0.80%	1.31%	1.65% **(d)**	2.55%	3.05%
Portfolio turnover rate	26%	51%	39%	23%	54%	94%

See Footnote Summary on page 47.
See Notes to Financial Statements.

	NEW YORK MUNICIPAL PORTFOLIO MUNICIPAL CLASS					
	SIX MONTHS ENDED 3/31/13 (UNAUDITED)	YEAR ENDED 9/30/12	YEAR ENDED 9/30/11	YEAR ENDED 9/30/10	YEAR ENDED 9/30/09	YEAR ENDED 9/30/08
Net asset value, beginning of period	**$14.66**	**$14.42**	**$14.53**	**$14.36**	**$13.61**	**$13.83**
Income from investment operations:						
Investment income, net†	0.20	0.43	0.44	0.44	0.46	0.47
Net realized and unrealized gain (loss) on investment transactions	(0.13)	0.24	(0.06)	0.20	0.79	(0.22)
Total from investment operations	**0.07**	**0.67**	**0.38**	**0.64**	**1.25**	**0.25**
Less dividends and distributions:						
Dividends from tax-exempt net investment income	(0.19)	(0.43)	(0.44)	(0.44)	(0.46)	(0.47)
Distributions from net realized gain on investment transactions	(0.01)	0	(0.05)	(0.03)	(0.04)	0
Total dividends and distributions	**(0.20)**	**(0.43)**	**(0.49)**	**(0.47)**	**(0.50)**	**(0.47)**
Net asset value, end of period	**$14.53**	**$14.66**	**$14.42**	**$14.53**	**$14.36**	**$13.61**
Total return (a)	**0.50%**	**4.69%**	**2.74%**	**4.55%**	**9.42%**	**1.80%**
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (000 omitted)	$1,428,707	$1,498,388	$1,579,981	$1,745,720	$1,692,410	$1,817,154
Average net assets (000 omitted)	$1,458,293	$1,541,811	$1,652,024	$1,752,608	$1,643,093	$1,828,067
Ratio to average net assets of:						
Expenses	0.61% *	0.61%	0.61%	0.61% **(d)**	0.61%	0.61%
Net investment income	2.68% *	2.93%	3.09%	3.05% **(d)**	3.33%	3.38%
Portfolio turnover rate	11%	14%	14%	18%	19%	24%

See Footnote Summary on page 47.
See Notes to Financial Statements.

Financial Highlights *(continued)*

Selected per share data and ratios for a share of capital stock outstanding for each respective Portfolio for each of the periods presented:

	California Municipal Portfolio Municipal Class					
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Year Ended 9/30/11	Year Ended 9/30/10	Year Ended 9/30/09	Year Ended 9/30/08
Net asset value, beginning of period	**$14.91**	**$14.62**	**$14.85**	**$14.55**	**$13.96**	**$14.18**
Income from investment operations:						
Investment income, net†	0.20	0.45	0.46	0.47	0.48	0.48
Net realized and unrealized gain (loss) on investment transactions	(0.15)	0.29	(0.08)	0.34	0.63	(0.22)
Total from investment operations	**0.05**	**0.74**	**0.38**	**0.81**	**1.11**	**0.26**
Less dividends and distributions:						
Dividends from tax-exempt net investment income	(0.20)	(0.45)	(0.46)	(0.47)	(0.48)	(0.48)
Distributions from net realized gain on investment transactions	0	0	(0.15)	(0.04)	(0.04)	0
Total dividends and distributions	**(0.20)**	**(0.45)**	**(0.61)**	**(0.51)**	**(0.52)**	**(0.48)**
Net asset value, end of period	**$14.76**	**$14.91**	**$14.62**	**$14.85**	**$14.55**	**$13.96**
Total return (a)	**0.36%**	**5.11%**	**2.70%**	**5.71%**	**8.09%**	**1.83%**
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (000 omitted)	$961,461	$991,764	$1,031,911	$1,103,565	$1,154,961	$1,363,736
Average net assets (000 omitted)	$980,689	$1,026,677	$1,059,794	$1,163,905	$1,186,613	$1,414,368
Ratio to average net assets of:						
Expenses	0.63% *	0.63%	0.63%	0.63% **(d)**	0.63%	0.62%
Net investment income	2.75% *	3.03%	3.19%	3.23% **(d)**	3.39%	3.38%
Portfolio turnover rate	5%	15%	14%	33%	14%	26%

See Footnote Summary on page 47.
See Notes to Financial Statements.

	Diversified Municipal Portfolio Municipal Class					
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Year Ended 9/30/11	Year Ended 9/30/10	Year Ended 9/30/09	Year Ended 9/30/08
Net asset value, beginning of period	**$14.92**	**$14.65**	**$14.75**	**$14.53**	**$13.81**	**$14.00**
Income from investment operations:						
Investment income, net†	0.19	0.41	0.45	0.45	0.48	0.48
Net realized and unrealized gain (loss) on investment transactions	(0.13)	0.29	(0.03)	0.25	0.73	(0.19)
Total from investment operations	**0.06**	**0.70**	**0.42**	**0.70**	**1.21**	**0.29**
Less dividends and distributions:						
Dividends from tax-exempt net investment income	(0.19)	(0.42)	(0.45)	(0.46)	(0.48)	(0.48)
Distributions from net realized gain on investment transactions	(0.02)	(0.01)	(0.07)	(0.02)	(0.01)	0
Total dividends and distributions	**(0.21)**	**(0.43)**	**(0.52)**	**(0.48)**	**(0.49)**	**(0.48)**
Net asset value, end of period	**$14.77**	**$14.92**	**$14.65**	**$14.75**	**$14.53**	**$13.81**
Total return (a)	**0.44%**	**4.81%**	**2.96%**	**4.90%**	**8.96%**	**2.04%**
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (000 omitted)	$4,462,068	$4,684,176	$4,907,931	$5,129,063	$4,942,157	$5,065,599
Average net assets (000 omitted)	$4,587,577	$4,839,804	$4,991,204	$5,176,769	$4,716,436	$5,052,989
Ratio to average net assets of:						
Expenses	0.56% *	0.56%	0.56%	0.56% **(d)**	0.57%	0.57%
Net investment income	2.62% *	2.79%	3.08%	3.10% **(d)**	3.39%	3.38%
Portfolio turnover rate	6%	16%	18%	21%	12%	28%

See Footnote Summary on page 47.
See Notes to Financial Statements.

Financial Highlights *(continued)*

Selected per share data and ratios for a share of capital stock outstanding for each respective Portfolio for each of the periods presented:

	U.S. Government Short Duration Portfolio					
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Year Ended 9/30/11	Year Ended 9/30/10	Year Ended 9/30/09	Year Ended 9/30/08
Net asset value, beginning of period	**$12.73**	**$12.82**	**$12.89**	**$12.70**	**$12.47**	**$12.47**
Income from investment operations						
Investment income, net†	0 **(c)**	0.02	0.09	0.10	0.24	0.43
Net realized and unrealized gain (loss) on investment transactions	(0.04)	0.05	0.02	0.22	0.25	0.01
Total from investment operations	**(0.04)**	**0.07**	**0.11**	**0.32**	**0.49**	**0.44**
Less dividends and distributions:						
Dividends from taxable net investment income	(0.05)	(0.07)	(0.13)	(0.13)	(0.26)	(0.44)
Distributions from net realized gain on investment transactions	(0.03)	(0.09)	(0.05)	0	0	0
Total dividends and distributions	**(0.08)**	**(0.16)**	**(0.18)**	**(0.13)**	**(0.26)**	**(0.44)**
Net asset value, end of period	**$12.61**	**$12.73**	**$12.82**	**$12.89**	**$12.70**	**$12.47**
Total return (a)	**(0.33)%**	**0.55%**	**0.87%**	**2.55%**	**3.96%**	**3.56%**
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (000 omitted)	$73,671	$111,263	$130,219	$163,015	$172,741	$116,067
Average net assets (000 omitted)	$103,280	$126,795	$149,555	$175,298	$163,493	$94,678
Ratio to average net assets of:						
Expenses	0.70% *	0.68%	0.64%	0.64% **(d)**	0.63%	0.73%
Net investment income	0.01% *	0.14%	0.67%	0.81% **(d)**	1.90%	3.43%
Portfolio turnover rate	54%	95%	170%	181%	312%	143%

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See Notes to Financial Statements.

	Short Duration Plus Portfolio Short Duration Plus Class					
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Year Ended 9/30/11	Year Ended 9/30/10	Year Ended 9/30/09	Year Ended 9/30/08
Net asset value, beginning of period	**$11.91**	**$11.89**	**$11.92**	**$11.65**	**$11.45**	**$12.24**
Income from investment operations:						
Investment income, net†	0.02	0.06	0.12	0.20	0.35	0.46
Net realized and unrealized gain (loss) on investment and foreign currency transactions	(0.04)	0.06	(0.01)	0.29	0.22	(0.77)
Total from investment operations	**(0.02)**	**0.12**	**0.11**	**0.49**	**0.57**	**(0.31)**
Less dividends:						
Dividends from taxable net investment income	(0.06)	(0.10)	(0.14)	(0.22)	(0.37)	(0.48)
Net asset value, end of period	**$11.83**	**$11.91**	**$11.89**	**$11.92**	**$11.65**	**$11.45**
Total return (a)	**(0.20)%**	**1.04%**	**0.96%**	**4.29% ****	**5.08%**	**(2.61)% ****
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (000 omitted)	$453,194	$549,979	$629,603	$534,551	$424,137	$369,337
Average net assets (000 omitted)	$509,443	$544,248	$624,052	$481,956	$367,415	$342,890
Ratio to average net assets of:						
Expenses	0.61% *	0.62%	0.60%	0.62% **(d)**	0.63%	0.64%
Net investment income	0.35% *	0.47%	0.99%	1.69% **(d)**	3.08%	3.88%
Portfolio turnover rate	72%	134%	99%	107%	176%	116%

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See Notes to Financial Statements.

Financial Highlights *(continued)*

Selected per share data and ratios for a share of capital stock outstanding for each respective Portfolio for each of the periods presented:

	Intermediate Duration Portfolio					
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Year Ended 9/30/11	Year Ended 9/30/10	Year Ended 9/30/09	Year Ended 9/30/08
Net asset value, beginning of period	**$14.24**	**$14.16**	**$14.13**	**$13.18**	**$12.25**	**$13.11**
Income from investment operations						
Investment income, net†	0.17	0.36	0.50	0.54	0.60	0.62
Net realized and unrealized gain (loss) on investment and foreign currency transactions	(0.09)	0.41	0.18	0.97	1.07	(0.80)
Contributions from Adviser	0 **(c)**	0	0	0	0	0
Total from investment operations	**0.08**	**0.77**	**0.68**	**1.51**	**1.67**	**(0.18)**
Less dividends and distributions:						
Dividends from taxable net investment income	(0.22)	(0.38)	(0.50)	(0.56)	(0.62)	(0.68)
Distributions from net realized gain on investment transactions	(0.11)	(0.31)	(0.15)	0	(0.12)	0
Total dividends and distributions	**(0.33)**	**(0.69)**	**(0.65)**	**(0.56)**	**(0.74)**	**(0.68)**
Net asset value, end of period	**$13.99**	**$14.24**	**$14.16**	**$14.13**	**$13.18**	**$12.25**
Total return (a)	**0.55%**	**5.65% *****	**5.09%**	**11.68%**	**14.41% ****	**(1.53)% ^*****
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (000 omitted)	$4,429,593	$4,821,926	$5,159,683	$5,375,563	$5,007,391	$4,886,527
Average net assets (000 omitted)	$4,631,025	$4,944,151	$5,261,269	$5,305,650	$4,463,855	$5,220,966
Ratio to average net assets of:						
Expenses	0.57% *	0.57%	0.56%	0.56% **(d)**	0.57%	0.57%
Net investment income	2.44% *	2.56%	3.55%	3.99% **(d)**	4.96%	4.75%
Portfolio turnover rate	78%	154%	110%	90%	82%	95%

See Footnote Summary on page 47.
See Notes to Financial Statements.

* Annualized.

** Includes the impact of proceeds received and credited to the Portfolio resulting from the class action settlements, which enhanced the performance for the Intermediate Duration Portfolio for the six months ended March 31, 2013 and the years ended September 30, 2009 and September 30, 2008 by 0.01% , 0.01% and 0.02%, respectively and of the Short Duration Plus Portfolio for the years ended September 30, 2010 and September 30, 2008 by 0.01% and 0.05%, respectively.

*** Includes the Adviser's reimbursement in respect of the Lehman Bankruptcy Claim which contributed to the Portfolio's performance by 0.10% for the year ended September 30, 2012.

^ The total return for the Intermediate Duration Portfolio includes the impact of losses resulting from swap counterparty exposure to Lehman Brothers, which detracted from the performance of the Portfolio for the year ended September 30, 2008 by (.16)%.

† Based on average shares outstanding.

‡ Net of fees and expenses waived by the Adviser.

(a) 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.

(b) This reflects the return to a shareholder who purchased shares of the Portfolio at the beginning of the period and redeemed them at the end of the period, paying, in each case, the applicable portfolio transaction fee. Effective May 2, 2005 the portfolio transaction fee payable when shares of the Portfolio are purchased or sold was reduced from 2.00% to 1.00%. Total return to a shareholder for the six months ending March 31, 2013 and years ending September 30, 2012, September 30, 2011, September 30, 2010, September 30, 2009 and September 30, 2008, without taking into account these transaction fees would have been 2.48%, 12.34%, (21.38)%, 18.55%, 15.85% and (34.93)%, respectively.

(c) Amount is less than $.005.

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

See Notes to Financial Statements.

Notes to Financial Statements

NOTE 1. Organization and Significant Accounting Policies

Sanford C. Bernstein Fund, Inc. (the "Fund") is a managed open-end registered investment company, incorporated in Maryland on May 4, 1988. The Fund operates as a series company currently comprised of 18 portfolios ("Portfolios") with the following share classes offered:

INTERNATIONAL EQUITY PORTFOLIOS	SHARE CLASSES OFFERED
International	International Class, Class A, Class B and Class C
Tax-Managed International	Tax-Managed International Class, Class A, Class B and Class C
Emerging Markets	Emerging Markets Class
FIXED INCOME MUNICIPAL PORTFOLIOS	
Short Duration New York Municipal	Short Duration New York Municipal Class
Short Duration California Municipal	Short Duration California Municipal Class
Short Duration Diversified Municipal	Short Duration Diversified Municipal Class
INTERMEDIATE MUNICIPAL PORTFOLIOS	
New York Municipal	Municipal Class, Class A, Class B and Class C
California Municipal	Municipal Class, Class A, Class B and Class C
Diversified Municipal	Municipal Class, Class A, Class B and Class C
FIXED INCOME TAXABLE PORTFOLIOS	
U.S. Government Short Duration	U.S. Government Short Duration Class
Short Duration Plus	Short Duration Plus Class, Class A, Class B and Class C
Intermediate Duration	Intermediate Duration Class
OVERLAY PORTFOLIOS*	
Overlay A	Class 1 and Class 2
Tax-Aware Overlay A	Class 1 and Class 2
Overlay B	Class 1 and Class 2
Tax-Aware Overlay B	Class 1 and Class 2
Tax-Aware Overlay C	Class 1 and Class 2
Tax-Aware Overlay N	Class 1 and Class 2

* The Overlay Portfolios commenced operations on February 8, 2010.

Each Portfolio has its own investment objectives. This report relates only to the International Equity Portfolios, Fixed Income Taxable Portfolios, Fixed Income Municipal Portfolios and Intermediate Municipal Portfolios. The financial statements of the Overlay Portfolios and the financial highlights of Class A, Class B and Class C Shares (collectively "Retail Classes") of International, Tax-Managed International, New York Municipal, California Municipal, Diversified Municipal and Short Duration Plus Portfolios are presented in separate financial reports. Each class of shares has identical voting, dividend, liquidation and other rights, except that the classes bear different distribution and transfer agency expenses. Each class has exclusive voting rights with respect to its distribution plan, as applicable. 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.

A. Portfolio 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 Fund'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 counterparties.

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 the foreign markets gives rise to the possibility that significant events, including broad market moves, may have occurred between the close of the foreign markets and the time at which the Fund values its securities which may materially affect the value of securities trading in such markets. To account for this, the Fund may frequently value many of its foreign equity securities using fair value prices based on third party vendor modeling tools to the extent available.

B. *Fair Value Measurements*

In accordance with U.S. GAAP regarding fair value measurements, fair value is defined as the price that the Portfolios would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset (including those valued based on their market values as described in Note A above) or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Portfolios. Unobservable inputs reflect the Portfolios' 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 Portfolios' own assumptions in determining the fair value of investments)

The fair value of debt instruments, such as bonds, and over-the-counter derivatives is generally based on market price quotations, recently executed market transactions (where observable) or industry recognized modeling techniques and are generally classified as Level 2. Pricing vendor inputs to Level 2 valuations may include quoted prices for similar investments in active markets, interest rate curves, coupon rates, currency rates, yield curves, option adjusted spreads, default rates, credit spreads and other unique security features in order to estimate the relevant cash flows which is then discounted to calculate fair values. If these inputs are unobservable and significant to the fair value, these investments will be classified as Level 3.

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.

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

Valuations of mortgage-backed or other asset backed securities, by pricing vendors, are based on both proprietary and industry recognized models and discounted cash flow techniques. Significant inputs to the valuation of these instruments are value of the collateral, the rates and timing of delinquencies, the rates and timing of prepayments, and default and loss expectations, which are driven in part by housing prices for residential mortgages. Significant inputs are determined based on relative value analyses, which incorporate comparisons to instruments with similar collateral and risk profiles, including relevant indices. Mortgage and asset backed securities for which management has collected current observable data through pricing services are generally categorized within Level 2. Those investments for which current observable data has not been provided are classified as Level 3.

Bank loan prices are provided by third party pricing services and consist of a composite of the quotes received by the vendor into a consensus price. Bank loans are classified as Level 3, as significant input used in the fair value measurement of these instruments is the market quotes that are received by the vendor and these inputs are not observable.

Other fixed income investments, including non-U.S. government and corporate debt, are generally valued using quoted market prices, if available, which are typically impacted by current interest rates, maturity dates and any perceived credit risk of the issuer. Additionally, in the absence of quoted market prices, these inputs are used by pricing vendors to derive a valuation based upon industry or proprietary models which incorporate issuer specific data with relevant yield/spread comparisons with more widely quoted bonds with similar key characteristics. Those investments for which there are observable inputs are classified as Level 2. Where the inputs are not observable, the investments are classified as Level 3.

The following tables summarize the valuation of the Portfolios' investments by the above fair value hierarchy levels as of March 31, 2013:

International Portfolio Investments in Securities:	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Common Stocks:				
Financials	$ 20,230,271	$ 352,046,020	$ 0	$ 372,276,291
Consumer Discretionary	25,124,140	248,959,963	0	274,084,103
Consumer Staples	18,662,037	169,083,579	0	187,745,616
Industrials	7,308,750	160,718,316	0	168,027,066
Health Care	0	111,021,140	0	111,021,140
Materials	8,429,150	71,144,098	0	79,573,248
Telecommunication Services	4,152,570	71,103,871	0	75,256,441
Energy	5,776,662	67,362,888	0	73,139,550
Information Technology	16,998,231	52,955,882	0	69,954,113
Utilities	290,931	44,440,103	0	44,731,034
Warrants	712,304	333,234	31,360,713	32,406,251
Corporates—Non-Investment Grades	0	0	3,768,784	3,768,784
Rights	277,802	0	0	277,802
Short-Term Investments	0	17,268,616	0	17,268,616
Total Investments in Securities	107,962,848	1,366,437,710+	35,129,497	1,509,530,055
Other Financial Instruments*:				
Assets:				
Forward Currency Exchange Contracts	0	1,371,676	0	1,371,676
Liabilities:				
Forward Currency Exchange Contracts	0	(8,175,664)	0	(8,175,664)
Total (a)++	**$107,962,848**	**$1,359,633,722**	**$35,129,497**	**$1,502,726,067**

Tax-Managed International Portfolio Investments in Securities:	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Common Stocks:				
Financials	$ 46,502,450	$ 816,889,460	$ 0	$ 863,391,910
Consumer Discretionary	59,343,482	578,897,028	0	638,240,510
Consumer Staples	43,500,923	392,101,572	0	435,602,495
Industrials	16,693,273	380,166,274	0	396,859,547
Health Care	0	264,684,139	0	264,684,139
Materials	19,148,355	171,737,153	0	190,885,508
Telecommunication Services	9,284,031	164,847,078	0	174,131,109
Energy	13,010,669	145,934,129	0	158,944,798
Information Technology	38,474,355	114,532,807	0	153,007,162
Utilities	671,007	101,223,362	0	101,894,369
Warrants	1,642,901	764,983	75,223,506	77,631,390
Corporates—Non-Investment Grades	0	0	8,692,557	8,692,557
Rights	624,204	0	0	624,204
Total Investments in Securities	248,895,650	3,131,777,985+	83,916,063	3,464,589,698

Tax-Managed International Portfolio Investments in Securities:	**Level 1**	**Level 2**	**Level 3**	**Total**
Other Financial Instruments*:				
Assets:				
Forward Currency Exchange Contracts	0	48,166,426	0	48,166,426
Liabilities:				
Forward Currency Exchange Contracts	0	(31,661,967)	0	(31,661,967)
Total (b)++	**$248,895,650**	**$3,148,282,444**	**$83,916,063**	**$3,481,094,157**

Emerging Markets Portfolio Investments in Securities:	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Common Stocks:				
Financials	$ 92,414,350	$ 236,192,528	$ 0	$ 328,606,878
Information Technology	25,067,629	190,588,938	0	215,656,567
Consumer Discretionary	47,417,608	135,104,129	0	182,521,737
Energy	44,191,424	88,278,004	0	132,469,428
Consumer Staples	46,527,234	61,919,547	0	108,446,781
Materials	11,798,919	84,223,544	322,554	96,345,017
Industrials	14,060,517	34,050,834	0	48,111,351
Health Care	7,495,035	21,575,711	0	29,070,746
Utilities	16,158,624	7,798,505	0	23,957,129
Telecommunication Services	3,913,986	10,408,705	0	14,322,691
Warrants	330,040	1,565,315	9,697,712	11,593,067
Corporates—Non-Investment Grades	0	0	1,746,237	1,746,237
Short-Term Investments	0	7,562,199	0	7,562,199
Total Investments in Securities	309,375,366	879,267,959+	11,766,503	1,200,409,828
Other Financial Instruments*	**0**	**0**	**0**	**0**
Total (c)(d)	**$309,375,366**	**$ 879,267,959**	**$11,766,503**	**$1,200,409,828**

