

IMPORTANT: This letter requires your immediate attention. If you have any questions about the content of this letter, you should seek independent professional advice.

**ALLIANCEBERNSTEIN (LUXEMBOURG) S.A.**

*Société Anonyme*

**18, rue Eugène Ruppert**

**L-2453 Luxembourg**

**R.C.S. Luxembourg B 34 405**

**Notice to Shareholders of  
AllianceBernstein - Global High Yield Portfolio  
Change of Investment Policies and  
Creation of Hedged Share Classes**

26 October 2009

Dear Valued Shareholder:

The Board of Directors of AllianceBernstein (Luxembourg) S.A., the Management Company for the AllianceBernstein - Global High Yield Portfolio (the “**Portfolio**”) has approved the modification of the Portfolio’s investment policies to take greater advantage of UCITS guidelines\* concerning the use of certain derivative instruments and strategies.

The Board believes that granting the Portfolio more flexibility in the use of derivatives within the broader parameters now permitted under UCITS guidelines will serve to enhance the efficient management of the Portfolio.

In addition, the Board believes increased flexibility in the use of derivatives will facilitate more effective currency management, such as for example newly created hedged share classes designed to provide investors in certain designated currencies other than the Portfolio’s base currency (U.S. Dollars) a return more closely correlated to the Portfolio’s base currency. These hedged share classes may employ forward currency exchange contracts among other strategies to achieve this result.

The Portfolio’s ability to utilize derivatives will not alter the Portfolio’s current guidelines with respect to credit quality, duration and currency exposures. For example, the Portfolio’s expanded use of derivatives should not alter the Portfolio’s expected volatility. The volatility of a mutual fund’s net asset value (NAV) is a primary indicator of risk, and AllianceBernstein will continue to measure the Portfolio’s volatility in both absolute terms and relative to its relevant benchmarks. In addition, we will continue to closely monitor the Portfolio’s historical volatility and use proprietary models to attempt to predict the Portfolio’s future volatility.

In addition, the Portfolio’s expanded use of derivatives should not alter the acceptable ranges for some of the Portfolio’s other key risk parameters—including *interest rate risk*, *credit risk*, *foreign exchange risk* and *liquidity risk*. For example, the Portfolio’s average weighted maturity will continue to not exceed 15 years.

Hong Kong shareholders should note that as a result of granting the Portfolio more flexibility in the use of derivatives within the broader parameters now permitted under UCITS guidelines, the Portfolio may invest in a wider scope of transferable securities as defined under UCITS guidelines. Enclosed as an annex to this letter (the "**Annex**") is a comparison between the parameters which were permitted under UCITS I regulations and the broader parameters under UCITS III guidelines.

While the judicious use of derivatives can be beneficial, they also carry different risks from those presented by more traditional investments. These risks include the credit risk of the counterparty, risk involved with effective management of derivative strategies, risk of illiquidity in the market for certain derivative strategies and risk of loss greater than the amount invested in the derivative. Special features of financial derivative instruments, however, mean that the risks mentioned can be different and may sometimes be greater than risks entailed by an investment in the underlying instruments. Therefore the use of derivatives requires not just an understanding of the underlying instrument, but also sound knowledge of the derivatives themselves.

The risk of default in the case of derivatives traded on an exchange is generally lower than the risk associated with derivatives that are traded over-the-counter on the open market, because the clearing agents, which assume the function of issuer or counterparty in relation to each derivative traded on an exchange, assume a performance guarantee. To reduce the overall risk of default, this guarantee is supported by a daily payment system maintained by the clearing agent in which the assets required for cover are calculated. In the case of derivatives traded over-the-counter on the open market, there is no comparable clearing agent guarantee and in assessing the potential risk of default, the creditworthiness of each counterparty need to be taken into account.

There are also liquidity risks since it can be difficult to buy or sell certain instruments. When derivative transactions are particularly large or the corresponding market is illiquid (as can be the case with derivatives traded over-the-counter on the open market), it might not be possible to execute a transaction fully or liquidate a position at normal cost.

Other risks associated with the use of derivatives reside in the risk of incorrectly valuing or pricing derivatives. There is also a possibility that derivatives do not fully correlate with the underlying assets, interest rates or indices. Many derivatives are complex and frequently valued subjectively. Inappropriate valuations can result in higher cash payment requirements in relation to counterparties or in a loss of value for the Portfolio. There is not always a direct or parallel relationship between a derivative and the value of the assets, interest rates or indices from which it is derived. For these reasons, the use of derivatives by the Portfolio is not always an effective means of attaining the Portfolio's investment objective and can at time even have the opposite effect. The use of financial derivative instruments will be for investment, hedging and efficient portfolio management purposes.

We would also like to take this opportunity to clarify that the emerging market countries that the Portfolio may invest in are those not characterized as high income countries by the World Bank, based on per capita gross national income. As a part of investing in such emerging market countries, the Portfolio may use a variety of structured products to effectively and efficiently replicate exposure to emerging market bonds, including securities commonly referred to as "credit-linked notes".