Short Duration New York Municipal Portfolio Investments in Securities:	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Long-Term Municipal Bonds	$ 0	$ 97,539,576	$ 2,543,772^	$ 100,083,348
Corporates—Investment Grades	0	5,285,033	0	5,285,033
Short-Term Investments	0	4,953,769	0	4,953,769
Total Investments in Securities	0	107,778,378	2,543,772	110,322,150
Other Financial Instruments*	**0**	**0**	**0**	**0**
Total##	**$ 0**	**$ 107,778,378**	**$ 2,543,772**	**$ 110,322,150**

Short Duration California Municipal Portfolio Investments in Securities:	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Long-Term Municipal Bonds	$ 0	$ 71,469,138	$ 853,128^	$ 72,322,266
Short-Term Municipal Notes	0	3,400,000	0	3,400,000
Corporates—Investment Grades	0	1,542,504	0	1,542,504
Short-Term Investments	0	2,577,842	0	2,577,842
Total Investments in Securities	0	78,989,484	853,128	79,842,612

Short Duration California Municipal Portfolio

Investments in Securities:	Level 1	Level 2	Level 3	Total
Other Financial Instruments*	**0**	**0**	**0**	**0**
Total##	**$ 0**	**$ 78,989,484**	**$ 853,128**	**$ 79,842,612**

Short Duration Diversified Municipal Portfolio

Investments in Securities:	Level 1	Level 2	Level 3	Total
Assets:				
Long-Term Municipal Bonds	$ 0	$ 298,610,110	$ 4,599,526^	$ 303,209,636
Short-Term Municipal Notes	0	7,000,000	0	7,000,000
Corporates—Investment Grades	0	15,424,887	0	15,424,887
Short-Term Investments	0	1,628,776	0	1,628,776
Total Investments in Securities	0	322,663,773	4,599,526	327,263,299
Other Financial Instruments*	**0**	**0**	**0**	**0**
Total##	**$ 0**	**$ 322,663,773**	**$ 4,599,526**	**$ 327,263,299**

New York Municipal Portfolio

Investments in Securities:	Level 1	Level 2	Level 3	Total
Assets:				
Long-Term Municipal Bonds	$ 0	$1,707,316,190	$37,216,767^	$1,744,532,957
Corporates—Investment Grades	0	12,640,578	0	12,640,578
Short-Term Investments	0	20,676,476	0	20,676,476
Total Investments in Securities	0	1,740,633,244	37,216,767	1,777,850,011
Other Financial Instruments*	**0**	**0**	**0**	**0**
Total##	**$ 0**	**$1,740,633,244**	**$37,216,767**	**$1,777,850,011**

California Municipal Portfolio

Investments in Securities:	Level 1	Level 2	Level 3	Total
Assets:				
Long-Term Municipal Bonds	$ 0	$ 967,797,932	$18,510,537^	$ 986,308,469
Short-Term Municipal Notes	0	96,000,000	0	96,000,000
Corporates—Investment Grades	0	32,735,073	0	32,735,073
Short-Term Investments	0	194,090	0	194,090
Total Investments in Securities	0	1,096,727,095	18,510,537	1,115,237,632
Other Financial Instruments*	**0**	**0**	**0**	**0**
Total##	**$ 0**	**$1,096,727,095**	**$18,510,537**	**$1,115,237,632**

Diversified Municipal Portfolio

Investments in Securities:	Level 1	Level 2	Level 3	Total
Assets:				
Long-Term Municipal Bonds	$ 0	$4,919,366,016	$60,290,375^	$4,979,656,391
Corporates—Investment Grades	0	217,606,519	0	217,606,519
Short-Term Investments	0	191,253,345	0	191,253,345
Total Investments in Securities	0	5,328,225,880	60,290,375	5,388,516,255
Other Financial Instruments*	**0**	**0**	**0**	**0**
Total**	**$ 0**	**$5,328,225,880**	**$60,290,375**	**$5,388,516,255**

U.S. Government Short Duration Portfolio Investments in Securities:	Level 1	Level 2	Level 3	Total
Assets:				
Governments—Treasuries	$ 0	$ 41,566,664	$ 0	$ 41,566,664
Mortgage Pass-Throughs	0	28,082,001	0	28,082,001
Collateralized Mortgage Obligations	0	4,962,530	0	4,962,530
Total Investments in Securities	0	74,611,195	0	74,611,195
Other Financial Instruments*:				
Assets:				
Futures Contracts	1,291	0	0	1,291 #
Liabilities:				
Futures Contracts	(57,304)	0	0	(57,304)#
Total##	**$ (56,013)**	**$ 74,611,195**	**$ 0**	**$ 74,555,182**

Short Duration Plus Portfolio Investments in Securities:	Level 1	Level 2	Level 3	Total
Assets:				
Mortgage Pass-Throughs	$ 0	$ 199,108,474	$ 0	$ 199,108,474
Asset-Backed Securities	0	76,737,940	4,801,439^	81,539,379
Governments—Treasuries	0	80,800,046	0	80,800,046
Corporates—Investment Grades	2,640,000	76,347,634	0	78,987,634
Commercial Mortgage-Backed Securities	0	72,004,517	6,345,107	78,349,624
Collateralized Mortgage Obligations	0	15,262,686	1,095,671	16,358,357
Governments—Sovereign Agencies	0	3,414,990	0	3,414,990
Covered Bonds	0	1,867,746	0	1,867,746
Total Investments in Securities	2,640,000	525,544,033	12,242,217	540,426,250
Other Financial Instruments*:				
Assets	**0**	**0**	**0**	**0**
Liabilities:				
Futures Contracts	(318,543)	0	0	(318,543) #
Forward Currency Exchange Contracts	0	(15,097)	0	(15,097)
Total##	**$ 2,321,457**	**$ 525,528,936**	**$12,242,217**	**$ 540,092,610**

Intermediate Duration Portfolio Investments in Securities:	Level 1	Level 2	Level 3	Total
Assets:				
Corporates—Investment Grades	$ 6,890,108	$1,351,855,383	$ 0	$1,358,745,491
Mortgage Pass-Throughs	0	1,086,545,245	0	1,086,545,245
Governments—Treasuries	0	636,003,854	0	636,003,854
Asset-Backed Securities	0	535,115,851	34,979,245	570,095,096
Commercial Mortgage-Backed Securities	11,608,046	292,332,641	38,014,162	341,954,849
Agencies	0	321,350,342	0	321,350,342
Corporates—Non-Investment Grades	0	69,359,837	0	69,359,837
Quasi-Sovereigns	0	59,821,317	0	59,821,317
Governments—Sovereign Bonds	0	28,193,407	0	28,193,407
Local Governments—Municipal Bonds	0	12,333,349	0	12,333,349
Collateralized Mortgage Obligations	0	1,386,737	5,497,523	6,884,260
Bank Loans	0	0	1,740,000^	1,740,000
Short-Term Investments:				
Repurchase Agreements	0	270,000,000	0	270,000,000
Time Deposit	0	167,878,758	0	167,878,758
Treasury Bill	0	132,784,478	0	132,784,478
Total Investments in Securities	18,498,154	4,964,961,199	80,230,930	5,063,690,283

INTERMEDIATE DURATION PORTFOLIO INVESTMENTS IN SECURITIES:	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Other Financial Instruments*:				
Assets:				
Futures Contracts	1,742	0	0	1,742 #
Forward Currency Exchange Contracts	0	419,921	0	419,921
Credit Default Swap Contracts	0	412,344	0	412,344
Liabilities:				
Forward Currency Exchange Contracts	0	(1,215,598)	0	(1,215,598)
Interest Rate Swap Contracts	0	(1,944,645)	0	(1,944,645)
Total**	**$18,499,896**	**$4,962,633,221**	**$80,230,930**	**$5,061,364,047**

^ The Portfolio held securities with zero market value at period end.

* 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 Portfolio'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 1.A.

Only variation margin receivable/payable at period end is reported within the statement of assets and liabilities. This amount reflects cumulative appreciation/(depreciation) of futures contracts as reported in the schedule of investments.

(a) An amount of $10,008,982 was transferred from Level 1 to Level 2 due to the above mentioned foreign equity fair valuation using third party vendor modeling tools during the reporting period. An amount of $12,808,093 was transferred from Level 1 to Level 2 due decrease in trading volume the reporting period.

(b) An amount of $23,289,229 was transferred from Level 1 to Level 2 due to the above mentioned foreign equity fair valuation using third party vendor modeling tools during the reporting period. An amount of $24,201,048 was transferred from Level 1 to Level 2 due decrease in trading volume the reporting period.

(c) An amount of $30,019,152 was transferred from Level 1 to Level 2 due to the above mentioned foreign equity fair valuation using third party vendor modeling tools during the reporting period. An amount of $103,813,592 was transferred from Level 1 to Level 2 due decrease in trading volume the reporting period.

(d) An amount of $14,599,344 was transferred from Level 2 to Level 1 due to increase in volume during the reporting period.

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

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

There were no transfers between Level 1 and Level 2 during the reporting period.

The Portfolios recognize 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.

INTERNATIONAL PORTFOLIO	WARRANTS	CORPORATES - NON-INVESTMENT GRADES	TOTAL
Balance as of 9/30/12	**$25,650,404**	**$ 0**	**$25,650,404**
Accrued discounts/(premiums)	0	5,693	5,693
Realized gain (loss)	690,080	0	690,080
Change in unrealized appreciation/depreciation	2,231,636	(26,559)	2,205,077
Purchases	10,394,419	3,789,650	14,184,069
Sales	(7,605,826)	0	(7,605,826)
Transfers in to Level 3	0	0	0
Transfers out of Level 3	0	0	0
Balance as of 3/31/13	**$31,360,713**	**$3,768,784**	**$35,129,497**
Net change in unrealized appreciation/depreciation from Investments held as of 3/31/13*	$ 2,231,636	$ (26,559)	$ 2,205,077

Tax-Managed International Portfolio	Warrants	Corporates - Non-Investment Grades	Total
Balance as of 9/30/12	**$ 59,928,917**	**$ 0**	**$ 59,928,917**
Accrued discounts/(premiums)	0	13,130	13,130
Realized gain (loss)	1,077,025	0	1,077,025
Change in unrealized appreciation/depreciation	5,394,292	(61,257)	5,333,035
Purchases	19,923,984	8,740,684	28,664,668
Sales	(11,100,712)	0	(11,100,712)
Transfers in to Level 3	0	0	0
Transfers out of Level 3	0	0	0
Balance as of 3/31/13	**$ 75,223,506**	**$ 8,692,557**	**$ 83,916,063**
Net change in unrealized appreciation/depreciation from Investments held as of 3/31/13*	$ 5,394,292	$ (61,257)	$ 5,333,035

Emerging Markets Portfolio	Materials	Warrants	Corporates - Non-investment Grades	Total
Balance as of 9/30/12	**$ 322,826**	**$ 9,648,575**	**$ 0**	**$ 9,971,401**
Accrued discounts/(premiums)	0	0	2,638	2,638
Realized gain (loss)	0	(55,036)	0	(55,036)
Change in unrealized appreciation/depreciation	(272)	(217,131)	(12,306)	(229,709)
Purchases	0	1,052,589	1,755,905	2,808,494
Sales	0	(731,285)	0	(731,285)
Transfers in to Level 3	0	0	0	0
Transfers out of Level 3	0	0	0	0
Balance as of 3/31/13	**$ 322,554**	**$ 9,697,712**	**$ 1,746,237**	**$11,766,503**
Net change in unrealized appreciation/depreciation from Investments held as of 3/31/13*	$ (272)	$ (217,131)	$ (12,306)	$ (229,709)

Short Duration New York Municipal Portfolio	Long-Term Municipal Bonds^	Total
Balance as of 9/30/12	**$ 4,091,675**	**$ 4,091,675**
Accrued discounts/(premiums)	4,050	4,050
Realized gain (loss)	(18,035)	(18,035)
Change in unrealized appreciation/depreciation	(5,918)	(5,918)
Purchases	0	0
Sales	(1,528,000)	(1,528,000)
Transfers in to Level 3	0	0
Transfers out of Level 3	0	0
Balance as of 3/31/13	**$ 2,543,772**	**$ 2,543,772**
Net change in unrealized appreciation/depreciation from Investments held as of 3/31/13*	$ (6,107)	$ (6,107)

Short Duration California Municipal Portfolio	Long-Term Municipal Bonds^	Total
Balance as of 9/30/12	**$ 960,572**	**$ 960,572**
Accrued discounts/(premiums)	(104)	(104)
Realized gain (loss)	0	0
Change in unrealized appreciation/depreciation	2,660	2,660
Purchases	0	0
Sales	(110,000)	(110,000)
Transfers in to Level 3	0	0
Transfers out of Level 3	0	0
Balance as of 3/31/13	**$ 853,128**	**$ 853,128**
Net change in unrealized appreciation/depreciation from Investments held as of 3/31/13*	$ 2,660	$ 2,660

Short Duration Diversified Municipal Portfolio	Long-Term Municipal Bonds^	Total
Balance as of 9/30/12	**$ 5,784,127**	**$ 5,784,127**
Accrued discounts/(premiums)	(20,737)	(20,737)
Realized gain (loss)	(25,139)	(25,139)
Change in unrealized appreciation/depreciation	(20,577)	(20,577)
Purchases	1,116,852	1,116,852
Sales	(2,235,000)	(2,235,000)
Transfers in to Level 3	0	0
Transfers out of Level 3	0	0
Balance as of 3/31/13	**$ 4,599,526**	**$ 4,599,526**
Net change in unrealized appreciation/depreciation from Investments held as of 3/31/13*	$ (20,977)	$ (20,977)

New York Municipal Portfolio	Long-Term Municipal Bonds^	Total
Balance as of 9/30/12	**$ 50,438,308**	**$ 50,438,308**
Accrued discounts/(premiums)	(105,587)	(105,587)
Realized gain (loss)	6,604	6,604
Change in unrealized appreciation/depreciation	(228,597)	(228,597)
Purchases	0	0
Sales	(12,893,961)	(12,893,961)
Transfers in to Level 3	0	0
Transfers out of Level 3	0	0
Balance as of 3/31/13	**$ 37,216,767**	**$ 37,216,767**
Net change in unrealized appreciation/depreciation from Investments held as of 3/31/13*	$ (273,705)	$ (273,705)

California Municipal Portfolio	Long-Term Municipal Bonds	Total
Balance as of 9/30/12	**$ 23,189,725**	**$ 23,189,725**
Accrued discounts/(premiums)	110,332	110,332
Realized gain (loss)	0	0
Change in unrealized appreciation/depreciation	138,256	138,256
Purchases	4,282,224	4,282,224
Sales	(9,210,000)	(9,210,000)
Transfers in to Level 3	0	0
Transfers out of Level 3	0	0
Balance as of 3/31/13	**$ 18,510,537**	**$ 18,510,537**
Net change in unrealized appreciation/depreciation from Investments held as of 3/31/13*	$ 40,877	$ 40,877

Diversified Municipal Portfolio	Long-Term Municipal Bonds^	Total
Balance as of 9/30/12	**$ 78,185,467**	**$ 78,185,467**
Accrued discounts/(premiums)	32,917	32,917
Realized gain (loss)	(583,590)	(583,590)
Change in unrealized appreciation/depreciation	800,881	800,881
Purchases	0	0
Sales	(18,145,300)	(18,145,300)
Transfers in to Level 3	0	0
Transfers out of Level 3	0	0
Balance as of 3/31/13	**$ 60,290,375**	**$ 60,290,375**
Net change in unrealized appreciation/depreciation from Investments held as of 3/31/13*	$ (142,909)	$ (142,909)

Short Duration Plus Portfolio	Asset-Backed Securities^	Commercial Mortgage-Backed Securities	Collateralized Mortgage Obligations	Total
Balance as of 9/30/12	**$ 9,177,230**	**$ 6,800,534**	**$ 1,188,125**	**$17,165,889**
Accrued discounts/(premiums)	356	(171)	14	199
Realized gain (loss)	8,973	(1,726)	281	7,528
Change in unrealized appreciation/depreciation	(22,407)	90,483	13,524	81,600
Purchases	0	0	0	0
Sales	(2,011,135)	(544,013)	(106,273)	(2,661,421)
Transfers in to Level 3	0	0	0	0
Transfers out of Level 3	(2,351,578)	0	0	(2,351,578)
Balance as of 3/31/13+	**$ 4,801,439**	**$ 6,345,107**	**$ 1,095,671**	**$12,242,217**
Net change in unrealized appreciation/depreciation from Investments held as of 3/31/13*	$ (22,266)	$ 90,483	$ 13,524	$ 81,741

Intermediate Duration Portfolio	Asset-Backed Securities	Commercial Mortgage-Backed Securities	Collateralized Mortgage Obligations	Bank Loans^
Balance as of 9/30/12	**$ 65,762,852**	**$ 24,284,893**	**$ 9,583,522**	**$ 1,789,207**
Accrued discounts/(premiums)	828	(134,795)	1,540	1,489
Realized gain (loss)	(14,157,836)	774,452	(971,799)	(1,079,164)
Change in unrealized appreciation/depreciation	14,043,331	(580,511)	955,256	1,146,204
Purchases	0	26,762,144	0	0
Sales	(11,575,918)	(13,092,021)	(2,685,860)	(117,736)
Transfers in to Level 3	0	0	0	0
Transfers out of Level 3	(19,094,012)	0	(1,385,136)	0
Balance as of 3/31/13+	**$ 34,979,245**	**$ 38,014,162**	**$ 5,497,523**	**$ 1,740,000**
Net change in unrealized appreciation/depreciation from Investments held as of 3/31/13*	$ (77,573)	$ (580,511)	$ (11,969)	$ 40,000

	Warrants^^	Total
Balance as of 9/30/12	**$0**	**$101,420,474**
Accrued discounts/(premiums)	0	(130,938)
Realized gain (loss)	0	(15,434,347)
Change in unrealized appreciation/depreciation	0	15,564,280
Purchases	0	26,762,144
Sales	0	(27,471,535)
Transfers in to Level 3	0	0
Transfers out of Level 3	0	(20,479,148)
Balance as of 3/31/13	**$0**	**$ 80,230,930**
Net change in unrealized appreciation/depreciation from Investments held as of 3/31/13*	$0	$ (630,053)

^ The Portfolio held a security with zero market value at period end.

\+ There were de minimis transfers under 1% of net assets during the reporting period.

^^ The Portfolio held securities with zero market value that were sold during the reporting period.

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

The following presents information about significant unobservable inputs related to the Portfolios with material categories of Level 3 investments at March 31, 2013:

Quantitative Information About Level 3 Fair Value Measurements

International Portfolio

	Fair Value at 3/31/2013	Valuation Technique	Unobservable Input	Range
Warrants	$31,360,713	Indicative Market Quotations	Broker Quote	$0.12 - $840.67
Corporates—Non-Investment Grades	3,768,784	Indicative Market Quotations	Broker Quote	$93.95

Tax-Managed International Portfolio

	Fair Value at 3/31/2013	Valuation Technique	Unobservable Input	Range
Warrants	$75,223,506	Indicative Market Quotations	Broker Quote	$93.95
Corporates Non-Investment Grades	8,692,557	Indicative Market Quotations	Broker Quote	$0.12 - $840.67

Short Duration New York Municipal Portfolio

	Fair Value at 3/31/2013	Valuation Technique	Unobservable Input	Range
Long-Term Municipal Bonds	$2,543,772	Third Party Vendor	Evaluated Quotes	$0.00 - $105.24
	0	Qualitative Assessment		$0.00

Short Duration California Municipal Portfolio

	Fair Value at 3/31/2013	Valuation Technique	Unobservable Input	Range
Long-Term Municipal Bonds	$853,128	Third Party Vendor	Evaluated Quotes	$30.00 - $109.30
	0	Qualitative Assessment		$0.00

Short Duration Diversified Municipal Portfolio

	Fair Value at 3/31/2013	Valuation Technique	Unobservable Input	Range
Long-Term Municipal Bonds	$4,599,526	Third Party Vendor	Evaluated Quotes	$25.50 - $109.30
	0	Qualitative Assessment		$0.00

New York Municipal Portfolio

	Fair Value at 3/31/2013	Valuation Technique	Unobservable Input	Range
Long-Term Municipal Bonds	$37,216,767	Third Party Vendor	Evaluated Quotes	$0.00 - $109.30
	0	Qualitative Assessment		$0.00

California Municipal Portfolio

	Fair Value at 3/31/2013	Valuation Technique	Unobservable Input	Range
Long-Term Municipal Bonds	$18,510,537	Third Party Vendor	Evaluated Quotes	$0.00 - $111.88
	0	Qualitative Assessment		$0.00

Diversified Municipal Portfolio

	Fair Value at 3/31/2013	Valuation Technique	Unobservable Input	Range
Long-Term Municipal Bonds	$60,290,375	Third Party Vendor	Evaluated Quotes	$30.00 - $137.06
	0	Qualitative Assessment		$0.00

Short Duration Plus Portfolio

	Fair Value at 3/31/2013	Valuation Technique	Unobservable Input	Range
Asset-Backed Securities	$4,801,439	Third Party Vendor	Evaluated Quotes	$96.14 - $102.32
	0	Qualitative Assessment		$0.00
Commercial Mortgage-Backed Securities	6,345,107	Third Party Vendor	Evaluated Quotes	$83.81 - $100.89
Collateralized Mortgage Obligations	1,095,671	Third Party Vendor	Evaluated Quotes	$93.00 - $102.18

Intermediate Duration Portfolio

	Fair Value at 3/31/2013	Valuation Technique	Unobservable Input	Range
Asset-Backed Securities	$34,979,245	Third Party Vendor	Evaluated Quotes	$87.90 - $102.32
Commercial Mortgage-Backed Securities	38,014,162	Third Party Vendor	Evaluated Quotes	$97.46 - $114.83
Collateralized Mortgage Obligations	5,497,523	Third Party Vendor	Evaluated Quotes	$96.38
Bank Loans	1,740,000	Third Party Vendor	Evaluated Quotes	$87.00
	0	Qualitative Assessment		$0.00

The Adviser has established a Valuation Committee (the "Committee") which is responsible for overseeing the pricing and valuation of all securities held in the Portfolios. 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).

C. *Foreign Currency Translation*

The accounting records of the Fund are maintained in U.S. dollars. Prices of securities and other assets and liabilities denominated in non-U.S. currencies are translated into U.S. dollars using the exchange rate at 4:00 p.m., Eastern Time. Amounts related to the purchases and sales of securities, investment income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions.

Net realized gain or loss on foreign currency transactions represents net foreign exchange gains or losses from the closure of forward currency exchange contracts, disposition of foreign currencies, currency gains or losses realized between the trade and settlement dates on security transactions and the difference between the amount of dividends, interest and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent amount actually received or paid. Net unrealized currency gains and losses arising from valuing foreign currency denominated assets and liabilities, other than security investments, at the current exchange rate are reflected as part of unrealized appreciation/depreciation on foreign currencies.

The Fund does not isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the changes in the market prices of securities held at period end. The Fund does not isolate the effect of changes in foreign exchange rates from changes in market prices of equity securities sold during the year. The Fund does isolate the effect of changes in foreign exchange rates from changes in market prices of debt securities sold during the year, as required by the Internal Revenue Code.

The International Portfolio, Tax-Managed International Portfolio, Emerging Markets Portfolio, Short Duration Plus Portfolio and Intermediate Duration Portfolio may invest in foreign securities and foreign currency transactions that may involve risks not associated with domestic investments as a result of the level of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability, among others.

D. Taxes

Each Portfolio is treated as a separate entity for federal income tax purposes. Each Portfolio intends to continue to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986 as they apply to regulated investment companies. By so complying, each Portfolio will not be subject to federal and state income taxes to the extent that all of its income is distributed. The Portfolios may be subject to taxes imposed by countries in which they invest. 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 based on management's understanding of applicable local tax law.

In accordance with U.S. GAAP requirements regarding accounting for uncertainties in income taxes, management has analyzed the Portfolios' 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 Portfolios' financial statements. As of September 30, 2012, the Portfolios did not have any unrecognized tax benefits.

E. Security Transactions and Related Investment Income

Security transactions are accounted for on the trade date (the date the buy or sell order is executed). Securities gains and losses are calculated on the identified cost basis. Interest income is recorded on the accrual basis and dividend income is recorded on the ex-dividend date or as soon as the Fund is informed of the dividend. The Portfolios amortize premiums and accrete discounts as adjustments to interest income.

F. Securities Transactions on a When-Issued or Delayed-Delivery Basis

Each Portfolio may purchase securities on a when-issued basis or purchase or sell securities on a delayed-delivery basis. At the time a Portfolio commits to purchase a security on a when-issued or delayed-delivery basis, the Portfolio will record the transaction and use the security's value in determining the Portfolio's net asset value. At the time a Portfolio commits to sell a security on a delayed-delivery basis, the Portfolio will record the transaction and exclude the security's value in determining the Portfolio's net asset value.

G. Class Allocations

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

H. *Distribution of Income and Gains*

Net investment income of each Portfolio except the International Portfolio, Tax-Managed International Portfolio and Emerging Markets Portfolio is declared and recorded as a dividend to shareholders daily and is payable to shareholders monthly. Dividends from net investment income, if any, of the International Portfolio, Tax-Managed International Portfolio and Emerging Markets Portfolio will be paid to shareholders at least once a year.

Distributions of net realized gains, less any available loss carryforwards, if any, for all Portfolios will be paid to shareholders at least once a year, and recorded on the ex-dividend date.

Elements of realized gains and net investment income may be recorded in different accounting periods for financial reporting (book) and federal income tax (tax) purposes (temporary differences). To the extent that such distributions required for tax purposes exceed income and gains recorded for book purposes as a result of such temporary differences, "excess distributions" are reflected in the accompanying statement of assets and liabilities. To the extent distributions exceed income and gains for tax purposes, such distributions would be shown as "return of capital" on the statement of changes in net assets. Certain other differences—permanent differences—arise because treatment of elements of income and gains is different between book and tax accounting. Permanent differences are reclassified in the year they arise.

I. *Repurchase Agreements*

Each Portfolio may enter into repurchase agreements with banks or securities broker-dealers. It is the Fund's policy that its custodian receives delivery of the securities collateralizing repurchase agreements, the amount of which at the time of purchase and each subsequent business day is required to be maintained at such a level that the market value of the collateral is equal to at least 100% of the repurchase price. Repurchase agreements could involve certain risks in the event of default or insolvency of the other party, including possible delays or restrictions on the Portfolio's ability to dispose of the underlying securities.

J. *Portfolio Transaction Fee*

The Emerging Markets Portfolio imposes a 1.00% fee on purchases and redemptions. This fee is retained by the Portfolio and is included in the financial statements as a component of additional paid-in capital.

NOTE 2. Investment Management and Transactions with Affiliated Persons

A. *Management Fee*

Under the Investment Management Agreement between the Fund and the Adviser, the Adviser manages the investment of each Portfolio's assets, places purchase and sale orders, and bears various expenses, including the salaries and expenses of all personnel except those of outside directors. In addition, the Adviser agrees to permit its directors, officers and employees who may be elected directors or officers of the Fund to serve in the capacities to which they are elected. The Adviser renders these services subject to the general oversight of the Board of Directors.

The Portfolios pay the Adviser an investment management fee, based on an annual rate, for such services as follows:

Portfolio	Annual Percentage of Average Daily Net Assets of Each Portfolio					
		First $1 Billion	Next $3 Billion	Next $2 Billion	Next $2 Billion	Thereafter
International		0.925%	0.850%	0.800%	0.750%	0.650%
	First $1 Billion	Next $3 Billion	Next $2 Billion	Next $2 Billion	Next $2 Billion	Thereafter
Tax-Managed International	0.925%	0.850%	0.800%	0.750%	0.650%	0.600%
		First $1 Billion	Next $1 Billion	Next $1 Billion	Next $3 Billion	Thereafter
Emerging Markets		1.175%	1.050%	1.000%	0.900%	0.850%

	First $750 Million	Thereafter
Short Duration New York Municipal, Short Duration California Municipal, Short Duration Diversified Municipal, U.S. Government Short Duration and Short Duration Plus	0.450%	0.400%

	First $1 Billion	Next $2 Billion	Next $2 Billion	Thereafter
New York Municipal and California Municipal	0.500%	0.450%	0.400%	0.350%

	First $1 Billion	Next $2 Billion	Next $2 Billion	Next $2 Billion	Thereafter
Diversified Municipal* and Intermediate Duration	0.500%	0.450%	0.400%	0.350%	0.300%

* Prior to October 21, 2010, Diversified Municipal Portfolio's advisory fee rates were 0.500% for the first billion, 0.450% for the next 2 billion, 0.400% for the next 2 billion and 0.350% thereafter of average daily net assets.

The Adviser has agreed to voluntarily waive the annual investment management fees of the International, Tax-Managed International and Emerging Markets Portfolios by an amount equal to .05% per annum of the respective net assets of the Portfolios, effective November 1, 2011. For the period ending March 31, 2013, such waivers amounted to $377,339, $870,297 and $307,592, respectively.

During the six months ended March 31, 2013, the Adviser reimbursed the Intermediate Duration Portfolio $725 for trading losses incurred due to trade entry errors.

B. Shareholder Servicing Fee; Transfer Agency Fee

Under the Shareholder Servicing Agreement between the Sanford C. Bernstein Fund, Inc. and the Adviser, the Adviser pays expenses it incurs in providing shareholder servicing to the Fund, the Portfolios and individual shareholders. The Shareholder Servicing Agreement does not apply to the Retail Classes. Such services include, but are not limited to, providing information to shareholders concerning their Sanford C. Bernstein Fund investments, systematic withdrawal plans, fund dividend payments and reinvestments, shareholder account or transactions status, net asset value of shares, fund performance, fund services, plans and options, fund investment policies, portfolio holdings and tax consequences of fund investments; dealing with shareholder complaints and other correspondence relating to fund matters; and communications with shareholders when proxies are being solicited from them with respect to voting their fund shares. Under the agreement, the fee paid by each Portfolio except the International Portfolio, Tax-Managed International Portfolio, and Emerging Markets Portfolio to the Adviser for services is .10 of 1%, annualized, of the average daily net assets of each Portfolio during the month, and the fee paid by the International Portfolio, Tax-Managed International Portfolio, and Emerging Markets Portfolio for services is .25 of 1%, annualized, of the average daily net assets of each Portfolio during the month.

Under a Transfer Agency Agreement between the Sanford C. Bernstein Fund, Inc., on behalf of the Retail Classes, and AllianceBernstein Investor Services, Inc. ("ABIS"), the Retail Classes compensate ABIS, a wholly owned subsidiary of the Adviser, for providing personnel and facilities to perform transfer agency services. ABIS may make payments to intermediaries that provide omnibus account services, sub accounting services and/or networking services. For the six months ended March 31, 2013, the compensation retained by ABIS amounted to: International Portfolio, $10,169; Tax-Managed International Portfolio, $6,258; New York Municipal Portfolio, $17,923; California Municipal Portfolio, $9,000; Diversified Municipal Portfolio, $36,799; and Short Duration Plus Portfolio, $14,013.

C. Distribution Arrangements—the Funds Except the Retail Classes

Under the Distribution Agreement between the Fund, on behalf of each Portfolio, and Sanford C. Bernstein & Co., LLC (the "Distributor"), the Distributor agrees to act as agent to sell shares of the 12 Portfolios. The Distributor receives no fee for this service, and furthermore agrees to pay all expenses arising from the performance of its obligations under this agreement. The Distributor is a wholly owned subsidiary of the Adviser.

D. *Distribution Arrangements—the Retail Classes Only*

The Retail Classes of the International Portfolio and Tax-Managed International Portfolio, the Intermediate Municipal Portfolios, and the Short Duration Plus Portfolio have adopted a Distribution Services Agreement (the "Agreement"), including a distribution plan pursuant to Rule 12b-1 under the Investment Company Act of 1940. Under the Agreement, each of the Retail Classes pays distribution services fees to AllianceBernstein Investments, Inc., (the "Distributor"), a wholly owned subsidiary of the Adviser, at an annual rate of up to .30 of 1% of the Class A Shares, 1% of the Class B and Class C Shares of the respective average daily net assets attributable to the Retail Classes. The fees are accrued daily and paid monthly. With respect to the Short Duration Plus Portfolio, effective April 1, 2012, the Distributor voluntarily agreed to waive .55 of 1% to limit fees to .45 of 1% of the average daily net assets attributable to the Class B Shares and Class C Shares. For the six months ended March 31, 2013, such waiver amounted to $62,674. For the period February 1, 2011 through March 31, 2012, the Distributor voluntarily waived .10 of 1% to limit fees to .90 of 1% of the average daily net assets attributable to the Class B Shares and Class C Shares. The Agreement provides that the Distributor will use such payments in their entirety for distribution assistance and promotional activities. The Distributor has advised the Sanford C. Bernstein Fund, Inc., that it has incurred expenses in excess of the distribution costs reimbursed by each of the Retail Classes as follows:

	Portfolio					
	International	Tax-Managed International	New York Municipal	California Municipal	Diversified Municipal	Short Duration Plus
Class B	$ 199,268	$ 225,931	$ 747,390	$ 507,243	$ 459,839	$ 21,396
Class C	1,441,959	1,234,365	2,087,231	1,236,207	2,800,647	929,959

While such costs may be recovered from each Portfolio in future periods so long as the Agreement is in effect, the rate of the distribution and servicing fees payable under the Agreement may not be increased without a shareholder vote. In accordance with the Agreement, there is no provision for recovery of unreimbursed distribution costs incurred by the Distributor beyond the current fiscal year for Class A shares. The Agreement also provides that the Adviser may use its own resources to finance the distribution of each Portfolio's shares.

E. *Other Transactions with Affiliates*

Class A Shares of the Retail Classes are sold with a front-end sales charge of up to 4.25% for purchases not exceeding $1,000,000. Effective October 1, 2009, the Intermediate Municipal Portfolios Class A shares were sold with a reduced front-end sales charge of up to 3.00% for purchases up to $500,000; purchases of $500,000 or more will not be subject to a sales charge. With respect to purchases of $1,000,000 or more ($500,000 or more with respect to the Intermediate Municipal Portfolios effective October 1, 2009), Class A Shares redeemed within one year of purchase may be subject to a contingent deferred sales charge of 1%. Class B Shares of the Intermediate Municipal Portfolios and the Short Duration Plus Portfolio are currently sold with a contingent deferred sales charge that declines from 3% to zero depending on the period of time the shares are held. Class B Shares of the International Portfolio and the Tax-Managed International Portfolio are currently sold with a contingent deferred sales charge that declines from 4% to zero depending on the period of time the shares are held. Effective January 31, 2009, sales of Class B shares of the Fund to new investors were suspended. Class B shares will only be issued (i) upon the exchange of Class B shares from another AllianceBernstein Mutual Fund, (ii) for purposes of dividend reinvestment, (iii) through the Portfolios' Automatic Investment Program (the "Program") for accounts that established the Program prior to January 31, 2009, and (iv) for purchases of additional shares by Class B shareholders as of January 31, 2009. The ability to establish a new Program for accounts containing Class B shares was suspended as of January 31, 2009. Class B Shares will automatically convert to Class A Shares six years after the end of the calendar month of purchase for the Intermediate Municipal Portfolios and the Short Duration Plus Portfolio, and eight years after the end of the calendar month of purchase for the International Portfolio and the Tax-Managed International Portfolio. Class C Shares are subject to a contingent deferred sales charge of 1% on redemptions made within the first year after purchase. Class R Shares are not currently being offered but would be sold without an initial or contingent deferred sales charge and would be offered to certain group retirement plans.

AllianceBernstein Investments, Inc. has advised Sanford C. Bernstein Fund, Inc., that it has retained front-end sales charges from sales of Class A Shares and received contingent deferred sales charges imposed upon redemptions by shareholders of Class A, Class B, and Class C Shares for the six months ended March 31, 2013, as follows:

Portfolio	Front-End Sales Charges Class A	Contingent Deferred Sales Charges Class A	Class B	Class C
International	$ 76	$ 15	$ 68	$ 7
Tax-Managed International	1	0	300	0
New York Municipal	887	5,404	39	13,321
California Municipal	0	3,981	0	58
Diversified Municipal	0	47,139	0	19,265
Short Duration Plus	759	87	204	3,510

Brokerage commissions paid on investment transactions and brokerage commissions paid to Sanford C. Bernstein & Co., LLC and Sanford C. Bernstein & Co., Ltd., affiliates of the Adviser, for the six months ended March 31, 2013 were as follows:

Portfolio	Total Commissions	Sanford C. Bernstein & Co., LLC	Sanford C. Bernstein & Co., Ltd.
International	$1,342,278	$0	$0
Tax-Managed International	3,169,987	0	0
Emerging Markets	909,789	0	0
U.S. Government Short Duration	1,324	0	0
Short Duration Plus	9,214	0	0
Intermediate Duration	2,176	0	0

There were no brokerage commissions paid by Short Duration New York Municipal, Short Duration California Municipal, Short Duration Diversified Municipal, New York Municipal, California Municipal and Diversified Municipal Portfolios for the six months ended March 31, 2013.

Prior to September 15, 2008, the Intermediate Duration Portfolio had swap counterparty exposure to Lehman Brothers Holdings Inc. ("Lehman Brothers"), as a guarantor for Lehman Brothers Special Financing Inc. ("LBSF"), which filed for bankruptcy on September 15, 2008. As a result, on September 15, 2008, the Portfolio terminated all outstanding swap contracts with LBSF prior to their scheduled maturity dates in accordance with the terms of the swap agreements. Upon the termination of the swap contracts, Lehman Brothers' obligations to the Portfolio amounted to $9,843,441. The Portfolio's claim to these obligations is subject to the pending bankruptcy proceeding against the Lehman Brothers estate (the "Bankruptcy Claim"). In accordance with its error correction policy, the Adviser agreed to make the Portfolio whole in respect of the amount of the recovery that would have been paid on the Bankruptcy Claim in the event the Bankruptcy Claim was not honored by the Lehman Brothers estate, or with respect to any diminution in value upon the sale of the Bankruptcy Claim, in either case resulting from the manner in which the Bankruptcy Claim was processed by the Adviser. On April 9, 2012, the portfolio management team determined to dispose of the position held by the Portfolio that reflects the Bankruptcy Claim (thereby realizing upon the corresponding undertaking of the Adviser to make payment in respect of said Claim to make the Portfolio whole). On that date, the Bankruptcy Claim was being valued at $4,897,112 (49.75% of the Bankruptcy Claim), based upon the estimated recovery value. Accordingly, on April 13, 2012, the Adviser reimbursed the Portfolio in an amount equal to $4,897,112.

NOTE 3. Investment Security Transactions

A. *Purchases and Sales*

For the six months ended March 31, 2013, the Portfolios had purchases and sales transactions, excluding transactions in short-term instruments, as follows:

Portfolio	Purchases Excluding U.S. Government Securities	Purchases of U.S. Government Securities	Sales Excluding U.S. Government Securities	Sales of U.S. Government Securities
International	$ 647,193,479	$ 0	$ 766,755,715	$ 0
Tax-Managed International	1,520,668,480	0	1,780,773,277	0
Emerging Markets	252,209,865	0	342,216,097	0
Short Duration New York Municipal	26,255,168	0	47,934,377	0
Short Duration California Municipal	13,022,876	0	38,511,991	0
Short Duration Diversified Municipal	91,012,352	0	162,713,444	0
New York Municipal	195,012,559	0	189,606,230	0
California Municipal	56,098,247	0	155,156,914	0
Diversified Municipal	315,138,276	0	521,423,856	41,379,885
U.S. Government Short Duration	0	53,311,883	0	78,565,591
Short Duration Plus	172,800,235	251,517,653	91,050,857	352,193,346
Intermediate Duration	605,660,137	3,028,922,065	403,061,550	3,216,116,730

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 futures, foreign currency, swap and written options transactions) are as follows:

	Gross Unrealized		Net Unrealized
Portfolio	Appreciation	(Depreciation)	Appreciation/ (Depreciation)
International	$199,817,758	$ (66,765,578)	$133,052,180
Tax-Managed International	505,011,352	(156,777,976)	348,233,376
Emerging Markets	201,208,147	(113,605,391)	87,602,756
Short Duration New York Municipal	602,441	(1,029,533)	(427,092)
Short Duration California Municipal	327,711	(650,077)	(322,366)
Short Duration Diversified Municipal	1,942,019	(1,486,413)	455,606
New York Municipal	108,657,447	(13,158,601)	95,498,846
California Municipal	66,797,666	(6,645,354)	60,152,312
Diversified Municipal	318,276,170	(31,607,402)	286,668,768
U.S. Government Short Duration	331,393	(52,958)	278,435
Short Duration Plus	2,149,447	(1,021,876)	1,127,571
Intermediate Duration	253,780,457	(5,971,517)	247,808,940

B. *Derivative Financial Instruments*

Each Portfolio 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 types of derivatives utilized by the Portfolios, as well as the methods in which they may be used are:

- ***Futures Contracts***

Each Portfolio may buy or sell futures contracts for investment purposes or for the purpose of hedging its portfolio against adverse effects of potential movements in the market. The Portfolio bears the market risk that arises from changes in the value of these instruments and the imperfect correlation between movements in the price of the futures contracts and movements in the price of the assets, reference rates or indices which they are designed to track. Among other things, the Portfolios may purchase or sell futures contracts for foreign currencies or options thereon for non-hedging purposes as a means of making direct investment in foreign currencies, as described below under "Currency Transactions".

At the time a Portfolio enters into a futures contract, a Portfolio deposits and maintains as collateral an initial margin with the broker, as required by the exchange on which the transaction is effected. Pursuant to the contract, the Portfolio agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded by the Portfolio as unrealized gains or losses. Risks may arise from the potential inability of a counterparty to meet the terms of the contract. The credit/counterparty risk for exchange-traded futures contracts is generally less than privately negotiated futures contracts, since the clearinghouse, which is the issuer or counterparty to each exchange-traded future, provides a guarantee of performance. This guarantee is supported by a daily payment system (i.e., margin requirements). When the contract is closed, the Portfolio records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the time it was closed.

Use of long futures contracts subjects the Portfolio to risk of loss in excess of the amounts shown on the statement of assets and liabilities, up to the notional value of the futures contracts. Use of short futures contracts subjects the Portfolio to unlimited risk of loss. Each Portfolio may enter into futures contracts only on exchanges or boards of trade. The exchange or board of trade acts as the counterparty to each futures transactions; therefore, the Portfolio's credit risk is limited to failure of the exchange or board of trade. Under some circumstances, futures exchanges may establish daily limits on the amount that the price of a futures contract can vary from the previous day's settlement price, which could effectively prevent liquidation of unfavorable positions.

During the six months ended March 31, 2013, the International and Tax-Managed International Portfolios held futures contracts for non-hedging purposes. The U.S. Government Short Duration and Short Duration Plus Portfolios held futures contracts for hedging and non-hedging purposes. The Intermediate Duration Portfolio held futures contracts for hedging purposes.

- ***Forward Currency Exchange Contracts***

The International Portfolio, Tax-Managed International Portfolio, Emerging Markets Portfolio, Short Duration Plus Portfolio and Intermediate Duration Portfolio may enter into foreign-currency exchange contracts on either a spot (*i.e*., cash) or forward basis. Spot contracts are entered into at the rate then prevailing in the currency-exchange market. Forward contracts obligate the contracting parties to purchase or sell a specific currency at a specified future date at a specified price. The Portfolios will generally not enter into a forward contract with a term greater than one year.

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 Portfolio. 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.

Forward contracts used to protect the Portfolios from adverse currency movements involve the risk that the Adviser may not accurately predict currency movements. As a result, total return could be adversely affected. The Adviser 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 Adviser may enter into foreign currency transactions for investment opportunities when it anticipates that a foreign currency will appreciate or depreciate in value.