AllianceBernstein has developed considerable experience managing these risks on behalf of its clients. These and other risks are discussed in greater detail in the Portfolio's prospectus (the "**Prospectus**") available from the Management Company or the authorized dealer from whom you purchased shares.

\*

\*

\*

For all these reasons, the Board of Directors has determined that the Portfolio's increased flexibility in using certain derivative instruments and strategies within UCITS guidelines is in the long-term best interests of shareholders.

If you feel otherwise, there are various options available to you: (1) You may request the exchange of your investment free of charge in shares of the Portfolio for the same share class of another AllianceBernstein-sponsored Luxembourg-domiciled UCITS fund registered or otherwise available through an AllianceBernstein authorized distributor in the country in which you reside; or (2) You may redeem your shares in the Portfolio free of charge (but subject to any contingent deferred sales charge, if applicable to your shares).

Please note that the Portfolio's modifications in respect to the use of derivative will become effective on 15 December 2009 (the "**Effective Date**").

The revised Prospectus and statement of additional information for Hong Kong investors dated November 2009 and further information relating to the risk management of the Portfolio are available to investors on or after the Effective Date upon request from the Hong Kong Representative - AllianceBernstein Hong Kong Limited of Suite 3401, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong. Please read the Prospectus for further details on the risk factors.

If you have any questions, please contact the Hong Kong Representative at tel: 2918 7888 or fax: 2918 0336.

The Board of Directors accepts responsibility for the accuracy of the information contained in this notice.

We appreciate your ongoing support of AllianceBernstein as we continue to help investors like you achieve better outcomes.

Yours sincerely,

**AllianceBernstein (Luxembourg) S.A.**

\* UCITS: *Undertakings for Collective Investment in Transferable Securities*—European Union regulatory guidelines that facilitate the offer and sale of UCITS-compliant funds throughout the EU, regardless of the member state where the fund is domiciled. The EU adopted the original UCITS directives in 1985. Fairly recently, EU-wide UCITS laws were enacted into Luxembourg law permitting the expanded use of derivative instruments and strategies provided that UCITS investment guidelines are strictly observed and a UCITS-compliant risk management framework exists.

## Annex

Comparison in relation to the instruments which were and will, respectively, be invested in by the Portfolio.

	<b>The existing parameters to which the Portfolio currently adopts</b>	<b>The broader parameters to which the Portfolio will adopt</b>
<b>Eligible investments</b>	<ul style="list-style-type: none"> <li>Financial derivative instruments may be used for efficient portfolio management and to hedge risk only</li> </ul>	<ul style="list-style-type: none"> <li>Financial derivative instruments may be used to make investments</li> <li>Management Company is required to establish risk management controls systems to measure and monitor the risks of financial derivative instruments</li> </ul>

Comparison between UCITS I and UCITS III investment restrictions.

<b>UCITS I</b>	<b>UCITS III</b>
<ul style="list-style-type: none"> <li>Transferable securities which are admitted to an official listing on a stock exchange or dealt in on another regulated market</li> <li>Recently issued transferable securities under specific conditions</li> <li>Only investment in units of UCITS in terms of the Directive 85/61/EEC is allowed (no more than 5% in total in UCITS)</li> </ul>	<ul style="list-style-type: none"> <li>Transferable securities<sup>1</sup> and money market instruments which are admitted to an official listing on a stock exchange or dealt in on another regulated market</li> <li>Recently issued transferable securities and money market instruments under specific conditions</li> <li>Units of UCITS in terms of the Directive 85/61/EEC and other specific UCI (no more than 30% in total in UCI other than UCITS type)</li> <li>Specific deposits with credit institutions</li> <li>Financial derivative instruments dealt in on a regulated market and "OTC derivatives" under specific</li> </ul>

	UCITS I	UCITS III
<b>Investment limits</b>	<p>But Only</p> <ul style="list-style-type: none"> <li>• Up to 10% in unquoted transferable securities and specific debt instruments</li> <li>• Techniques and instruments relating to transferable securities, used for the purpose of efficient portfolio management</li> <li>• Techniques and instruments providing protection against exchange risks</li> <li>• up to 5% in other open-ended UCITs within the meaning of the UCITS I Directive</li> <li>• Maximum 10% of net assets in transferable securities of one issuer<sup>ii</sup></li> </ul>	<p>conditions</p> <ul style="list-style-type: none"> <li>• Money market instruments other than those dealt in on a regulated market under specific conditions</li> </ul> <p>But Only</p> <ul style="list-style-type: none"> <li>• Up to 10% in transferable securities and money market instruments other than the above mentioned</li> <li>• Techniques and instruments relating to transferable securities and money market instruments, used for investment purposes</li> <li>• Maximum 10% of net assets in transferable securities and money market instruments issued by the same body<sup>iii</sup> (companies which are included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limit)</li> <li>• Maximum 20% of net assets in deposits made with the same body</li> <li>• The risk exposure to a counterparty of the UCITS in an OTC derivative transaction may not exceed 10% (if counterparty is a credit institution subject to prudential supervision equivalent to EU standard) and 5% (in other cases)</li> </ul>