Under certain circumstances, the Non-U.S. Stock Portfolios may commit a substantial portion or the entire value of their Portfolios to the consummation of these contracts. The Adviser will consider the effect that a substantial commitment of assets to forward contracts would have on the investment program of these Portfolios and the flexibility of the Portfolios to purchase additional securities.

During the six months ended March 31, 2013, the Short Duration Plus and Intermediate Duration Portfolios held foreign-currency exchange contracts for hedging purposes. The International and Tax-Managed International Portfolios held foreign-currency exchange contracts for hedging and non-hedging purposes.

- ***Option Transactions***

For hedging and investment purposes, each Portfolio may purchase and write (sell) put and call options on U.S. and foreign securities, including government securities, and foreign currencies that are traded on U.S. and foreign securities exchanges and over-the-counter markets. Among other things, certain Portfolios may use options transactions for non-hedging purposes as a means of making direct investments in foreign currencies, as described below under “Currency Transactions” and may use options strategies involving the purchase and/or writing of various combinations of call and/or put options, for hedging and investment purposes.

The risk associated with purchasing an option is that the Portfolio pays a premium whether or not the option is exercised. Additionally, the Portfolio bears the risk of loss of the premium and change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by premiums paid. The proceeds from securities sold through the exercise of put options are decreased by the premiums paid.

When the Portfolio writes an option, the premium received by the Portfolio is recorded as a liability and is subsequently adjusted to the current market value of the option written. Premiums received from written options which expire unexercised are recorded by the Portfolios on the expiration date as realized gains from options written. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium received is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium received is added to the proceeds from the sale of the underlying security or currency in determining whether the Portfolio has realized a gain or loss. If a put option is exercised, the premium received reduces the cost basis of the security or currency purchased by the Portfolio. In writing an option, the Portfolio bears the market risk of an unfavorable change in the price of the security or currency underlying the written option. Exercise of an option written by the Portfolio could result in the Portfolio selling or buying a security or currency at a price different from the current market value.

During the six months ended March 31, 2013, the International Portfolio, Tax-Managed International Portfolio, and Emerging Markets Portfolio held purchased options for hedging purposes. During the six months ended March 31, 2013, the International Portfolio, Tax-Managed International Portfolio, and Emerging Markets Portfolio held written options for hedging purposes.

For the six months ended March 31, 2013, the International Portfolio, Tax-Managed International Portfolio, and Emerging Markets Portfolio had the following transactions in written options:

International Portfolio	Number of Contracts	Premiums Received
Options written outstanding as of 9/30/12	233,740	$ 1,916,989
Options written	0	0
Options expired	(233,740)	(1,916,989)
Options bought back	0	0
Options exercised	0	0
Options written outstanding as of 3/31/13	0	$ 0

Tax-Managed International Portfolio	Number of Contracts	Premiums Received
Options written outstanding as of 9/30/12	550,200	$ 4,512,397
Options written	0	0
Options expired	(550,200)	(4,512,397)
Options bought back	0	0
Options exercised	0	0
Options written outstanding as of 3/31/13	0	$ 0

Emerging Markets Portfolio	Number of Contracts	Premiums Received
Options written outstanding as of 9/30/12	15,000	$ 1,979,570
Options written	0	0
Options expired	(15,000)	(1,979,570)
Options bought back	0	0
Options exercised	0	0
Options written outstanding as of 3/31/13	0	$ 0

- ***Swap Agreements***

The Portfolios may enter into swaps to hedge their exposure to interest rates, credit risk, or currencies. Certain Portfolios may also enter into swaps for non-hedging purposes as a means of gaining market exposures, including by making direct investments in foreign currencies, as described below under "Currency Transactions". A swap is an agreement that obligates two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset. The payment flows are usually netted against each other, with the difference being paid by one party to the other. In addition, collateral may be pledged or received by the Portfolio in accordance with the terms of the respective swap agreements to provide value and recourse to the Portfolios or their counterparties in the event of default, bankruptcy or insolvency by one of the parties to the swap agreement.

Risks may arise as a result of the failure of the counterparty to the swap contract to comply with the terms of the swap contract. The loss incurred by the failure of a counterparty is generally limited to the net interim payment to be received by the Portfolio, and/or the termination value at the end of the contract. Therefore, the Portfolio considers the creditworthiness of each counterparty to a swap contract in evaluating potential counterparty risk. This risk is mitigated by having a netting arrangement between the Portfolio and the counterparty and by the posting of collateral by the counterparty to the Portfolio to cover the Portfolio's exposure to the counterparty. Additionally, risks may arise from unanticipated movements in interest rates or in the value of the underlying securities. The Portfolio accrues for the interim payments on swap contracts on a daily basis, with the net amount recorded within unrealized appreciation/depreciation of swap contracts on the statement of assets and liabilities, where applicable. Once the interim payments are settled in cash, the net amount is recorded as realized gain/(loss) on swaps on the statement of operations, in addition to any realized gain/(loss) recorded upon the termination of swap contracts. Upfront premiums paid or received in connection with credit default swap contracts are recognized as cost or proceeds on the statement of assets and liabilities and are amortized on a straight line basis over the life of the contract. Amortized upfront premiums are included in net realized gain/(loss) from swaps on the statement of operations. Fluctuations in the value of swap contracts are recorded as a component of net change in unrealized appreciation/depreciation of swap contracts on the statement of operations.

Interest Rate Swaps:

The fixed-income Portfolios are subject to interest rate risk exposure in the normal course of pursuing its investment objectives. Because the Portfolios hold fixed rate bonds, the value of these bonds may decrease if interest rates rise. To help hedge against this risk and to maintain its ability to generate income at prevailing market rates, the Portfolios may enter into interest rate swap contracts. Interest rate swaps are agreements between two parties to exchange cash flows based on a notional amount. The Portfolios may elect to pay a fixed rate and receive a floating rate, or, receive a fixed rate and pay a floating rate on a notional amount.

In addition, a Portfolio may also enter into interest rate swap transactions to preserve a return or spread on a particular investment or portion of its portfolio, or protecting against an increase in the price of securities the Portfolio anticipates purchasing at a later date. Interest rate swaps involve the exchange by a Portfolio with another party of their respective commitments to pay or receive interest (*e.g.*, an exchange of floating rate payments for fixed rate payments) computed based on a contractually-based principal (or "notional") amount. Interest rate swaps are entered into on a net basis (*i.e.*, the two payment streams are netted out, with the Portfolio receiving or paying, as the case may be, only the net amount of the two payments).

During the six months ended March 31, 2013, the Intermediate Duration Portfolio held interest rate swap contracts for hedging purposes.

Credit Default Swaps:

The fixed-income Portfolios may enter into credit default swaps, including to manage their exposure to the market or certain sectors of the market, to reduce their risk exposure to defaults by corporate and sovereign issuers held by the Portfolio, or to create exposure to corporate or sovereign issuers to which they are not otherwise exposed. The Portfolio may purchase credit protection ("Buy Contract") or provide credit protection ("Sale Contract") on the referenced obligation of the credit default swap. During the term of the swap agreement, the Portfolio receives/(pays) fixed payments from/(to) the respective counterparty, calculated at the agreed upon rate applied to the notional amount. If the Portfolio is a buyer/(seller) of protection and a credit event occurs, as defined under the terms of the swap agreement, the Portfolio will either (i) receive from the seller/(pay to the buyer) of protection an amount equal to the notional amount of the swap contract (the "Maximum Payout Amount") and deliver/(take delivery of) the referenced obligation or (ii) receive/(pay) a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation.

Credit default swaps may involve greater risks than if a Portfolio had invested in the referenced obligation directly. Credit default swaps are subject to general market risk, liquidity risk, counterparty risk and credit risk. If the Portfolio is a buyer of protection and no credit event occurs, it will lose the payments it made to its counterparty. If the Portfolio is a seller of protection and a credit event occurs, the value of the referenced obligation received by the Portfolio coupled with the periodic payments previously received, may be less than the Maximum Payout Amount it pays to the buyer, resulting in a net loss to the Portfolio.

During the six months ended March 31, 2013, the Intermediate Duration Portfolio held credit default swap contracts for non-hedging purposes.

Implied credit spreads over Treasuries of comparable maturity utilized in determining the market value of credit default swaps on issuers as of period end are disclosed in the schedule of investments. The implied spreads serve as an indicator of the current status of the payment/performance risk and typically reflect the market's assessment of the likelihood of default by the issuer of the referenced obligation. The implied credit spread of a particular reference obligation also reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Widening credit spreads typically represent a deterioration of the referenced obligation's credit soundness and greater likelihood of default or other credit event occurring as defined under the terms of the agreement. A credit spread identified as "Defaulted" indicates a credit event has occurred for the referenced obligation.

At March 31, 2013, the Intermediate Duration Portfolio had Sale Contracts outstanding with Maximum Payout Amounts aggregating $12,540,000, with net unrealized appreciation of $412,344 and terms of less than 5 years, as reflected in the schedule of investments.

In certain circumstances Maximum Payout Amounts may be partially offset by recovery values of the respective referenced obligations, upfront premium received upon entering into the agreement, or net amounts received from settlement of buy protection credit default swap agreements entered into by the Portfolio for the same reference obligation with the same counterparty. As of March 31, 2013, none of Portfolios had Buy Contracts outstanding with respect to the same referenced obligation and same counterparty for its Sale Contracts outstanding.

Documentation governing the Portfolios' OTC derivatives may contain provisions for early termination of such transaction in the event the net assets of the Portfolio decline below specific levels set forth in the documentation ("net asset contingent features"). If these levels are triggered, the Portfolios' counterparty has the right to terminate such transaction and require the Portfolio to pay or receive a settlement amount in connection with the terminated transaction. As of March 31, 2013, the Emerging Markets, Short Duration New York Municipal, Short Duration California Municipal, Short Duration Diversified Municipal, New York Municipal, California Municipal, Diversified Municipal and U.S. Government Short Duration Portfolios did not have OTC derivatives with contingent features in net liability positions. As of March 31, 2013, the following Portfolios had OTC derivatives with contingent features in net liability positions:

Portfolio	Total Market Value of OTC Derivatives	Market Value of Collateral Pledged	Uncollateralized Amount
International	$ (7,385,910)	$ 0	$ (7,385,910)
Tax-Managed International	(25,348,515)	0	(25,348,515)
Intermediate Duration	(2,719,725)	2,154,683	(775,080)
Short Duration Plus	(15,097)	0	(15,097)

If a trigger event had occurred at March 31, 2013, for those derivatives in a net liability position, the uncollateralized amount would be required to be posted by the Portfolios.

At March 31, 2013, the Portfolios had entered into the following derivatives:

International Portfolio	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	$1,371,676	Unrealized depreciation of forward currency exchange contracts	$8,175,664
Total		$1,371,676		$8,175,664

The effect of derivative instruments on the statement of operations for the six months ended March 31, 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	$24,996,527	$(5,363,037)
Equity contracts	Net realized gain (loss) on options written; Net change in unrealized appreciation/depreciation of options written	2,002,905	(1,886,952)
Equity contracts	Net realized gain (loss) on investment transactions; Net change in unrealized appreciation/ depreciation of investments	(5,001,101)	4,516,244
Equity contracts	Net realized gain (loss) on futures contracts; Net change in unrealized appreciation/depreciation of futures transactions	(220,364)	99,493
Total		$21,777,967	$(2,634,252)

Tax-Managed International Portfolio	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	$48,166,426	Unrealized depreciation of forward currency exchange contracts	$31,661,967
Total		$48,166,426		$31,661,967

The effect of derivative instruments on the statement of operations for the six months ended March 31, 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	$ 28,343,110	$15,848,142
Equity contracts	Net realized gain (loss) on futures transactions; Net change in unrealized appreciation/ depreciation of futures transactions	(874,072)	0
Equity contracts	Net realized gain (loss) on investment transactions; Net change in unrealized appreciation/ depreciation of investments	(11,772,079)	10,630,776
Equity contracts	Net realized gain (loss) on options written; Net change in unrealized appreciation/depreciation of options written	4,714,634	(4,441,694)
Total		$ 20,411,593	$22,037,224

Emerging Markets Portfolio

The effect of derivative instruments on the statement of operations for the six months ended March 31, 2013:

Derivative Type	Location of Gain or (Loss) on Derivatives	Realized Gain or (Loss) on Derivatives	Change in Unrealized Appreciation or (Depreciation)
Equity contracts	Net realized gain (loss) on options written; Net change in unrealized appreciation/depreciation of options written	$ 1,979,570	$(1,837,070)
Equity contracts	Net realized gain (loss) on investment transactions; Net change in unrealized appreciation/ depreciation of investments	(4,695,386)	3,810,386
Total		$(2,715,816)	$ 1,973,316

U.S. Government Short Duration Portfolio	Asset Derivatives		Liability Derivatives	
Derivative Type	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Interest rate contracts	Margin due from/owed to broker on futures contracts	$1,291*	Margin due from/owed to broker on futures contracts	$57,304*
Total		$1,291		$57,304

* Only variation margin receivable/payable at period end is reported within the statement of assets and liabilities. This amount reflects cumulative appreciation/(depreciation) of futures contracts as reported in the schedule of investments.

The effect of derivative instruments on the statement of operations for the six months ended March 31, 2013:

Derivative Type	Location of Gain or (Loss) on Derivatives	Realized Gain or (Loss) on Derivatives	Change in Unrealized Appreciation or (Depreciation)
Interest rate contracts	Net realized gain (loss) on futures transactions; Net change in unrealized appreciation/depreciation of futures transactions	$5,192	$(78,368)
Total		$5,192	$(78,368)

Short Duration Plus Portfolio	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 depreciation of forward currency exchange contracts	$ 15,097
Interest rate contracts			Margin due from/owed to broker on futures contracts	318,543*
Total				$333,640

* Only variation margin receivable/payable at period end is reported within the statement of assets and liabilities. This amount reflects cumulative appreciation/(depreciation) of futures contracts as reported in the schedule of investments.

The effect of derivative instruments on the statement of operations for the six months ended March 31, 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	$(417,985)	$(106,029)
Interest rate contracts	Net realized gain (loss) on futures transactions; Net change in unrealized appreciation/depreciation of futures transactions	(238,041)	(322,698)
Total		$(656,026)	$(428,727)

Intermediate Duration Portfolio	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	$419,921	Unrealized depreciation of forward currency exchange contracts	$1,215,598
Credit contracts	Unrealized appreciation of credit default swap contracts	412,344		
Interest rate contracts	Margin due from/owed to broker on futures contracts	1,742*		
Interest rate contracts			Unrealized depreciation of interest rate swap contracts	1,944,645
Total		$834,007		$3,160,243

* Only variation margin receivable/payable at period end is reported within the statement of assets and liabilities. This amount reflects cumulative appreciation/(depreciation) of futures contracts as reported in the schedule of investments.

The effect of derivative instruments on the statement of operations for the six months ended March 31, 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	$ 56,882	$ (744,363)
Credit contracts	Net realized gain (loss) on swap transactions; Net change in unrealized appreciation/ depreciation of swap transactions	215,280	377,295
Interest rate contracts	Net realized gain (loss) on futures transactions; Net change in unrealized appreciation/ depreciation of futures transactions	(237,777)	23,454
Interest rate contracts	Net realized gain (loss) on swap transactions; Net change in unrealized appreciation/ depreciation of swap transactions	(384,867)	1,358,708
Total		$(350,482)	$1,015,094

The following tables represent the volume of the Portfolios' derivative transactions during the six months ended March 31, 2013:

International Portfolio

Forward Currency Exchange Contracts:	
Average principal amount of buy contracts	$439,511,425
Average principal amount of sale contracts	$441,254,687
Futures Contracts:	
Average original value of buy contracts	$ 5,720,602**(a)**
Purchased Options:	
Average monthly cost	$ 4,786,575**(b)**

(a) Positions were open for one month during the period.

(b) Positions were open for two months during the period.

Tax-Managed International Portfolio

Forward Currency Exchange Contracts:	
Average principal amount of buy contracts	$1,081,510,965
Average principal amount of sale contracts	$1,086,912,318
Futures Contracts:	
Average original value of buy contracts	$ 17,545,681**(a)**
Purchased Options:	
Average monthly cost	$ 11,267,107**(b)**

(a) Positions were open for one month during the period.

(b) Positions were open for two months during the period.

Emerging Markets Portfolio

Purchased Options:	
Average monthly cost	$4,695,386**(a)**

(a) Positions were open for two months during the period.

U.S. Government Short Duration Portfolio

Futures Contracts:	
Average original value of buy contracts	$22,617,602
Average original value of sale contracts	$ 2,350,652

Short Duration Plus Portfolio

Forward Currency Exchange Contracts:	
Average principal amount of buy contracts	$ 7,391,200**(a)**
Average principal amount of sale contracts	$ 9,437,160
Futures Contracts:	
Average original value of buy contracts	$148,323,295
Average original value of sale contracts	$ 28,881,069

(a) Positions were open for four months during the period.

INTERMEDIATE DURATION PORTFOLIO

Forward Currency Exchange Contracts:	
Average principal amount of buy contracts	$ 1,062,765**(a)**
Average principal amount of sale contracts	$186,040,602
Credit Default Swap Contracts:	
Average notional amount of sale contracts	$ 13,704,286
Futures Contracts:	
Average original value of buy contracts	$ 50,758,009**(b)**
Average original value of sale contracts	$ 33,252,040
Interest Rate Swap Contracts:	
Average notional amount	$132,698,458

(a) Positions were open for four months during the period.

(b) Positions were open for one month during the period.

C. Currency Transactions

The International, Tax-Managed International, Emerging Markets, Short Duration Plus and Intermediate Duration Portfolios may invest in non-U.S. Dollar securities on a currency hedged or unhedged basis. The Portfolios 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 Portfolios 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 Portfolio 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 Portfolios 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).

D. Mortgage-Backed Dollar Rolls

The U.S. Government Short Duration Portfolio, the Short Duration Plus Portfolio and the Intermediate Duration Portfolio may enter into dollar rolls. Dollar rolls involve sales by the Portfolio of securities for delivery in the current month and the Portfolio's simultaneously contracting to repurchase substantially similar (same type and coupon) securities on a specified future date. During the roll period, the Portfolio forgoes principal and interest paid on the securities. The Portfolio is compensated by the difference between the current sales price and the lower forward price for the future purchase (often referred to as the "drop") as well as by the interest earned on the cash proceeds of the initial sale. Dollar rolls involve the risk that the market value of the securities the Portfolio is obligated to repurchase under the agreement may decline below the repurchase price. Dollar rolls are speculative techniques and may be considered to be borrowings by the Portfolio. For the six months ended March 31, 2013, the U.S. Government Short Duration Portfolio, Short Duration Plus Portfolio and Intermediate Duration Portfolio earned drop income of $2,498, $54,871 and $2,847,850, respectively, which is included in interest income in the accompanying statement of operations.

E. Reverse Repurchase Agreements

Under a reverse repurchase agreement, a Portfolio sells securities and agrees to repurchase them at a mutually agreed upon date and price. At the time a Portfolio enters into a reverse repurchase agreement, it will establish a segregated account with the custodian containing liquid assets having a value at least equal to the repurchase price. For the six months ended March 31, 2013, the average amount of reverse repurchase agreements outstanding for the Intermediate Duration Portfolio was $10,738,700 and the daily weighted average annualized interest rate was (0.60)%. During the period, the Intermediate Duration Portfolio received net interest payment from counterparties.

NOTE 4. Distributions to Shareholders

The tax character of distributions to be paid for the year ending September 30, 2013 will be determined at the end of the current fiscal year. The tax character of distributions paid during the fiscal years ended September 30, 2012 and September 30, 2011 were as follows:

PORTFOLIO	2012	2011
International		
Distributions paid from:		
Ordinary income	$30,720,671	$36,153,254
Total distributions paid	$30,720,671	$36,153,254
Tax-Managed International		
Distributions paid from:		
Ordinary income	$81,441,475	$82,849,056
Total distributions paid	$81,441,475	$82,849,056
Emerging Markets		
Distributions paid from:		
Ordinary income	$11,926,273	$18,106,284
Long-term capital gains	46,407,518	0
Total distributions paid	$58,333,791	$18,106,284
Short Duration New York Municipal		
Distributions paid from:		
Ordinary income	$ 155,231	$ 42,553
Total taxable distributions	155,231	42,553
Tax exempt distributions	995,449	3,200,451
Total distributions paid	$ 1,150,680	$ 3,243,004
Short Duration California Municipal		
Distributions paid from:		
Ordinary income	$ 22,609	$ 111,236
Long-term capital gains	21,074	162,406
Total taxable distributions	43,683	273,642
Tax exempt distributions	498,442	1,377,007
Total distributions paid	$ 542,125	$ 1,650,649
Short Duration Diversified Municipal		
Distributions paid from:		
Ordinary income	$ 404,633	$ 140,324
Long-term capital gains	157,164	241,315
Total taxable distributions	561,797	381,639
Tax exempt distributions	3,218,766	6,607,653
Total distributions paid	$ 3,780,563	$ 6,989,292

Portfolio	2012	2011
New York Municipal		
Distributions paid from:		
Ordinary income	$ 181,258	$ 966,091
Long-term capital gains	0	6,120,387
Total taxable distributions	181,258	7,086,478
Tax exempt distributions	52,150,638	57,048,028
Total distributions paid	$ 52,331,896	$ 64,134,506
California Municipal		
Distributions paid from:		
Ordinary income	$ 410,006	$ 213,389
Long-term capital gains	0	11,629,683
Total taxable distributions	410,006	11,843,072
Tax exempt distributions	33,549,830	35,601,782
Total distributions paid	$ 33,959,836	$ 47,444,854
Diversified Municipal		
Distributions paid from:		
Ordinary income	$ 5,729,615	$ 3,177,364
Long-term capital gains	1,894,314	26,087,938
Total taxable distributions	7,623,929	29,265,302
Tax exempt distributions	151,441,700	166,171,922
Total distributions paid	$159,065,629	$195,437,224
U.S. Government Short Duration		
Distributions paid from:		
Ordinary income	$ 856,955	$ 1,892,126
Long-term capital gains	752,772	272,502
Total distributions paid	$ 1,609,727	$ 2,164,628
Short Duration Plus		
Distributions paid from:		
Ordinary income	$ 5,042,813	$ 8,144,555
Total distributions paid	$ 5,042,813	$ 8,144,555
Intermediate Duration		
Distributions paid from:		
Ordinary income	$156,044,451	$248,868,880
Long-term capital gains	88,195,671	0
Total distributions paid	$244,240,122	$248,868,880

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

Portfolio	Undistributed Ordinary Income[(a)]	Undistributed Long-Term Gains	Accumulated Capital and Other Losses[(b)]	Unrealized Appreciation/ (Depreciation)[(c)]	Total Accumulated Earnings/ (Deficit)[(d)]
International	$26,549,677	$ 0	$(1,195,095,725)	$ (23,610,205)	$(1,192,156,253)
Tax-Managed International	72,109,785	0	(2,395,129,065)	6,557,975	(2,316,461,305)
Emerging Markets	15,882,505	0	(19,196,376)	16,185,249	12,871,378
Short Duration New York Municipal	35,565	0	(78,005)	(57,412)	(99,852)
Short Duration California Municipal	0	128,258	0	(64,313)	63,945
Short Duration Diversified Municipal	126,716	647,417	0	2,256,892	3,031,025
New York Municipal	1,150,769	0	(1,474,925)	115,740,337	115,416,181
California Municipal	680,856	0	(6,254,662)	73,666,016	68,092,210
Diversified Municipal	4,506,923	4,319,450	0	341,443,853	350,270,226
U.S. Government Short Duration	150,133	268,428	0	588,554	1,007,115
Short Duration Plus	246,681	0	(29,762,571)	3,093,457	(26,422,433)
Intermediate Duration	44,671,024	1,713,799	(430,863)	291,647,454	337,601,414

(a) Includes tax exempt income as shown below:

Short Duration New York Municipal	$ 35,565
Short Duration Diversified Municipal	109,284
New York Municipal	1,150,769
California Municipal	680,856
Diversified Municipal	4,258,706

(b) During the fiscal year ended September 30, 2012, Short Duration New York Municipal Portfolio, Short Duration California Municipal Portfolio, and New York Municipal Portfolio utilized capital loss carryforwards of $66,145, $60,957, and $667,482, respectively, to offset current year net realized gains. At September 30, 2012, Short Duration Plus Portfolio deferred $137 in straddles losses and Intermediate Duration Portfolio deferred $430,863 in straddle losses. Additionally, as of September 30, 2012 certain Portfolios had capital loss carryforwards for federal income tax purposes.

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

(d) The differences between book-basis and tax-basis components of accumulated earnings/(deficit) are attributable primarily to the treatment of interest on defaulted securities and dividends payable to shareholders.

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 September 30, 2012, the following Portfolios had net capital loss carryforwards which will expire as follows:

Portfolio	Short-Term Amount	Long-Term Amount	Expiration
International	$ 137,445,488	n/a	2017
International	910,864,476	n/a	2018
International	28,928,377	$117,857,384	No expiration
Tax-Managed International	344,280,794	n/a	2017
Tax-Managed International	1,714,396,065	n/a	2018
Tax-Managed International	134,950,435	201,501,771	No expiration
Emerging Markets	19,196,376	0	No expiration
Short Duration New York Municipal	27,157	n/a	2015
Short Duration New York Municipal	50,848	n/a	2019
New York Municipal	1,474,925	n/a	2019
California Municipal	2,406,179	n/a	2019
California Municipal	0	3,848,483	No expiration
Short Duration Plus	3,594,854	n/a	2013
Short Duration Plus	6,491,604	n/a	2014
Short Duration Plus	4,022,522	n/a	2015
Short Duration Plus	920,045	n/a	2016
Short Duration Plus	5,807,512	n/a	2017
Short Duration Plus	1,960,592	n/a	2018
Short Duration Plus	2,061,764	n/a	2019
Short Duration Plus	1,555,198	3,348,343	No expiration

NOTE 5. Risks Involved in Investing in the Portfolios

Emerging Markets and International Portfolios—Investments in foreign securities entail significant risks in addition to those customarily associated with investing in U.S. equities. These risks are heightened with respect to investments in emerging-market countries where there is an even greater amount of economic, political and social instability. Economic, political and social instability could disrupt financial markets in which the Portfolio invests and adversely affect the value of the Portfolio's assets. In addition, national policies may restrict investment opportunities.

In foreign markets there may be a lower degree of market volume and liquidity than in U.S. markets, and this may result in greater price volatility. The securities markets in many emerging-market countries are substantially smaller, less developed, less liquid and more volatile than the securities markets of developed countries. Furthermore, since the composition of each Portfolio will differ from that of market indexes, its performance generally will not mirror the returns provided by a specific market index.

Actions by a Few Major Investors—In certain emerging-market countries, volatility may be heightened by actions of a few major investors. For example, substantial increases or decreases in cash flows of mutual funds investing in these markets could significantly affect local stock prices and, therefore, share prices of the Emerging Markets Portfolio.

Foreign Currency Risk—This is the risk that changes in foreign (non-U.S.) currency exchange rates may negatively affect the value of the Portfolio's investments or reduce the returns of the Portfolio. For example, the value of the Portfolio's investments in foreign stocks and foreign currency positions 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).

Country Concentration Risk—The Portfolio may not always be diversified among countries or regions and the effect on the share price of the Portfolio of specific risks identified above such as political, regulatory and currency may be magnified due to concentration of the Portfolio's investments in a particular country or region.

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

Allocation Risk—The allocation of investments among investment disciplines may have a significant effect on the Portfolio's performance when the investment disciplines in which the Portfolio has greater exposure perform worse than the investment disciplines with less exposure.

Fixed Income Portfolios—Interest rate risk is the risk that changes in interest rates will affect the value of a Portfolio's investments in fixed-income debt securities such as bonds or notes. Increases in interest rates may cause the value of a Portfolio's investments to decline. Credit risk is the risk that the issuer or guarantor of a debt security, or the counterparty to a derivative contract, will be unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. The degree of risk for a particular security may be reflected in its credit risk rating. Credit risk is greater for medium quality and lower-rated securities. Lower-rated debt securities and similar unrated securities (commonly known as "junk bonds") have speculative elements or are predominantly speculative risks.

Riskier than a Money-Market Fund—The Short Duration Portfolios invest in securities with longer maturities and in some cases lower quality than the assets of the type of mutual fund known as a money-market fund. The risk of decline in the market value of the Portfolio is greater than for a money-market fund since the credit quality of the Portfolio securities may be lower and the effective duration of the Portfolio will be longer.

Liquidity Risk—Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing the Portfolio from selling out of these illiquid securities at an advantageous price. Illiquid securities may also be difficult to value.

Duration Risk—Duration is the measure that relates the expected price volatility of a fixed-income security to changes in interest rates. The duration of a fixed-income security may be shorter than or equal to full maturity of a fixed-income security. Fixed-income securities with longer durations have more risk and will decrease in price as interest rates rise. For example, a fixed-income security with a duration of three years will decrease in value by approximately 3% if interest rates increase by 1%.

Inflation Risk—This is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money. As inflation increases, the value of the Portfolio's assets can decline as can the value of the Portfolio's distributions.

Inflation-Protected Securities Risk—The terms of inflation-protected securities provide for the coupon and/or maturity value to be adjusted based on changes in inflation. Decreases in the inflation rate or in investors' expectations about inflation could cause these securities to underperform non-inflation-adjusted securities on a total-return basis.

Mortgage-Related Securities Risk—In the case of mortgage-related securities that are not backed by the U.S. Government or one of its agencies, a loss could be incurred if the collateral backing these securities is insufficient.

Lower-Rated Securities Risk—Lower-rated securities, or junk bonds/high yield securities, are subject to greater risk of loss of principal and interest and greater market risk than higher-rated securities. The capacity of issuers of lower-rated securities to pay interest and repay principal is more likely to weaken than is that of issuers of higher-rated securities in times of deteriorating economic conditions or rising interest rates.

Prepayment and Extension Risk—Prepayment risk is the risk that a loan, bond or other security might be called or otherwise converted, prepaid or redeemed before maturity. If this happens, particularly during a time of declining interest rates or credit spreads, the Portfolio may not be able to invest the proceeds in securities providing as much income, resulting in a lower yield to the Portfolio. Conversely, extension risk is the risk that as interest rates rise or spreads widen, payments of securities may occur more slowly than anticipated by the market. When this happens, the values of these securities may go down because their interest rates are lower than current market rates and they remain outstanding longer than anticipated.

Subordination Risk—The Portfolios may invest in securities that are subordinated to more senior securities of an issuer, or which represent interests in pools of such subordinated securities. Subordinated securities will be disproportionately affected by a default or even a perceived decline in creditworthiness of the issuer. Subordinated securities are more likely to suffer a credit loss than non-subordinated securities of the same issuer, any loss incurred by the subordinated securities is likely to be proportionately greater, and any recovery of interest or principal may take more time. As a result, even a perceived decline in creditworthiness of the issuer is likely to have a greater impact on them.

No Government Guarantee—Investments in the U.S. Government Short Duration Portfolio are not insured by U.S. Government.

Leverage Risk—When a Portfolio borrows money or otherwise leverages its portfolio, it may be volatile because leverage tends to exaggerate the effect of any increase or decrease in the value of the Portfolio's investments. The Portfolio may create leverage through the use of reverse repurchase arrangements, forward currency exchange contracts, forward commitments, dollar rolls or futures contracts or by borrowing money. The use of derivative instruments by the Portfolio, such as forwards, futures, options and swaps, may also result in a form of leverage. Leverage may result in higher returns to the Portfolio than if the Portfolio were not leveraged, but may also adversely affect returns, particularly if the market is declining.

Municipal Market Risk and Concentration of Credit Risk—This is the risk that special factors may adversely affect the value of municipal securities and have a significant effect on the yield or value of the Portfolio's investments in municipal securities. These factors include economic conditions, political or legislative changes, uncertainties related to the tax status of municipal securities, or the rights of investors in these securities. The two New York Municipal Portfolios and two California Municipal Portfolios invest primarily in securities issued by the State of New York and California, respectively, and their various political subdivisions, and the performance of each of these Portfolios is closely tied to economic conditions within the applicable state and the financial condition of that state and its agencies and municipalities.

Non-diversification Risk—Concentration of investments in a small number of securities tends to increase risk. The Short Duration New York, Short Duration California, New York Municipal and California Municipal Portfolios are not "diversified." This means the Portfolios can invest more of their assets in a relatively small number of issuers with greater concentration of risk. Matters affecting these issuers can have a more significant effect on the Portfolio's net asset value.

Tax Risk—With respect to the Municipal Portfolio, there is no guarantee that all of the Portfolio's income will remain exempt from federal or state income taxes. From time to time, the U.S. Government and the U.S. Congress consider changes in federal tax law that could limit or eliminate the federal tax exemption for municipal bond income, which would in effect reduce the income received by shareholders from the Portfolio by increasing taxes on that income. In such event, the Portfolio's NAV could also decline as yields on municipal bonds, which are typically lower than those on taxable bonds, would be expected to increase to approximately the yield of comparable taxable bonds. Actions or anticipated actions affecting the tax exempt status of municipal bonds could also result in significant shareholder redemptions of Portfolio shares as investors anticipate adverse effects on the Portfolio or seek higher yields to offset the potential loss of the tax deduction. As a result, the Portfolio would be required to maintain higher levels of cash to meet the redemptions, which would negatively affect the Portfolio's yield.

Derivatives Risk—The Portfolios may use derivatives as direct investments to earn income, enhance return and broaden portfolio diversification, which entail greater risk than if used solely for hedging purposes. In addition to other risks such as the credit risk of the counterparty, derivatives involve the risk that changes in the value of the derivative may not correlate with relevant assets, rates, or indices. Derivatives may be illiquid and difficult to priced or unwind, and small changes may produce disproportionate losses for the Portfolio. Assets required to be set aside or posted to cover or secure derivatives positions may themselves go down in value, and these collateral and other requirements may limit investment flexibility. Some derivatives involve leverage, which can make a Portfolio more volatile and can compound other risks. Recent legislation calls for new regulation of the derivatives markets. The extent and impact of the regulation are not yet fully known and may not be for some time. The regulation may make derivatives more costly, may limit their availability, or may otherwise adversely affect their value or performance.

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

NOTE 6. Capital-Share Transactions

The Fund has authorized 12.6 billion shares of common stock, par value $0.001 per share, of which 12.3 billion are divided into 18 Portfolios. The allocation is as follows:

	Allocation of Shares (in Millions)				
Portfolio	Bernstein Class Shares	Retail Class A Shares	Retail Class B Shares	Retail Class C Shares	Total
International	600	200	200	200	1400 **(a)**
Tax-Managed International	600	200	200	200	1200
Emerging Markets	200	0	0	0	200
Short Duration New York Municipal	100	0	0	0	100
Short Duration California Municipal	100	0	0	0	100
Short Duration Diversified Municipal	100	0	0	0	100
New York Municipal	400	200	200	200	1000
California Municipal	200	200	200	200	800
Diversified Municipal	800	400	400	400	2000
U.S. Government Short Duration	200	0	0	0	200
Short Duration Plus	200	200	200	200	1000 **(a)**
Intermediate Duration	600	0	0	0	600
Overlay A, Tax-Aware Overlay A, Overlay B, Tax-Aware Overlay B, Tax-Aware Overlay C and Tax-Aware Overlay N	3600	0	0	0	3600 **(b)**

(a) An additional 200 million is allocated to the retirement class of shares which is not currently being offered.

(b) 3.6 billion has been allocated to the Overlay Portfolios of which 300 million is allocated to Class 1 and 300 million is allocated to Class 2 shares for each Overlay Portfolio.

Share transactions for each Portfolio for the six months ended March 31, 2013 and the year ended September 30, 2012, were as follows:

	International Portfolio			
	Shares		Amount	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
International Class Shares				
Shares sold	6,483,606	35,737,933	$ 90,470,370	$ 454,335,702
Shares issued to shareholders on reinvestment of dividends and distributions	1,825,022	254,749	24,911,552	3,051,895
Shares redeemed	(15,632,893)	(44,720,160)	(216,621,296)	(586,630,625)
Net decrease	**(7,324,265)**	**(8,727,478)**	**(101,239,374)**	**(129,243,028)**
Beginning of period	**112,260,369**	**120,987,847**	**2,646,827,173**	**2,776,070,201**
End of period	**104,936,104**	**112,260,369**	**$2,545,587,799**	**$2,646,827,173**

	International Portfolio			
	Shares		Amount	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
Class A Shares				
Shares sold	14,486	57,436	$ 197,159	$ 734,196
Shares issued to shareholders on reinvestment of dividends and distributions	5,851	8,678	79,057	103,531
Shares converted from Class B	2,926	9,456	40,303	120,705
Shares redeemed	(143,385)	(187,553)	(1,969,023)	(2,457,299)
Net decrease	**(120,122)**	**(111,983)**	**(1,652,504)**	**(1,498,867)**
Beginning of period	**474,538**	**586,521**	**25,030,081**	**26,528,949**
End of period	**354,416**	**474,538**	**$23,377,577**	**$25,030,082**
Class B Shares				
Shares sold	1,169	3,323	$ 16,249	$ 42,580
Shares issued to shareholders on reinvestment of dividends and distributions	142	291	1,917	3,464
Shares converted to Class A	(2,938)	(9,487)	(40,303)	(120,705)
Shares redeemed	(6,054)	(19,427)	(84,319)	(244,965)
Net decrease	**(7,681)**	**(25,300)**	**(106,456)**	**(319,626)**
Beginning of period	**41,653**	**66,953**	**2,135,291**	**2,454,917**
End of period	**33,972**	**41,653**	**$ 2,028,835**	**$ 2,135,291**
Class C Shares				
Shares sold	8,394	19,567	$ 116,509	$ 245,645
Shares issued to shareholders on reinvestment of dividends and distributions	1,186	1,351	16,062	16,149
Shares redeemed	(46,497)	(123,621)	(641,656)	(1,605,101)
Net decrease	**(36,917)**	**(102,703)**	**(509,085)**	**(1,343,307)**
Beginning of period	**222,570**	**325,273**	**13,558,373**	**14,901,680**
End of period	**185,653**	**222,570**	**$13,049,288**	**$13,558,373**

	Tax-Managed International Portfolio			
	Shares		Amount	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
Tax-Managed International Class Shares				
Shares sold	19,293,379	57,853,391	$ 271,770,331	$ 759,377,959
Shares issued to shareholders on reinvestment of dividends	3,921,183	515,833	53,798,640	6,220,938
Shares redeemed	(37,255,095)	(87,783,543)	(518,468,989)	(1,140,326,478)
Net decrease	**(14,040,533)**	**(29,414,319)**	**(192,900,018)**	**(374,727,581)**
Beginning of period	**258,557,373**	**287,971,692**	**5,646,116,396**	**6,020,843,977**
End of period	**244,516,840**	**258,557,373**	**$5,453,216,378**	**$ 5,646,116,396**
Class A Shares				
Shares sold	3,828	10,681	$ 53,828	$ 133,926
Shares issued to shareholders on reinvestment of dividends	1,108	1,847	15,012	22,092
Shares converted from Class B	931	1,149	13,148	15,047
Shares redeemed	(14,431)	(84,856)	(199,184)	(1,137,586)
Net decrease	**(8,564)**	**(71,179)**	**(117,196)**	**(966,521)**
Beginning of period	**107,530**	**178,709**	**6,679,065**	**7,645,586**
End of period	**98,966**	**107,530**	**$ 6,561,869**	**$ 6,679,065**
Class B Shares				
Shares issued to shareholders on reinvestment of dividends	0	67	$ 0	$ 801
Shares converted to Class A	(934)	(1,160)	(13,148)	(15,047)
Shares redeemed	(7,066)	(213)	(94,312)	(2,701)
Net decrease	**(8,000)**	**(1,306)**	**(107,460)**	**(16,947)**
Beginning of period	**10,145**	**11,451**	**406,894**	**423,841**
End of period	**2,145**	**10,145**	**$ 299,434**	**$ 406,894**
Class C Shares				
Shares sold	1,742	0	$ 25,000	$ 0
Shares issued to shareholders on reinvestment of dividends	0	192	0	2,292
Shares redeemed	(17,069)	(21,103)	(236,309)	(266,755)
Net decrease	**(15,327)**	**(20,911)**	**(211,309)**	**(264,463)**
Beginning of period	**43,050**	**63,961**	**2,685,359**	**2,949,822**
End of period	**27,723**	**43,050**	**$ 2,474,050**	**$ 2,685,359**

	Emerging Markets Portfolio		Short Duration New York Municipal Portfolio	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
Shares sold	3,398,578	6,164,052	2,202,412	4,526,875
Shares issued to shareholders on reinvestment of dividends and distributions	543,640	2,365,753	24,360	58,388
Shares redeemed	(6,514,048)	(13,222,645)	(3,911,199)	(6,688,120)
Net decrease in shares outstanding	**(2,571,830)**	**(4,692,840)**	**(1,684,427)**	**(2,102,857)**
Shares outstanding at beginning of period	**46,391,123**	**51,083,963**	**10,582,909**	**12,685,766**
Shares outstanding at end of period	**43,819,293**	**46,391,123**	**8,898,482**	**10,582,909**

	Short Duration California Municipal Portfolio		Short Duration Diversified Municipal Portfolio	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
Shares sold	2,743,698	6,070,202	13,068,672	24,059,698
Shares issued to shareholders on reinvestment of dividends and distributions	22,108	32,383	188,077	221,705
Shares redeemed	(4,665,175)	(7,844,624)	(18,096,105)	(26,277,278)
Net decrease in shares outstanding	**(1,899,369)**	**(1,742,039)**	**(4,839,356)**	**(1,995,875)**
Shares outstanding at beginning of period	**7,958,033**	**9,700,072**	**30,975,018**	**32,970,893**
Shares outstanding at end of period	**6,058,664**	**7,958,033**	**26,135,662**	**30,975,018**

	New York Municipal Portfolio			
	Shares		Amount	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
Municipal Class Shares				
Shares sold	10,548,452	16,794,979	$ 154,030,160	$ 244,040,427
Shares issued to shareholders on reinvestment of dividends and distributions	1,015,939	1,243,831	14,832,726	18,131,608
Shares redeemed	(15,383,997)	(25,458,169)	(224,760,434)	(370,064,727)
Net decrease	**(3,819,606)**	**(7,419,359)**	**(55,897,548)**	**(107,892,692)**
Beginning of period	**102,176,661**	**109,596,020**	**1,390,677,409**	**1,498,570,101**
End of period	**98,357,055**	**102,176,661**	**$1,334,779,861**	**$1,390,677,409**

	New York Municipal Portfolio			
	Shares		Amount	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
Class A Shares				
Shares sold	3,644,548	6,796,687	$ 53,226,862	$ 98,919,487
Shares issued to shareholders on reinvestment of dividends and distributions	142,999	299,264	2,087,176	4,350,058
Shares converted from Class B	2,754	6,235	40,117	90,301
Shares redeemed	(2,414,615)	(3,060,555)	(35,231,942)	(44,469,771)
Net increase	**1,375,686**	**4,041,631**	**20,122,213**	**58,890,075**
Beginning of period	**16,784,282**	**12,742,651**	**240,340,988**	**181,450,913**
End of period	**18,159,968**	**16,784,282**	**$260,463,201**	**$240,340,988**
Class B Shares				
Shares sold	60	515	$ 877	$ 7,432
Shares issued to shareholders on reinvestment of dividends and distributions	275	761	4,017	11,055
Shares converted to Class A	(2,755)	(6,238)	(40,117)	(90,301)
Shares redeemed	(4,337)	(6,775)	(63,260)	(98,878)
Net decrease	**(6,757)**	**(11,737)**	**(98,483)**	**(170,692)**
Beginning of period	**40,586**	**52,323**	**1,378,530**	**1,549,222**
End of period	**33,829**	**40,586**	**$ 1,280,047**	**$ 1,378,530**
Class C Shares				
Shares sold	1,013,468	2,568,330	$ 14,816,465	$ 37,394,245
Shares issued to shareholders on reinvestment of dividends and distributions	46,378	83,829	677,073	1,218,926
Shares redeemed	(545,799)	(917,776)	(7,968,637)	(13,321,908)
Net increase	**514,047**	**1,734,383**	**7,524,901**	**25,291,263**
Beginning of period	**6,216,231**	**4,481,848**	**89,654,240**	**64,362,977**
End of period	**6,730,278**	**6,216,231**	**$ 97,179,141**	**$ 89,654,240**