## UCITS I

- Total value of all holdings of one issuer exceeding 5% of net assets may not exceed 40% of net assets<sup>iv</sup>

- No investments enabling a significant influence over the management of an issuing body<sup>vi</sup>
- 10% of non voting shares issued by one issuer<sup>vi</sup>
- 10% of the debt securities of any single issuer<sup>vi</sup>
- 10% of the units of another UCI<sup>vi</sup>

## UCITS III

- Total value of transferable securities and money market instruments of one issuer exceeding 5% of net assets may not exceed 40% of net assets<sup>v</sup>
- Additional limit of 20% of the assets for the combination of transferable securities and money market instruments issued by, deposits made with and/or exposures arising from OTC derivative transactions undertaken with a single body
- Limits concerning transferable securities and money market instruments are raised up to 20% (and exceptionally 35%) in case of UCITS replicating specific indices
- 20% of net assets in units of a single UCITS or other UCI (limit at sub-fund level)
- The global risk exposure relating to derivative instruments must not exceed the total net value of the portfolio. The total risk exposure may not be greater than 200% of the net asset value of the portfolio
- No investments enabling a significant influence over the management of an issuing body<sup>vii</sup>
- In particular maximum 10% of non voting shares issued by one issuing body<sup>vii</sup>
- In particular maximum 10% of the debt securities of any single issuing body<sup>vii</sup>
- In particular maximum 25% of the units of another UCITS or another specific UCI (at umbrella fund level)<sup>vii</sup>

**UCITS I****UCITS III****Prohibitions and other restrictions**

- Short sales are not allowed
- In particular maximum 10% of the money market instruments of any single issuing body<sup>vii</sup>
- Short sales are not allowed except for "synthetic" short sales

<sup>i</sup> Transferable securities under UCITS III are defined as "shares in companies and other securities equivalent to shares in companies, bonds and other forms of securities debt, or any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange" subject to certain restrictions in UCITS III.

<sup>ii</sup> Specific derogation for:

- Transferable securities issued or guaranteed by an EEC Member State, by its local authorities, by a non-member State of EEC or by public international bodies of which one or more EEC Member States are members.
- Certain debt securities issued by a credit institution whose registered office is situated in an EEC Member State and which is subject, by virtue of law, to particular public supervision for the purpose of protecting the holders of such debt securities. If a UCITS invests more than 5% of its assets in such debt securities as referred to in this indent and issued by the same issuer, the total value of such investments may not exceed 80% of the value of the UCIT's assets.

<sup>iii</sup> Specific derogation for:

- Transferable securities or money market instruments issued or guaranteed by a Member State of the European Union, by its local authorities, by a non-member State or by public international bodies of which one or more Member States of the European Union are members.
- Certain debt securities issued by a credit institution whose registered office is situated in a Member State of the European Union and which is subject, by virtue of law, to particular public supervision for the purpose of protecting the holders of such debt securities. If a UCITS invests more than 5% of its assets in such debt securities as referred to in this indent and issued by the same issuer, the total value of such investments may not exceed 80% of the value of the UCITS's assets.

<sup>iv</sup> The transferable securities referred to in the second footnote are not included in the calculation of the limit of 40%.

<sup>v</sup> The transferable securities or money market instruments referred to in the third footnote are not included in the calculation of the limit of 40%.

<sup>vi</sup> These restrictions are waived as regards:

- (a) Transferable securities issued or guaranteed by an EEC Member State or its local authorities;
- (b) Transferable securities issued or guaranteed by a non-member State of the EEC;
- (c) Transferable securities issued by public international bodies of which one or more EEC Member States are members;
- (d) Shares held by UCITS in the capital of a company incorporated in a non-member State of the EEC which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This derogation, however, shall apply only if in its investment policy the company from the non-member State of the EEC complies with the limits laid down in Articles 42, 44 and 45(1) and (2). Where the limits set in Articles 42 and 44 are exceeded, Article 46 shall apply *mutatis mutandis*;
- (e) Shares held by an investment company in the capital of subsidiary companies carrying on the business of management, advice or marketing exclusively on its behalf.

<sup>vii</sup> These restrictions are waived as regards:

- (a) Transferable securities and money market instruments issued or guaranteed by a Member State of the European Union or its local authorities;
- (b) Transferable securities and money market instruments issued or guaranteed by a non-member State of the European Union;
- (c) Transferable securities and money market instruments issued by public international bodies of which one

- 
- or more Member States of the European Union are members;
- (d) Shares held by UCITS in the capital of a company incorporated in a non-member State of the European Union which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the UCITS can invest in the securities or issuing bodies of that State. This derogation, however, shall apply only if in its investment policy the company from the non-member State of the European Union complies with the limits laid down in Articles 43, 46 and 48(1) and (2). Where the limits set in Articles 43 and 46 are exceeded, Article 49 shall apply *mutatis mutandis*;
  - (e) Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on its or their behalf.