	California Municipal Portfolio			
	Shares		Amount	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
Municipal Class Shares				
Shares sold	7,940,250	11,766,729	$ 118,176,857	$ 173,788,582
Shares issued to shareholders on reinvestment of dividends	693,466	812,969	10,297,547	12,054,214
Shares redeemed	(10,032,551)	(16,610,862)	(149,229,852)	(245,745,529)
Net decrease	**(1,398,835)**	**(4,031,164)**	**(20,755,448)**	**(59,902,733)**
Beginning of period	**66,530,437**	**70,561,601**	**926,865,315**	**986,768,048**
End of period	**65,131,602**	**66,530,437**	**$ 906,109,867**	**$ 926,865,315**
Class A Shares				
Shares sold	2,422,281	4,807,998	$ 36,013,561	$ 71,169,766
Shares issued to shareholders on reinvestment of dividends	53,318	89,126	791,599	1,318,186
Shares converted from Class B	659	1,641	9,808	24,308
Shares redeemed	(1,195,416)	(1,359,830)	(17,721,800)	(20,164,820)
Net increase	**1,280,842**	**3,538,935**	**19,093,168**	**52,347,440**
Beginning of period	**7,640,239**	**4,101,304**	**111,708,213**	**59,360,773**
End of period	**8,921,081**	**7,640,239**	**$ 130,801,381**	**$ 111,708,213**
Class B Shares				
Shares sold	0	408	$ 4	$ 6,074
Shares issued to shareholders on reinvestment of dividends	18	79	271	1,152
Shares converted to Class A	(659)	(1,641)	(9,808)	(24,308)
Shares redeemed	0	(5,402)	(3)	(79,965)
Net decrease	**(641)**	**(6,556)**	**(9,536)**	**(97,047)**
Beginning of period	**4,381**	**10,937**	**483,690**	**580,737**
End of period	**3,740**	**4,381**	**$ 474,154**	**$ 483,690**
Class C Shares				
Shares sold	415,216	524,921	$ 6,174,916	$ 7,772,661
Shares issued to shareholders on reinvestment of dividends	11,465	21,250	171,731	314,091
Shares redeemed	(73,995)	(204,406)	(1,099,283)	(3,031,918)
Net increase	**352,686**	**341,765**	**5,247,364**	**5,054,834**
Beginning of period	**1,720,671**	**1,378,906**	**25,099,191**	**20,044,357**
End of period	**2,073,357**	**1,720,671**	**$ 30,346,555**	**$ 25,099,191**

	Diversified Municipal Portfolio			
	Shares		Amount	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
Municipal Class Shares				
Shares sold	40,545,435	66,943,235	$ 602,590,209	$ 990,031,009
Shares issued to shareholders on reinvestment of dividends and distributions	3,426,669	3,815,108	50,918,763	56,568,873
Shares redeemed	(55,954,787)	(91,640,337)	(831,703,820)	(1,355,949,661)
Net decrease	**(11,982,683)**	**(20,881,994)**	**(178,194,848)**	**(309,349,779)**
Beginning of period	**314,057,357**	**334,939,351**	**4,357,609,279**	**4,666,959,058**
End of period	**302,074,674**	**314,057,357**	**$4,179,414,431**	**$ 4,357,609,279**
Class A Shares				
Shares sold	17,034,117	30,591,077	$ 253,488,219	$ 453,380,046
Shares issued to shareholders on reinvestment of dividends and distributions	435,417	820,760	6,471,342	12,148,110
Shares converted from Class B	3,605	16,239	53,697	241,744
Shares redeemed	(17,855,458)	(13,677,066)	(265,790,950)	(202,377,831)
Net increase (decrease)	**(382,319)**	**17,751,010**	**(5,777,692)**	**263,392,069**
Beginning of period	**54,303,772**	**36,552,762**	**793,910,820**	**530,518,751**
End of period	**53,921,453**	**54,303,772**	**$ 788,133,128**	**$ 793,910,820**
Class B Shares				
Shares sold	1,609	13,088	$ 24,161	$ 194,672
Shares issued to shareholders on reinvestment of dividends and distributions	256	658	3,796	9,739
Shares converted to Class A	(3,605)	(16,232)	(53,697)	(241,744)
Shares redeemed	(1,686)	(17,288)	(25,198)	(256,353)
Net decrease	**(3,426)**	**(19,774)**	**(50,938)**	**(293,686)**
Beginning of period	**35,931**	**55,705**	**1,150,132**	**1,443,818**
End of period	**32,505**	**35,931**	**$ 1,099,194**	**$ 1,150,132**
Class C Shares				
Shares sold	2,403,183	5,350,142	$ 35,771,741	$ 79,333,850
Shares issued to shareholders on reinvestment of dividends and distributions	88,052	129,045	1,308,757	1,910,743
Shares redeemed	(1,190,971)	(1,519,348)	(17,688,245)	(22,478,018)
Net increase	**1,300,264**	**3,959,839**	**19,392,253**	**58,766,575**
Beginning of period	**11,559,510**	**7,599,671**	**169,037,600**	**110,271,025**
End of period	**12,859,774**	**11,559,510**	**$ 188,429,853**	**$ 169,037,600**

	U.S. Government Short Duration Portfolio	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
Shares sold	1,617,645	3,815,699
Shares issued to shareholders on reinvestment of dividends and distributions	47,429	112,571
Shares redeemed	(4,562,141)	(5,348,173)
Net decrease in shares outstanding	**(2,897,067)**	**(1,419,903)**
Shares outstanding at beginning of period	**8,740,044**	**10,159,947**
Shares outstanding at end of period	**5,842,977**	**8,740,044**

	Short Duration Plus Portfolio			
	Shares		Amount	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
Short Duration Plus Class Shares				
Shares sold	10,755,137	20,290,108	$ 127,691,874	$ 241,303,380
Shares issued to shareholders on reinvestment of dividends	163,254	240,430	1,936,636	2,858,405
Shares redeemed	(18,814,575)	(27,289,114)	(223,268,273)	(324,551,712)
Net decrease	**(7,896,184)**	**(6,758,576)**	**(93,639,763)**	**(80,389,927)**
Beginning of period	**46,191,459**	**52,950,035**	**570,164,301**	**650,554,228**
End of period	**38,295,275**	**46,191,459**	**$ 476,524,538**	**$ 570,164,301**
Class A Shares				
Shares sold	559,954	1,758,673	$ 6,651,867	$ 20,921,039
Shares issued to shareholders on reinvestment of dividends	11,159	22,129	132,403	263,203
Shares converted from Class B	34,539	87,064	409,852	1,035,890
Shares redeemed	(932,986)	(3,119,543)	(11,077,204)	(37,111,575)
Net decrease	**(327,334)**	**(1,251,677)**	**(3,883,082)**	**(14,891,443)**
Beginning of period	**4,448,682**	**5,700,359**	**56,261,673**	**71,153,116**
End of period	**4,121,348**	**4,448,682**	**$ 52,378,591**	**$ 56,261,673**
Class B Shares				
Shares sold	14,756	31,727	$ 174,922	$ 377,032
Shares issued to shareholders on reinvestment of dividends	253	494	3,002	5,857
Shares converted to Class A	(34,604)	(87,201)	(409,852)	(1,035,890)
Shares redeemed	(29,625)	(110,398)	(350,706)	(1,311,507)
Net decrease	**(49,220)**	**(165,378)**	**(582,634)**	**(1,964,508)**
Beginning of period	**218,022**	**383,400**	**4,383,416**	**6,347,924**
End of period	**168,802**	**218,022**	**$ 3,800,782**	**$ 4,383,416**

	Short Duration Plus Portfolio			
	Shares		Amount	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
Class C Shares				
Shares sold	247,133	380,154	$ 2,929,124	$ 4,514,634
Shares issued to shareholders on reinvestment of dividends	3,120	3,614	36,958	42,903
Shares redeemed	(339,641)	(740,050)	(4,022,169)	(8,789,878)
Net decrease	**(89,388)**	**(356,282)**	**(1,056,087)**	**(4,232,341)**
Beginning of period	**1,733,399**	**2,089,681**	**21,951,773**	**26,184,114**
End of period	**1,644,011**	**1,733,399**	**$20,895,686**	**$21,951,773**

	Intermediate Duration Portfolio	
	Six Months Ended 3/31/13 (Unaudited)	Year Ended 9/30/12
Shares sold	26,272,610	53,904,802
Shares issued to shareholders on reinvestment of dividends and distributions	6,433,675	11,524,312
Shares redeemed	(54,591,308)	(91,098,996)
Net decrease in shares outstanding	**(21,885,023)**	**(25,669,882)**
Shares outstanding at beginning of period	**338,613,626**	**364,283,508**
Shares outstanding at end of period	**316,728,603**	**338,613,626**

NOTE 7. Line of Credit

The Emerging Markets Portfolio maintains a $35,000,000 line of credit intended to provide short-term financing, if necessary, subject to certain restrictions in connection with abnormal redemption activity. Commitment fees related to the line of credit are paid by the Portfolio and are included in the miscellaneous expenses in the statements of operations. The Portfolio did not utilize the Facility during the six months ended March 31, 2013.

NOTE 8. 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 9. 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 Portfolios' financial statements through this date.

Sanford C. Bernstein Fund, Inc.

Board of Directors

Thomas B. Stiles II*^
Chairman

Dianne F. Lob
President

Bart Friedman*
Director

William Kristol*
Director

Debra Perry*
Director

Donald K. Peterson*
Director

Rosalie J. Wolf*
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Officers

Philip L. Kirstein
Senior Vice President and Independent Compliance Officer

Joseph J. Mantineo
Treasurer and Chief Financial Officer

Emilie D. Wrapp
Secretary

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP
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New York, New York 10017

Legal Counsel

Willkie Farr & Gallagher LLP
787 Seventh Avenue
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Custodian and Accounting Agent and Transfer Agent

State Street Bank and Trust Company
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Boston, Massachusetts 02111

Investment Adviser

AllianceBernstein L.P.
1345 Avenue of the Americas
New York, New York 10105

* Member of the Audit Committee, the Nominating, Governance and Compensation Committee and the Independent Directors Committee.
^ Member of the Fair Value Pricing Committee.

Board's Consideration of Investment Management Arrangement

Tax-Managed International Portfolio
International Portfolio
Emerging Markets Portfolio
Short Duration New York Municipal Portfolio
Short Duration California Municipal Portfolio
Short Duration Diversified Municipal Portfolio
New York Municipal Portfolio
California Municipal Portfolio
Diversified Municipal Portfolio
U.S. Government Short Duration Portfolio
Short Duration Plus Portfolio
Intermediate Duration Portfolio
Overlay A Portfolio
Tax-Aware Overlay A Portfolio
Overlay B Portfolio
Tax-Aware Overlay B Portfolio
Tax-Aware Overlay C Portfolio
Tax-Aware Overlay N Portfolio

The Fund's Board of Directors, including the Directors who are not interested persons of the Fund (the "Independent Directors"), unanimously approved the continuation of the Investment Management Agreement between the Sanford C. Bernstein Fund, Inc. (the "Fund"), on behalf of the Tax-Managed International, International, Emerging Markets, Short Duration New York Municipal, Short Duration California Municipal, Short Duration Diversified Municipal, New York Municipal, California Municipal, Diversified Municipal, U.S. Government Short Duration, Short Duration Plus, Intermediate Duration, Overlay A, Tax-Aware Overlay A, Overlay B, Tax-Aware Overlay B, Tax-Aware Overlay C and Tax-Aware Overlay N Portfolios (each, a "Portfolio" and collectively, the "Portfolios") and AllianceBernstein L.P. (the "Adviser") (the "Investment Management Agreement") at a meeting held on October 25, 2012. In connection with the process relating to the annual review of the Investment Management Agreement between the Fund and the Adviser, the Adviser received a letter dated August 23, 2012, from counsel to the Independent Directors. The letter contained a preliminary list of information requested by the Independent Directors to conduct their annual review. The Board of Directors, including the Independent Directors, had received and reviewed in July 2012 certain information relating to the profitability of the Adviser in 2011 and prior years in relation to its services to the Fund, and received and evaluated extensive additional materials relating to the renewal of the Investment Management Agreement from the Adviser during September and October 2012. In addition, the Independent Directors received materials prepared by the Senior Officer (who is also the Fund's Independent Compliance Officer), as described below. On September 20, 2012, the Board of Directors held an in-person meeting to discuss its review of the Investment Management Agreement and the materials the Directors had been provided. Also on September 20, 2012, the Independent Directors met separately with independent counsel and the Senior Officer, and met with Peter Kraus, the Chief Executive Officer of the Adviser, to discuss his perspectives on the performance of the Fund's Portfolios and strategies to improve that performance. Following the September 20, 2012 meeting, the Independent Directors, through counsel, requested certain additional information which was provided by the Adviser on October 9, 2012. The Independent Directors held a telephonic meeting on October 16, 2012 to discuss the contract renewal materials and supplemental materials. On October 24, 2012, the Independent Directors met with counsel to the Independent Directors as well as the Fund's Senior Officer to review the contract renewal materials provided by the Adviser as well as the Senior Officer's report and conclusions. On October 25, 2012, the Board of Directors held an in-person meeting to continue their review of the Investment Management Agreement. At the October 25, 2012 meeting, the Board approved the continuation of the Investment Management Agreement for an additional annual term as described below.

In approving the continuation of the Investment Management Agreement, the Board of Directors, including the Independent Directors, considered all information it deemed reasonably necessary to evaluate the terms of the Agreement and considered whether continuation of the Investment Management Agreement would be in the best interests of each respective Portfolio.

The Board of Directors also reviewed an independent evaluation prepared by the Fund's Senior Officer of the reasonableness of the advisory fees in the Investment Management Agreement, wherein the Senior Officer concluded that the contractual fees contained in the Adviser's proposal were reasonable with respect to all Portfolios and within the range of what would have been negotiated at arms-length in light of the surrounding circumstances.

The matters discussed below were considered separately by the Independent Directors in executive sessions, during which experienced counsel that is independent of the Adviser provided guidance to the Independent Directors. No single factor was considered in isolation or to be determinative to the decision of the Board to approve the continuation of the Investment Management Agreement. Rather, the Board concluded, in light of a weighing and balancing of all factors considered, that it was in the best interests of each Portfolio to approve the continuation of the Investment Management Agreement including the fees to be charged for services thereunder, as described below.

Fees and Expenses

The Board of Directors, including the Independent Directors, compared the fees and expense ratios of each Portfolio as proposed by the Adviser (before and after any fee waivers and expense reimbursements) against fees and expense ratios of a peer group of funds with similar investment objectives ("peer group"). Both the peer group and the funds within the peer group, with respect to the fee and expense data, were prepared by Lipper, Inc. ("Lipper"), an independent provider of investment company data. Where applicable, the Board considered similarities and differences between each Portfolio and the other funds in its respective peer group, including the relationship of fees to the size of fund assets. The Senior Officer also performed analyses of the advisory fees based upon hypothetical fee structures and asset levels, and compared such analyses to the Portfolios' peer groups.

The Board also received and considered information about the services rendered, and the fee rates charged, to other clients advised by the Adviser.

On the basis of its review and consideration of the proposed fees as described above, and in light of the Adviser's agreement to continue to voluntarily waive a portion of the advisory fees of the International, Tax-Managed International and Emerging Markets Portfolios as described below, the Board concluded that the current contractual advisory fees are reasonable.

Nature, Extent and Quality of Services

The Board of Directors, including the Independent Directors, considered their knowledge of the nature, quality and extent of services performed by the Adviser and its affiliates gained from their experience as directors of the Fund, their overall confidence in the Adviser's integrity and competence they have gained from that experience, and the Adviser's initiative in identifying and raising potential issues with the Directors. The Board also considered the Adviser's responsiveness, frankness and attention to concerns raised by the Directors from time to time, including the Adviser's willingness to consider and implement organizational changes designed to improve investment results and the services provided to the Portfolios. The Board also considered the scope and quality of the Adviser's investment management capabilities, other resources dedicated to performing its services, the quality of its administrative and other services provided to the Portfolios and the background and experience of the Adviser's senior management. The Board reviewed the qualifications, backgrounds and responsibilities of the investment staff primarily responsible for day-to-day portfolio management services for each Portfolio and noted the Adviser's commitment to strong research and investment management capabilities throughout recent difficult market environments. The Board considered the allocation of responsibilities as well as the factors that were taken into account in making and implementing investment decisions for the Portfolios. The Board then reviewed the compliance and administrative services of the Adviser that support the investment advisory services provided to the Portfolios and noted that such staff was sufficient to ensure a high level of quality service to the Portfolios. The Board also considered how the organizational capabilities and financial condition of the Adviser affected the nature and quality of its services and, in particular, the impact, if any, the diminution in assets under management and revenues of the Adviser in recent years may have had on the Adviser's available resources to provide services to the Portfolios.

In considering the nature and quality of the services provided by the Adviser, the Board of Directors, including the Independent Directors, received and considered information about each Portfolio's investment performance, as well as the performance of its peer group and the performance of an appropriate benchmark index. (The Board recognized that the benchmark indices do not account for fees and expenses incurred by a fund, including the Portfolios.) The Board was provided with performance data versus each Portfolio's peer group, both before and after fees for the l-year, 3-year, 5-year and 10-year periods, as applicable, ended June 30, 2012 ("relevant periods") and versus each Portfolio's benchmark index, after fees, for the year to date, l-year, 3-years, 5-years, 10-years and since inception periods, as applicable, ended June 30, 2012. Both the funds included in each Portfolio's peer group and the comparative performance data were provided to the Directors by Lipper. The Directors also receive detailed comparative performance information for the Portfolios at each regular Board meeting during the year.

The Directors noted the complexity of the Overlay Portfolios, in particular the complexity of managing the globally diversified set of asset classes and derivatives in which the Overlays can invest as well as the complexity of dynamically allocating assets through the Overlay Portfolios among various asset classes as economic and market conditions change in order to provide the desired risk/return trade-off for private client accounts. The Directors also noted the Adviser's continued efforts to enhance the Overlay Portfolios.

The Board concluded that the Adviser had the experience and resources necessary to provide services of appropriate nature, quality and scope with respect to the Portfolios.

Profitability

The Board of Directors, including the Independent Directors, considered the level of the Adviser's profits in respect of its management of the Portfolios. The materials provided to the Independent Directors included a schedule of the revenues, expenses and related notes indicating the profitability of the Portfolios to the Adviser for calendar years 2010 and 2011, which had been reviewed by an independent consultant retained by the Senior Officer. The Directors reviewed the assumptions and methods of allocation used by the Adviser in preparing fund-specific profitability data and noted that there are many potentially acceptable allocation methodologies for information of this type. The Directors noted that they received information regarding all revenues and expenses of the Adviser's relationship with the Fund, including those relating to the Adviser's subsidiaries that provide transfer agency, distribution and brokerage services to the Portfolios and that they had focused on profitability before taxes and distribution expenses. The Directors also received a presentation at the July 25, 2012 Board meeting from the independent consultant who reviewed the Adviser's methods of calculating profitability. The Directors recognized that it is difficult to make comparisons of profitability from fund advisory contracts because comparative information is not generally publicly available and is affected by numerous factors including different cost accounting methodologies.

After reviewing all relevant factors, the Board of Directors, including the Independent Directors, concluded that the level of the Adviser's profits in respect of its management of the Portfolios was reasonable.

Economies of Scale

The Board of Directors, including the Independent Directors, considered whether there have been economies of scale in respect of the management of the Portfolios, whether the Portfolios have appropriately benefited from any economies of scale, and whether there is potential for realization of any further economies of scale.

At the July 25, 2012 Board meeting, the Directors received a presentation from an independent consultant on economies of scale in the mutual fund industry and for the AllianceBernstein fund complex generally, and a presentation from the Adviser concerning certain of its views on economies of scale with respect to the Portfolios. After reviewing the profitability and economies of scale information provided by the Adviser and the independent consultant, the Board concluded that the benefits of any economies of scale were appropriately being shared with Portfolio investors by way of, among other things, the Portfolios' breakpoint arrangements as currently in effect as described below, expense caps and waivers on select Portfolios, and the Adviser's continued reinvestment in the business, including by researching and implementing new product enhancements, although the Adviser decreased its operating expenses and staff in recent years.

Fall-Out Benefits and Other Revenue

The Board of Directors, including the Independent Directors, also took into account not only the advisory fees payable by the Portfolios, but also so-called "fall-out benefits" to the Adviser, such as soft dollar arrangements (whereby it receives brokerage and research services from many of the brokers and dealers that execute purchases and sales of securities on behalf of its clients on an agency basis), Rule 12b-1 fees and sales charges received by the principal underwriter (which is a wholly owned subsidiary of the Adviser) with respect to the retail share classes of certain Portfolios, transfer agency fees paid by the retail share classes of certain Portfolios to a wholly-owned subsidiary of the Adviser, and brokerage commissions paid by certain Portfolios to brokers affiliated with the Adviser. The Directors recognized that the Adviser's profitability would be somewhat lower without these benefits. They also considered other benefits potentially derived from an increase in the Adviser's business as a result of its relationship with the Fund. The Directors concluded that these fall-out benefits to the Adviser were acceptable.

Advisory Fee Rate Schedule

On the basis of the information considered, and in light of the Adviser's agreement to continue to voluntarily waive the advisory fees of the International, Tax-Managed International and Emerging Markets Portfolios by an amount equal to 0.05% per annum of the respective net assets of these Portfolios through October 31, 2013, the Board determined to approve the continuation of the Investment Management Agreement for an additional annual term, without change to the Portfolios' contractual fee schedules, as set forth below:

	ADVISORY FEE SCHEDULE
Short Duration California Municipal Portfolio	0.45% of the first $750 million; 0.40% of assets in excess of $750 million
Short Duration Diversified Municipal Portfolio	0.45% of the first $750 million; 0.40% of assets in excess of $750 million
Short Duration New York Municipal Portfolio	0.45% of the first $750 million; 0.40% of assets in excess of $750 million
U.S. Government Short Duration Portfolio	0.45% of the first $750 million; 0.40% of assets in excess of $750 million
Short Duration Plus Portfolio	0.45% of the first $750 million; 0.40% of assets in excess of $750 million
New York Municipal Portfolio	0.50% of the first $1 billion; 0.45% of assets in excess of $1 billion up to, but not exceeding $3 billion; 0.40% in excess of $3 billion up to, but not exceeding $5 billion; 0.35% of assets in excess of $5 billion
California Municipal Portfolio	0.50% of the first $1 billion; 0.45% of assets in excess of $1 billion up to, but not exceeding $3 billion; 0.40% in excess of $3 billion up to, but not exceeding $5 billion; 0.35% of assets in excess of $5 billion
Diversified Municipal Portfolio	0.50% of the first $1 billion; 0.45% of assets in excess of $1 billion up to, but not exceeding $3 billion; 0.40% in excess of $3 billion up to, but not exceeding $5 billion; 0.35% in excess of $5 billion up to, but not exceeding $7 billion; 0.30% of assets in excess of $7 billion
Intermediate Duration Portfolio	0.50% of the first $1 billion; 0.45% of assets in excess of $1 billion up to, but not exceeding $3 billion; 0.40% in excess of $3 billion up to, but not exceeding $5 billion; 0.35% in excess of $5 billion up to, but not exceeding $7 billion; 0.30% of assets in excess of $7 billion

	ADVISORY FEE SCHEDULE
Tax-Managed International Portfolio	0.925% of the first $1 billion; 0.85% of assets in excess of $1 billion up to, but not exceeding $4 billion; 0.80% in excess of $4 billion up to, but not exceeding $6 billion; 0.75% in excess of $6 billion up to, but not exceeding $8 billion; 0.65% in excess of $8 billion up to, but not exceeding $10 billion; 0.60% of assets in excess of $10 billion
International Portfolio	0.925% of the first $1 billion; 0.85% of assets in excess of $1 billion up to, but not exceeding $4 billion; 0.80% in excess of $4 billion up to, but not exceeding $6 billion; 0.75% of assets in excess of $6 billion up to, but not exceeding $8 billion; 0.65% of assets in excess of $8 billion
Emerging Markets Portfolio	1.175% of the first $1 billion; 1.05% of assets in excess of $1 billion up to, but not exceeding $2 billion; 1.00% in excess of $2 billion up to, but not exceeding $3 billion; 0.90% in excess of $3 billion up to, but not exceeding $6 billion; 0.85% of assets in excess of $6 billion
Overlay A Portfolio	0.90% of assets
Tax-Aware Overlay A Portfolio	0.90% of assets
Overlay B Portfolio	0.65% of assets
Tax-Aware Overlay B Portfolio	0.65% of assets
Tax-Aware Overlay C Portfolio	0.65% of assets
Tax-Aware Overlay N Portfolio	0.65% of assets

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 Sanford C. Bernstein Fund, Inc. (the "Fund") with respect to the following Portfolios:[2]

Tax-Managed International Portfolio

International Portfolio

Emerging Markets Portfolio

U.S. Government Short Duration Portfolio

Short Duration Plus Portfolio

Intermediate Duration Portfolio

Short Duration California Municipal Portfolio

Short Duration Diversified Municipal Portfolio

Short Duration New York Municipal Portfolio

California Municipal Portfolio

Diversified Municipal Portfolio

New York Municipal Portfolio

The evaluation of the Investment Advisory Agreement was 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 of the Fund 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 Portfolios 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 Portfolios grow larger; and
6. Nature and quality of the Adviser's services including the performance of the Portfolios.

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). The first factor is an additional factor required to be considered by the Assurance of Discontinuance between the NYAG and the Adviser. 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 must charge a fee that is so disproportionately large that it bears no reasonable

[1] The Senior Officer's evaluation was completed on October 4, 2012 and discussed with the Board on October 16 and 25, 2012.
[2] Future references to the various Portfolios do not include "Sanford C. Bernstein." It also should be noted that references in the fee summary pertaining to performance and expense ratios refer to the Private Client Class shares of the Portfolios unless otherwise indicated.

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 the *Jones* decision, 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]

PORTFOLIOS' ADVISORY FEES, EXPENSE REIMBURSEMENTS & RATIOS

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

Portfolio	Advisory Fee Based on % of Average Daily Net Assets[4]	
Tax-Managed International Portfolio	First $1 billion	0.925%
	Next $3 billion	0.850%
	Next $2 billion	0.800%
	Next $2 billion	0.750%
	Next $2 billion	0.650%
	On the balance	0.600%
	The Adviser is extending its 5 basis points advisory fee waiver through October 31, 2013	
International Portfolio	First $1 billion	0.925%
	Next $3 billion	0.850%
	Next $2 billion	0.800%
	Next $2 billion	0.750%
	On the balance	0.650%
	The Adviser is extending its 5 basis points advisory fee waiver through October 31, 2013	
Emerging Markets Portfolio	First $1 billion	1.175
	Next $1 billion	1.050
	Next $1 billion	1.000
	Next $3 billion	0.900
	On the balance	0.850
	The Adviser is extending its 5 basis points advisory fee waiver through October 31, 2013	
U.S. Government Short Duration Portfolio Short Duration Plus Portfolio Short Duration California Municipal Portfolio Short Duration Diversified Municipal Portfolio Short Duration New York Municipal Portfolio	First $750 million On the balance	0.450% 0.400%
Intermediate Duration Portfolio Diversified Municipal Portfolio	First $1 billion	0.500%
	Next $2 billion	0.450%
	Next $2 billion	0.400%
	Next $2 billion	0.350%
	On the balance	0.300%
California Municipal Portfolio New York Municipal Portfolio	First $1 billion	0.500%
	Next $2 billion	0.450%
	Next $2 billion	0.400%
	On the balance	0.350%

[3] Jones v. Harris at 1427.

[4] The advisory fees of each Portfolio are based on the percentage of each Portfolio's net assets, not a combination of any of the Portfolios shown.

The Portfolios' net assets on September 30, 2012 and September 30, 2011 are set forth below:

Portfolio	09/30/12 Net Assets ($MM)	09/30/11 Net Assets ($MM)	Change ($MM)
Tax-Managed International Portfolio	$3,456.1	$3,590.7	-$134.6
International Portfolio	$1,497.0	$1,508.5	-$ 11.5
Emerging Markets Portfolio	$1,240.9	$1,250.0	-$ 9.1
U.S. Government Short Duration Portfolio	$ 109.3	$ 130.6	-$ 21.3
Short Duration Plus Portfolio	$ 625.3	$ 727.6	-$102.2
Intermediate Duration Portfolio	$4,826.1	$5,197.1	-$371.0
Short Duration California Municipal Portfolio	$ 99.9	$ 119.1	-$ 19.2
Short Duration Diversified Municipal Portfolio	$ 394.6	$ 418.0	-$ 23.4
Short Duration New York Municipal Portfolio	$ 133.2	$ 158.6	-$ 25.3
California Municipal Portfolio	$1,132.5	$1,113.5	$ 19.0
Diversified Municipal Portfolio	$5,670.5	$5,558.1	$ 112.4
New York Municipal Portfolio	$1,837.6	$1,830.5	$ 7.1

There have been various amendments to the investment advisory fee schedules of the Portfolios since October 2004 as a result of the Board of Directors' negotiations with the Adviser. Set forth in the table below is the impact in percentage terms of the advisory fee schedule changes made since October 2004 for each Portfolio. The estimated fees are based on September 30, 2012 net assets:

Effective Advisory Fees based on October 2004 Fee Schedule vs. Current Fee Schedule

Portfolio	October 2004	Current	Difference
Tax-Managed International Portfolio	0.929%	0.822%[5]	-0.107%
International Portfolio	0.967%	0.850%[5]	-0.117%
Emerging Markets Portfolio	1.226%	1.101%[5]	-0.125%
U.S. Government Short Duration Portfolio	0.500%	0.450%	-0.050%
Short Duration Plus Portfolio	0.500%	0.450%	-0.050%
Intermediate Duration Portfolio	0.460%	0.441%	-0.019%
Short Duration California Municipal Portfolio	0.500%	0.450%	-0.050%
Short Duration Diversified Municipal Portfolio	0.500%	0.450%	-0.050%
Short Duration New York Municipal Portfolio	0.500%	0.450%	-0.050%
California Municipal Portfolio	0.494%	0.494%	0.000%
Diversified Municipal Portfolio	0.459%	0.429%	-0.030%
New York Municipal Portfolio	0.477%	0.477%	-0.000%

[5] The estimated total expense ratio includes the 5 basis points advisory fee waiver effective through October 31, 2013.

Set forth below are the Portfolios' total expense ratios for the semi-annual period ended March 31, 2012:

Portfolio	Semi-Annual Period Ending 03/31/12 Total Expense Ratio[6]	
Tax-Managed International Portfolio	Private Client	1.11%
	Class A	2.20%
	Class B	3.11%
	Class C	3.05%
International Portfolio	Private Client	1.16%
	Class A	1.90%
	Class B	2.70%
	Class C	2.64%
Emerging Markets Portfolio	Private Client	1.45%
U.S. Government Short Duration Portfolio	Private Client	0.66%
Short Duration Plus Portfolio	Private Client	0.61%
	Class A	0.94%
	Class B	1.74%
	Class C	1.68%
Intermediate Duration Portfolio	Private Client	0.57%
Short Duration California Municipal Portfolio	Private Client	0.66%
Short Duration Diversified Municipal Portfolio	Private Client	0.59%
Short Duration New York Municipal Portfolio	Private Client	0.64%
California Municipal Portfolio	Private Client	0.63%
	Class A	0.89%
	Class B	1.59%
	Class C	1.59%
Diversified Municipal Portfolio	Private Client	0.56%
	Class A	0.78%
	Class B	1.53%
	Class C	1.49%
New York Municipal Portfolio	Private Client	0.61%
	Class A	0.85%
	Class B	1.60%
	Class C	1.56%

I. MANAGEMENT FEES CHARGED TO INSTITUTIONAL AND OTHER CLIENTS

The advisory fees charged to investment companies which the Adviser manages and sponsors are normally higher than those charged to similar sized institutional accounts, including pension plans and sub-advised investment companies. The fee differential reflects, among other things, different services provided to such clients, and different liabilities assumed. Services provided by the Adviser to the Portfolios that are not provided to non-investment company clients and sub-advised investment companies 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 Portfolios' third party service providers such as Fund counsel, auditors, custodians, transfer agents and pricing services. The accounting, administrative, legal and compliance requirements for the Portfolios are more costly than those for institutional assets due to the greater complexities and time required for investment companies. Servicing the Portfolios' Private Client and Retail investors is more time consuming and labor intensive compared to institutional

[6] Annualized.

clients since the Adviser needs to communicate with a more extensive network of financial intermediaries and shareholders. 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 fee charged to institutional accounts that have investment styles similar to the Portfolios.[7] Inaddition to the relevant AllianceBernstein Institutional fee schedule, set forth below are what would have been the effective advisory fees of the Portfolios had the AllianceBernstein Institutional fee schedules been applicable to the Portfolios versus the Portfolios' advisory fees based on September 30, 2012 net assets.[8]

Portfolio	Net Assets 09/30/12 ($MM)	AllianceBernstein ("AB") Institutional ("Inst.") Fee Schedule	Effective AB Inst. Adv. Fee	Portfolio Advisory Fee
Tax-Managed International Portfolio	$3,456.1	International Style Blend 80 bp on 1st 25 million 65 bp on next $25 million 55 bp on next $50 million 45 bp on next $100 million 40 bp on the balance *Minimum account size: $50m*	0.408%	0.822%
International Portfolio	$1,497.0	International Style Blend 80 bp on 1st 25 million 65 bp on next $25 million 55 bp on next $50 million 45 bp on next $100 million 40 bp on the balance *Minimum account size: $50m*	0.419%	0.850%
Emerging Markets Portfolio	$1,240.9	Emerging Markets Style Blend 100 bp on 1st $50 million 80 bp on the balance *Minimum account size: $50m*	0.808%	1.101%
U.S. Government Short Duration Portfolio[9]	$109.3	Low Duration 30 bp on 1st $20 million 20 bp on next $80 million 15 bp on next $150 million 12.5 bp on next $250 million 10 bp on the balance *Minimum account size: $25m*	0.214%	0.450%

[7] 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.

[8] 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

[9] The Portfolio's duration target of 1 to 3 years is similar to that of AllianceBernstein Institutional Low Duration, which targets a duration within 20% of the Bank of America/Merrill Lynch 1-3 Year Treasury Index. However, unlike AllianceBernstein Institutional Low Duration, the Portfolio has a relatively more restrictive investment strategy, which limits the Portfolio to invest primarily in U.S. Government and agency securities.

Portfolio	Net Assets 09/30/12 ($MM)	AllianceBernstein ("AB") Institutional ("Inst.") Fee Schedule	Effective AB Inst. Adv. Fee	Portfolio Advisory Fee
Short Duration Plus Portfolio	$625.3	Low Duration 30 bp on 1st $20 million 20 bp on next $80 million 15 bp on next $150 million 12.5 bp on next $250 million 10 bp on the balance *Minimum account size: $25m*	0.141%	0.450%
Intermediate Duration Portfolio	$4,826.1	U.S. Strategic Core Plus 50 bp on 1st $30 million 20 bp on the balance *Minimum account size: $25m*	0.202%	0.441%
Short Duration California Municipal Portfolio	$99.9	Short Duration California Municipal 30 bp on 1st $20 million 20 bp on next $80 million 15 bp on next $150 million 12.5 bp on next $250 million 10 bp on the balance *Minimum account size: $5m*	0.220%	0.450%
Short Duration Diversified Municipal Portfolio	$394.6	Short Duration Diversified Municipal 30 bp on 1st $20 million 20 bp on next $80 million 15 bp on next $150 million 12.5 bp on next $250 million 10 bp on the balance *Minimum account size: $5m*	0.159%	0.450%
Short Duration New York Municipal Portfolio	$133.2	Short Duration New York Municipal 30 bp on 1st $20 million 20 bp on next $80 million 15 bp on next $150 million 12.5 bp on next $250 million 10 bp on the balance *Minimum account size: $5m*	0.203%	0.450%
California Municipal Portfolio	$1,132.5	Intermediate Duration California Municipal 50 bp on 1st $5 million 37.5 bp on next $15 million 25 bp on next $80 million 18.75 bp on the balance *Minimum account size: $3m*	0.196%	0.494%
Diversified Municipal Portfolio	$5,670.5	Intermediate Duration Diversified Municipal 50 bp on 1st $5 million 37.5 bp on next $15 million 25 bp on next $80 million 18.75 bp on the balance *Minimum account size: $3m*	0.189%	0.429%
New York Municipal Portfolio	$1,837.6	Intermediate Duration New York Municipal 50 bp on 1st $5 million 37.5 bp on next $15 million 25 bp on next $80 million 18.75 bp on the balance *Minimum account size: $3m*	0.193%	0.477%

With respect to Tax-Managed International Portfolio and International Portfolio, the Senior Officer compared the differences between the advisory fees charged to the Portfolios and the fees charged to their corresponding institutional accounts (herein referred to as the "spread") and the spreads of the Portfolios' group of Lipper peers.[10] The result of that comparison was discussed with the Board of Directors.

The Adviser also manages the AllianceBernstein Mutual Funds ("ABMF"), which are investment companies. The advisory fee schedules of most ABMF funds in existence at the time of the settlement were affected by the AoD, which contemplate eight categories with almost all of the ABMF funds in each category having the same fee schedule. Certain of the eight categories are applicable to the Portfolios and the advisory fee schedules of those categories are set forth below. Also shown are the effective advisory fees of the Portfolios based on the investment advisory fees schedules of the ABMF funds and what would have been the effective advisory fees of the Portfolios had the advisory fee schedules of the ABMF funds been applicable to the Portfolios based on the Portfolios' September 30, 2012 net assets:

Portfolio	NYAG Category	ABMF Fee Schedule	ABMF Effective Fee	Portfolio Advisory Fee
Tax-Managed International Portfolio	International	75 bp on 1st $2.5 billion 65 bp on next $2.5 billion 60 bp on the balance	0.722%	0.822%
International Portfolio	International	75 bp on 1st $2.5 billion 65 bp on next $2.5 billion 60 bp on the balance	0.750%	0.850%
Emerging Markets Portfolio	Specialty	75 bp on 1st $2.5 billion 65 bp on next $2.5 billion 60 bp on the balance	0.750%	1.101%
U.S. Government Short Duration Portfolio	Low Risk Income	45 bp on 1st $2.5 billion 40 bp on next $2.5 billion 35 bp on the balance	0.450%	0.450%
Short Duration Plus Portfolio	Low Risk Income	45 bp on 1st $2.5 billion 40 bp on next $2.5 billion 35 bp on the balance	0.450%	0.450%
Intermediate Duration Portfolio	High Income	50 bp on 1st $2.5 billion 45 bp on next $2.5 billion 40 bp on the balance	0.476%	0.441%
Short Duration California Municipal Portfolio	Low Risk Income	45 bp on 1st $2.5 billion 40 bp on next $2.5 billion 35 bp on the balance	0.450%	0.450%
Short Duration Diversified Municipal Portfolio	Low Risk Income	45 bp on 1st $2.5 billion 40 bp on next $2.5 billion 35 bp on the balance	0.450%	0.450%
Short Duration New York Municipal Portfolio	Low Risk Income	45 bp on 1st $2.5 billion 40 bp on next $2.5 billion 35 bp on the balance	0.450%	0.450%
California Municipal Portfolio	Low Risk Income	45 bp on 1st $2.5 billion 40 bp on next $2.5 billion 35 bp on the balance	0.450%	0.494%
Diversified Municipal Portfolio	Low Risk Income	45 bp on 1st $2.5 billion 40 bp on next $2.5 billion 35 bp on the balance	0.416%	0.429%
New York Municipal Portfolio	Low Risk Income	45 bp on 1st $2.5 billion 40 bp on next $2.5 billion 35 bp on the balance	0.450%	0.477%

[10] Group peers selected by Lipper from the 2012 Lipper 15(c) Report.

Set forth below are the advisory fee schedules of certain ABMF funds, which have a somewhat similar investment style as certain Portfolios and do not follow the NYAG categories. Also set forth below are what would have been the effective advisory fees of the Portfolios had the ABMF fee schedules been applicable to the Portfolios based on the Portfolios' September 30, 2012 net assets:

Portfolio	ABMF Fund	ABMF Fee Schedule	ABMF Effective Fee	Portfolio Advisory Fee
International Portfolio	International Discovery Equity Portfolio	100bp on 1st $1 billion 95bp on next $1 billion 90 bp on next $1 billion 85bp on the balance	0.983%	0.850%
	International Focus 40 Portfolio	100bp on 1st $1 billion 95bp on next $1 billion 90 bp on next $1 billion 85bp on the balance	0.983%	0.850%
Emerging Markets Portfolio	Emerging Markets Multi-Asset Portfolio	100bp on 1st $1 billion 95bp on next $1 billion 90 bp on next $1 billion 85bp on the balance	0.990%	1.101%
Emerging Markets Portfolio	Emerging Markets Equity Portfolio	117.5 bp on 1st $1 billion 105 bp on next $1 billion 100 bp on next $1 billion 90 bp on next $3 billion 85 bp on the balance	1.151%	1.101%
Intermediate Duration Portfolio	Sanford C. Bernstein Fund II, Inc. ("SCB II")—Intermediate Duration Institutional Portfolio[11]	50 bp on 1st 1 billion 45 bp on the balance	0.500%	0.500%

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 below for the Luxembourg funds that have a somewhat similar investment style as the Emerging Markets Portfolio:

Portfolio	Luxembourg Fund	Luxembourg Fee[12]
Emerging Markets Portfolio	Emerging Markets Growth	
	Class A	1.70%
	Class I (Institutional)	0.90%
	Emerging Markets Value	
	Class A	1.75%
	Class I (Institutional)	0.95%

[11] It should be noted that SCB II's fund expenses are capped at 0.45%.

[12] Class A shares of the Luxembourg funds are charged an "all-in" fee, which covers investment advisory and distribution related services.

The AllianceBernstein Investment Trust Management mutual funds ("ITM"), which are offered to investors in Japan, have an "all-in" fee to compensate the Adviser for investment advisory as well as fund accounting and administrative related services. The fee schedules of the ITM mutual funds that have a similar investment style as Emerging Markets Portfolio are set forth below:

Portfolio	ITM Mutual Fund	Distributor	Fee
Emerging Markets Portfolio	AllianceBernstein Emerging Markets Growth Stock Fund F / FB[13,14]	Nomura Trust Bank	0.800%
	AllianceBernstein Emerging Markets Growth Equity Fund[13,14]	Sumitomo Trust Bank	0.800%
	AllianceBernstein Emerging Markets Growth Stock A / B	Nomura Sec.	0.900%
	AllianceBernstein Emerging Markets Growth Equity Fund (SMA)	Sumitomo Trust Bank	0.850%

The Adviser provides sub-advisory investment services to certain other investment companies managed by other fund families. The Adviser charges the fees set forth below for the sub-advisory relationships that have a similar investment style as certain of the Portfolios. Also shown are the Portfolios' advisory fees, the advisory fee schedules of the sub-advised funds and the effective advisory fees of the sub-advisory relationships based on the Portfolios' September 30, 2012 net assets:

Portfolio	Sub-Advised Fund	Sub-Advised Fund Fee Schedule	Sub-Advised Fund Effective Fee (%)	Portfolio Advisory Fee (%)
International Portfolio	Client #1	0.75% on the first $50million 0.60% on the next $15 million 0.50% on the next $70 million 0.40% on the balance	0.418%	0.850%
	Client #2	0.60% of average daily net assets	0.600%	0.850%
	Client #3	0.35% on the first $1 billion 0.325 % on the balance	0.342%	0.850%
Emerging Markets Portfolio	Client #4	0.75% on the first $50 million 0.55% on the next $50 million 0.50% on the next $300 million 0.45% on the balance	0.478%	1.101%
Intermediate Duration Portfolio	Client #5	0.29% on first $100 million 0.20% thereafter	0.202%	0.441%

It is fair to note that the services the Adviser provides pursuant to sub-advisory agreements are generally confined to the services related to the investment process; in other words, they are not as comprehensive as the services provided to the Portfolios by the Adviser. In addition, to the extent that certain of these sub-advisory relationships are with affiliates of the Adviser, the fee schedules may not reflect arm's-length bargaining or negotiations.

While it appears that certain sub-advisory relationships are paying a lower fee than the Portfolios, it is difficult to evaluate the relevance of such lower fees due to differences in terms of the service provided, risks involved and other competitive factors between the Portfolios and sub-advisory relationships. There could also be various business-related reasons why an investment adviser would be willing to manage a sub-advisory relationship investment related services for a different

[13] The ITM fund is privately placed or institutional.

[14] The ITM fund is a fund of funds and charges a fee in addition to the AllianceBernstein fee.

fee level than an investment company it is sponsoring where the investment adviser is providing all the services generally required by a registered investment company in addition to investment services.

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 Portfolios with fees charged to other investment companies for similar services by other investment advisers.[15] Lipper's analysis included the comparison of each Portfolio's contractual management fee,[16] estimated at the approximate current asset level of the subject Portfolio, to the median of the Portfolio's Lipper Expense Group ("EG")[17] and the Portfolio's contractual management fee ranking.

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, and expense components and attributes. An EG will typically consist of seven to twenty funds.

The original EGs of certain Portfolios had an insufficient number of comparable peers. Consequently, Lipper expanded the EGs of the Portfolios to include peers with a different load type,[18] and for certain Portfolios, a similar but not the same Lipper investment objective/classification. However, because Lipper had expanded the EGs of the Portfolios, under Lipper's standard guidelines, the Portfolios' Lipper Expense Universes ("EU") were also expanded to include the universes of those peers that had a similar (but not the same) Lipper investment objective/classification and load type. A "normal" EU will include all funds that have the same investment classification/objective and load type as the subject Portfolio.[19]

Contractual management fees on a pro-forma basis are also shown for Tax-Managed International Portfolio, International Portfolio and Emerging Markets Portfolio to show the effect of the 5 basis points investment advisory fee waiver on the Portfolios' comparisons to their Lipper peers.

Portfolio	Contractual Management Fee (%)	Lipper Exp. Group Median (%)	EG Rank
Tax-Managed International Portfolio[20]	0.872	0.803	10/15
Pro-forma	*0.822*	*0.803*	*9/15*
International Portfolio[20]	0.901	0.853	15/20
Pro-forma	*0.851*	*0.853*	*11/20*
Emerging Markets Portfolio	1.152	1.159	9/18
Pro-forma	*1.102*	*1.159*	*9/18*
U.S. Government Short Duration Portfolio	0.450	0.454	7/16
Short Duration Plus Portfolio	0.450	0.450	8/17
Intermediate Duration Portfolio	0.441	0.468	6/15

[15] 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.
[16] The contractual management fee is calculated by Lipper using each Portfolio's contractual management fee rate at a hypothetical asset level. The hypothetical asset level is based on the combined current net assets of all classes of the Portfolio, rounded up to the next $25 million. Lipper's total expense ratio information is based on the most recent annual report except as otherwise noted. A ranking of "1" means that the Portfolio has the lowest effective fee rate in the Lipper peer group.
[17] Lipper does not consider average account size when constructing EGs. Funds with relatively small average account sizes tend to have a higher transfer agent expense ratio than comparable sized funds that have relatively large average account sizes.
[18] At the request of the Senior Officer and the Adviser, the EGs and EUs for all Portfolios were expanded to include peers of the following load type: institutional load, front-end and no-load.
[19] Except for asset (size) comparability, Lipper uses the same EG criteria when selecting an EU peer. Unlike the EG, the EU allows for the same adviser to be represented by more than just one fund.
[20] Lipper expanded the Portfolio's EG with respect to investment classification/objective.

Portfolio	Contractual Management Fee (%)	Lipper Exp. Group Median (%)	EG Rank
Short Duration California Municipal Portfolio[20]	0.450	0.450	5/9
Short Duration Diversified Municipal Portfolio	0.450	0.450	7/13
Short Duration New York Municipal Portfolio[20]	0.450	0.450	5/9
California Municipal Portfolio[20]	0.493	0.483	8/14
Diversified Municipal Portfolio	0.430	0.430	8/15
New York Municipal Portfolio[20]	0.477	0.464	8/13

Set forth below is a comparison of the Portfolios' total expense ratios to the medians of the Portfolios' EGs and EU. The Portfolios' rankings are also shown.

Total expense ratios on a pro-forma basis are shown for Tax-Managed International Portfolio, International Portfolio and Emerging Markets Portfolio to show the effect of the 5 basis points investment advisory fee waiver on the Portfolios' total expense ratios.

Portfolio	Expense Ratio (%)[21]	Lipper Exp. Group Median (%)	Lipper Group Rank	Lipper Exp. Universe Median (%)	Lipper Universe Rank
Tax-Managed International Portfolio[22]	1.138	1.133	10/15	1.232	205/522
Pro-forma	*1.088*	*1.133*	*8/15*	*1.232*	*181/522*
International Portfolio[22]	1.182	1.244	8/20	1.232	233/522
Pro-forma	*1.133*	*1.244*	*7/20*	*1.232*	*201/522*
Emerging Markets Portfolio	1.445	1.525	7/18	1.481	104/235
Pro-forma	*1.396*	*1.525*	*6/18*	*1.481*	*92/235*
U.S. Government Short Duration Portfolio	0.640	0.744	4/16	0.706	19/51
Short Duration Plus Portfolio	0.598	0.724	5/17	0.635	58/140
Intermediate Duration Portfolio	0.557	0.743	2/15	0.699	98/340
Short Duration California Municipal Portfolio[22]	0.633	0.633	5/9	0.620	10/16
Short Duration Diversified Municipal Portfolio	0.616	0.602	8/13	0.593	35/57
Short Duration New York Municipal Portfolio [22]	0.614	0.614	5/9	0.620	8/16
California Municipal Portfolio[22]	0.625	0.744	4/14	0.680	37/115
Diversified Municipal Portfolio	0.556	0.602	6/15	0.635	32/97
New York Municipal Portfolio [22]	0.606	0.750	3/13	0.680	33/115

Based on this analysis, considering pro-forma information where possible, 10 of the 18 Portfolios have a more favorable ranking on a total expense ratio basis than on a contractual management fee basis; 2 of the 18 Portfolios have a more favorable ranking on a contractual management fee basis than on a total expense ratio basis; 6 of the 18 Portfolios have equally favorable rankings on a contractual management fee and total expense ratio basis.

[20] Lipper expanded the Portfolio's EG with respect to investment classification/objective.

[21] The total expense ratios are for the most recently completed fiscal year Private Client Class.

[22] Lipper expanded the Portfolio's EG/EU with respect to investment classification/objective under standard Lipper guidelines.

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 Portfolios. 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.

Members of the Adviser's Controller's Office provided the Board of Directors information regarding the Adviser's profitability attributable to the Portfolios. With the exception of Tax-Managed International Portfolio and International Portfolio, the Adviser's profitability, excluding administrating and servicing fees increased for the Portfolios during calendar year 2011, relative to 2010.

The Adviser provides the Portfolios with shareholder servicing services. For these services, the Adviser charges the Fixed-Income Portfolios a fee of 0.10% of average daily assets and the Equity Portfolios a fee of 0.25% of average daily net assets. Set forth below are the fees paid by the Portfolios under the Shareholder Servicing Agreement during the fiscal year ended September 30, 2011:[23]

Portfolio	Shareholder Serving Agreement Fee
Tax-Managed International Portfolio	$11,785,124
International Portfolio	$ 5,039,884
Emerging Markets Portfolio	$ 4,558,406
U.S. Government Short Duration Portfolio	$ 149,555
Short Duration Plus Portfolio	$ 624,052
Intermediate Duration Portfolio	$ 5,261,269
Short Duration California Municipal Portfolio	$ 127,326
Short Duration Diversified Municipal Portfolio	$ 515,306
Short Duration New York Municipal Portfolio	$ 200,954
California Municipal Portfolio	$ 1,059,794
Diversified Municipal Portfolio	$ 4,991,204
New York Municipal Portfolio	$ 1,652,024

In addition to the Adviser's direct profits from managing and providing certain shareholder services to the Portfolios, certain of the Adviser's affiliates have business relationships with the Portfolios and may earn a profit from providing other services to the Portfolios. 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 Portfolios 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. These affiliates provide transfer agent and distribution related services to the Portfolios and receive transfer agent fees, Rule 12b-1 payments, front-end sales loads, contingent deferred sales charges ("CDSC"), and for all share classes of the Portfolios, commissions for providing brokerage services. In addition the Adviser benefits from soft dollar arrangements which offset research related expenses the Adviser would otherwise incur.

[23] The Shareholder Servicing Agreement does not apply to the Retail Class shares of the Portfolios.

Certain of the Portfolios have retail class shares. As of September 30, 2012, with respect to Tax-Managed International Portfolio and International Portfolio, the retail classes make up a small percentage of each of those Portfolios' total net assets:

Portfolio	09/30/12 Total Retail as % of Net Assets
Tax-Managed International Portfolio	0.06%
International Portfolio	0.64%
Short Duration Plus Portfolio	12.19%
California Municipal Portfolio	12.31%
Diversified Municipal Portfolio	17.30%
New York Municipal Portfolio	18.38%

AllianceBernstein Investments, Inc. ("ABI"), an affiliate of the Adviser, is the principal underwriter of the Portfolios' retail classes. ABI and the Adviser have disclosed in the prospectuses of the Portfolios' retail classes that they may make revenue sharing payments from their own resources, in addition to revenues derived from sales loads and Rule 12b-1 fees, to firms that sell shares of the Portfolios. In 2011, ABI paid approximately 0.04% of the average monthly assets of the AllianceBernstein Mutual Funds (which includes the retail classes of the Portfolios) or approximately $17 million for distribution services and educational support (revenue sharing payments).

ABI retained the following amounts for Class A front-end load sales charges from sales of the Portfolios' Class A shares during the fiscal year ended September 30, 2011:

Portfolio	Amount Received
Tax-Managed International Portfolio	$ 208
International Portfolio	$ 331
Short Duration Plus Portfolio	$3,509
California Municipal Portfolio	$ 79
Diversified Municipal Portfolio	$ 409
New York Municipal Portfolio	$ 619

ABI received the following Rule 12b-1 fees and CDSC for the Portfolios during the fiscal year ended September 30, 2011:

Portfolio	12b-1 Fee Received	CDSC Received
Tax-Managed International Portfolio	$ 23,738	$ 286
International Portfolio	$ 106,659	$ 1,473
Short Duration Plus Portfolio	$ 502,210	$ 19,154
California Municipal Portfolio	$ 351,531	$ 18,418
Diversified Municipal Portfolio	$2,188,673	$151,823
New York Municipal Portfolio	$1,116,101	$ 63,999

Fees and reimbursements for out of pocket expenses charged by AllianceBernstein Investor Services, Inc. ("ABIS"), the affiliated transfer agent for the Portfolios, are based on the level of the network account and the class of shares held by the account. ABIS also receives a fee per shareholder sub-account for each account maintained by an intermediary on an omnibus basis. ABIS received the following net fees from the Portfolios in the most recently completed fiscal year:[24]

PORTFOLIO	ABIS FEE
Tax-Managed International Portfolio	$17,982
International Portfolio	$21,151
Short Duration Plus Portfolio	$40,107
California Municipal Portfolio	$18,000
Diversified Municipal Portfolio	$46,423
New York Municipal Portfolio	$24,769

The Portfolios did not effect 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 therefore did not pay commissions for such transactions during the Portfolios' most recently completed fiscal year.

V. POSSIBLE ECONOMIES OF SCALE

The Adviser has indicated that economies of scale are being shared with shareholders through pricing to scale, breakpoints, fee reductions/waivers and enhancement to services.

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 the 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 due to declines in market value and client withdrawals. When AUM rapidly decreased, some operating expenses categories, including base compensation and office space, adjusted more slowly during this period, resulting in an increase in average costs. Since 2009, AUM has experienced less significant changes. 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 Adviser since late 2008 are inconsistent with the view that there are currently reductions in average costs due to economies of scale that can be shared with the AllianceBernstein Mutual Funds managed by the Adviser through lower fees.

The Adviser has indicated that economies of scale are being shared with shareholders through fee structures,[25] subsidies and enhancement to services. Based on some of the professional literature that has considered economies of scale in the mutual fund industry, it is thought that to the extent economies of scale exist, they may more often exist across a fund family as opposed to a specific fund. This is because the costs incurred by the Adviser, such as investment research or technology for trading or compliance systems, can be spread across a greater asset base as the fund family increases in size. It is also possible that as the level of services required to operate a successful investment company has increased over time, and advisory firms make such investments in their business to provide services, there may be a sharing of economies of scale without a reduction in advisory fees.

[24] The fee disclosed is net of expense offsets with ABIS. An expense offset is created by the interest earned on the positive cash balances that occur 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 from the transfer agent's account to the Portfolio's account. However, due to lower average balances and interest rates during the Portfolios' most recently completed fiscal year, monthly fees exceeded interest credits, resulting in zero expense offsets for the period.
[25] Fee structures include fee reductions, pricing at scale and breakpoints in advisory fee schedules.

Previously in September 2007, the independent consultant provided the Board of Directors an update of the Deli[26] study on advisory fees and various fund characteristics.[27] The independent consultant first reiterated the results of his previous two dimensional comparison analysis (fund size and family size) with the Board of Directors.[28] 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.

VI. NATURE AND QUALITY OF THE ADVISER'S SERVICES

INCLUDING THE PERFORMANCE OF THE PORTFOLIO.

With assets under management of approximately $411 billion as of August 31, 2012, the Adviser has the investment experience to manage the Portfolios and provide non-investment services (described in Section I) to the Portfolios.

The information prepared by Lipper in the table below shows the 1, 3, 5, and 10 year gross performance returns of the Portfolios[29] relative to the medians of the Portfolios' Lipper Performance Groups ("PG") and Lipper Performance Universes ("PU")[30] for the periods ended July 31, 2012.[31] Also shown are the gross performance rankings of the Portfolios.

		Portfolio Return (%)	PG Median (%)	PU Median (%)	PG Rank	PU Rank
Tax-Managed International Portfolio	1 year	-16.02	-8.39	-11.68	4/4	206/224
	3 year	0.21	7.16	4.37	4/4	181/190
	5 year	-9.99	-3.56	-4.65	4/4	146/148
	10 year	4.20	7.04	6.99	4/4	60/60
International Portfolio	1 year	-16.15	-12.43	-11.68	5/6	207/224
	3 year	0.23	4.05	4.37	5/6	180/190
	5 year	-9.83	-5.31	-4.65	6/6	144/148
	10 year	4.47	6.70	6.99	4/4	59/60
Emerging Markets Portfolio	1 year	-18.66	-12.40	-14.26	18/18	309/382
	3 year	4.82	8.39	7.69	17/18	208/251
	5 year	-2.69	0.25	-0.67	17/17	129/163
	10 year	16.91	16.91	15.71	7/13	29/95
U.S. Government Short Duration Portfolio	1 year	1.18	1.70	1.67	11/16	49/65
	3 year	2.12	2.53	2.64	12/16	45/59
	5 year	3.22	3.37	3.61	11/15	40/54
	10 year	3.17	3.35	3.37	9/13	31/48
Short Duration Plus Portfolio	1 year	1.25	2.59	2.80	17/17	188/193
	3 year	3.05	4.45	4.25	17/17	144/164
	5 year	2.39	4.44	4.13	15/15	127/143
	10 year	2.98	4.06	3.93	11/11	77/86

[26] 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 the data used in the presentation and the changes experienced in the industry over the last four years.
[27] As mentioned previously, 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.
[28] 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.
[29] The gross performance returns are for the Private Client class shares of the Portfolios.
[30] The Portfolios' PGs/PUs may not be identical to the Portfolios' EGs/EUs as the criteria for including or excluding a fund in a PG/PU is different from that of an EG/EU.
[31] Note that 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.

		Portfolio Return (%)	PG Median (%)	PU Median (%)	PG Rank	PU Rank
Intermediate Duration Portfolio	1 year	6.86	8.53	8.13	14/15	415/475
	3 year	9.03	9.01	8.82	7/15	168/414
	5 year	7.76	8.13	7.60	10/15	145/341
	10 year	6.48	6.82	6.33	10/12	98/232
Short Duration California Municipal Portfolio	1 year	1.63	5.20	3.95	7/7	11/15
	3 year	2.03	5.04	4.03	6/6	9/13
	5 year	2.92	4.88	4.64	6/6	9/12
	10 year	2.74	4.13	4.13	4/4	6/6
Short Duration Diversified Municipal Portfolio	1 year	2.28	2.36	2.36	8/13	40/73
	3 year	2.30	2.64	2.64	8/11	38/55
	5 year	3.09	3.33	3.33	8/11	29/45
	10 year	2.88	3.02	3.16	5/7	20/30
Short Duration New York Municipal Portfolio	1 year	1.89	2.46	5.08	3/3	6/6
	3 year	2.05	2.26	4.45	3/3	5/5
	5 year	2.94	3.35	4.90	3/3	5/5
	10 year	2.83	3.13	4.04	3/3	5/5
California Municipal Portfolio	1 year	6.84	9.52	9.26	6/6	21/28
	3 year	6.09	7.14	7.06	5/6	22/25
	5 year	5.52	5.94	5.62	6/6	19/23
	10 year	4.52	4.87	4.65	4/5	15/21
Diversified Municipal Portfolio	1 year	6.31	9.25	8.99	15/15	118/137
	3 year	5.47	7.20	7.10	15/15	94/98
	5 year	5.49	6.26	6.16	12/13	69/85
	10 year	4.52	5.25	5.07	12/12	55/59
New York Municipal Portfolio	1 year	6.19	8.37	8.39	5/5	20/21
	3 year	5.43	6.61	6.61	5/5	18/19
	5 year	5.44	5.95	5.96	5/5	14/17
	10 year	4.56	4.83	4.86	4/4	14/15

Set forth below are the 1, 3, 5, 10 year and since inception net performance returns of the Portfolios (in bold)[32] versus their benchmarks.[33]

	Periods Ending July 31, 2012 Annualized Net Performance (%)				
	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Tax-Managed International Portfolio	**-16.97**	**-0.92**	**-11.00**	**2.99**	**5.00**
MSCI EAFE Index[34]	-11.45	3.31	-5.61	6.36	5.31
Inception Date: June 22,1992					
International Portfolio	**-17.14**	**-0.94**	**-10.89**	**3.21**	**1.47**
MSCI EAFE Index	-11.45	3.31	-5.61	6.36	2.19
Inception Date: April 30, 1999					
Emerging Markets Portfolio	**-19.83**	**3.32**	**-4.10**	**15.10**	**7.54**
MSCI Emerging Markets Index	-13.93	6.63	-0.73	15.21	N/A
Inception Date: December 15, 1995					

[32] The net performance returns shown in the table are for the Private Client Class shares of the Portfolios.
[33] The Adviser provided Portfolio and benchmark performance return information for the periods through July 31, 2012.
[34] Benchmark since inception performance is as of the closest month end after the Portfolio's actual inception date.

	Periods Ending July 31, 2012 Annualized Net Performance (%)				
	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
U.S. Government Short Duration Portfolio	**0.53**	**1.47**	**2.54**	**2.43**	**4.67**
Bank of America / Merrill Lynch 1-3 Year Treasury Index	0.76	1.64	3.14	2.92	N/A
Inception Date: January 3, 1989					
Short Duration Plus Portfolio	**0.64**	**2.43**	**1.76**	**2.31**	**4.76**
Bank of America / Merrill Lynch 1-3 Year Treasury Index	0.76	1.64	3.14	2.92	N/A
Inception Date: December 12, 1988					
Intermediate Duration Portfolio	**6.26**	**8.45**	**7.16**	**5.87**	**6.86**
Barclays Capital U.S. Aggregate Bond Index	7.25	6.85	6.91	5.65	7.27
Inception Date: January 17, 1989					
Short Duration California Municipal Portfolio	**0.98**	**1.38**	**2.24**	**2.00**	**2.86**
Barclays Capital 1 Year Municipal Bond Index[34]	0.99	1.50	2.75	2.45	3.47
Inception Date: October 3, 1994					
Short Duration Diversified Municipal Portfolio	**1.65**	**1.67**	**2.45**	**2.21**	**3.11**
Barclays Capital 1 Year Municipal Bond Index[34]	0.99	1.50	2.75	2.45	3.47
Inception Date: October 3, 1994					
Short Duration New York Municipal Portfolio	**1.26**	**1.42**	**2.30**	**2.13**	**2.94**
Barclays Capital 1 Year Municipal Bond Index[34]	0.99	1.50	2.75	2.45	3.47
Inception Date: October 3, 1994					
California Municipal Portfolio	**6.18**	**5.42**	**4.87**	**3.86**	**4.95**
Barclays Capital 5 Year GO Municipal Index[34]	4.60	4.80	5.80	4.50	5.59
Inception Date: August 6, 1990					
Diversified Municipal Portfolio	**5.72**	**4.88**	**4.90**	**3.92**	**5.15**
Barclays Capital 5 Year GO Municipal Index[34]	4.60	4.80	5.80	4.50	5.67
Inception Date: January 9, 1989					
New York Municipal Portfolio	**5.55**	**4.80**	**4.80**	**3.92**	**5.17**
Barclays Capital 5 Year GO Municipal Index[34]	4.60	4.80	5.80	4.50	5.67
Inception Date: January 9, 1989					

CONCLUSION:

Based on the factors discussed above the Senior Officer's conclusion is that the investment advisory fees for the Fixed Income Portfolios are reasonable and within the range of what would have been negotiated at arm's-length in light of all the surrounding circumstances. With respect to the Equity Portfolios, the Portfolios' investment advisory fees, with the five basis point waiver, are reasonable and within the range of what would have been negotiated at arm's-length in light of all the surrounding circumstances. This conclusion with respect to each Portfolio is based on an evaluation of all of these factors and no single factor was dispositive.

Dated: November 12, 2012

[34] Benchmark since inception performance is as of the closest month end after the Portfolio's actual inception date.

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