

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

*Société Anonyme*

**18, rue Eugène Ruppert**

**L-2453 Luxembourg**

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**Notice to Shareholders of  
AllianceBernstein—American Value Portfolio  
Change of Name and Investment Policies**

14 May 2010

Dear Valued Shareholder:

The purpose of this letter is to inform you that the Board of Directors of AllianceBernstein (Luxembourg) S.A., which acts as management company of AllianceBernstein, a mutual investment fund (*fonds commun de placement*) organized under the laws of the Grand Duchy of Luxembourg (the “Fund”) has approved the following changes to AllianceBernstein—American Value Portfolio (the “Portfolio”)<sup>1</sup>.

The Portfolio will be renamed *AllianceBernstein—US Thematic Research Portfolio* and the Portfolio’s investment policies will be changed to incorporate a different investment process utilizing both top-down and bottom-up research. The Portfolio will continue to invest in US companies across multiple sector industries, but will not be constrained to any particular style or capitalization range. The Portfolio also has been enabled to take greater advantage of UCITS guidelines<sup>2</sup> concerning the use of certain derivative instruments and strategies for investment purposes.

The Portfolio’s investment manager, AllianceBernstein L.P. (the “Investment Manager”) believes that a thematic equity fund that invests opportunistically in the US in multiple sectors would be more likely to benefit current shareholders and attract new investors to the Portfolio, resulting in increased size of assets under management, which will benefit all shareholders.

To date, the Portfolio has focused on investments in large, well established, high quality “blue chip” U.S. companies that are determined to be undervalued. In conjunction with a proprietary value-based quantitative model, the Investment Manager utilized a fundamental research-driven bottom-up investment process to select stocks for the portfolio. The Portfolio’s new investment strategy will be broadened to include investments in a universe of companies in multiple sectors and capitalization ranges that may benefit from developing themes, and as a result the Portfolio’s weighted average market capitalization may be smaller. The Portfolio’s investments will not be restricted to any particular capitalization, sector or

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<sup>1</sup> A portfolio of AllianceBernstein, a mutual investment fund (*fonds commun de placement*) organized under the laws of Luxembourg, which conducts business in Germany, Austria and Switzerland under the name of ACMBernstein.

<sup>2</sup> 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.

industry. The number of companies in which the Portfolio normally invests will be changed from the range of 60-90 to 40-60. In addition, the Portfolio's benchmark will change from Russell 1000 Value Index to S&P 500 Index to better reflect the Portfolio's new investment strategy.

Drawing on the Investment Manager's research initiatives and its economists' macro-economic insights, the Portfolio's new investment strategy will seek to identify economic, social, and technological changes that will influence corporate performance across multiple sectors. The Investment Manager will assess the effects of these changes, in the context of the business cycle, on entire industries and on individual companies. Through this process, the Investment Manager intends to identify key investment themes. Current examples of these themes include Web 2.0, Abating Climate Change, The Genomic Age and the (re) Emerging Middle Class. In keeping with this focus on investment themes, the Directors approved a change in the Portfolio's name to *AllianceBernstein—US Thematic Research Portfolio*.

In addition to this "top-down" approach, the Investment Manager will also use a "bottom-up" analysis of individual companies that focuses on prospective earning growth, valuation and quality of company management. Overall, the goal of this investment process is to identify the most attractive securities across all sectors, primarily in the US. The Investment Manager intends to allocate a larger portion of the Portfolio's assets to what is considered to be more attractive securities to best capitalize on our "top-down" themes.

We anticipate that the important changes described above will provide you with an investment opportunity that is in certain respects, similar to the one that you originally sought—for example, opportunistic growth—but is different and enhanced in that the Portfolio now will seek these opportunities across multiple sectors and capitalizations in the US market. We anticipate that such changes may also result in the Portfolio's growth in size.

In addition, 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. As a consequence, the Board has determined that it is appropriate to classify the Portfolio as a "Sophisticated" Portfolio.

As a result of granting the Portfolio more flexibility in the use of derivatives within the broader parameters now permitted under UCITS guidelines, Hong Kong shareholders should in particular note that 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. The Investment Manager has developed considerable experience managing these risks on behalf of its clients. These and other risks are discussed in greater detail in the current version of the Portfolio's prospectus available from the Management Company of the Portfolio.

We also draw your attention to the fact that as part of the changes to the Portfolio, the Management Company will voluntarily undertake, until the Management Company notifies Shareholders to the contrary, that if, in any fiscal year, the aggregate fees and expenses with respect to the following share classes of the Portfolio (including any management fee and all other fees and expenses set out in "Additional Information—Fees and Expenses" in Section II of the Prospectus, including Luxembourg *Taxe d'Abonnement* but exclusive of certain other taxes, brokerage (if applicable) and interest on borrowings) exceed the following percentages of the Portfolio's average Net Asset Value for the fiscal year attributable

to the Portfolio's class A, B, C and I shares, respectively: 1.99%, 2.99%, 2.44% and 1.19%, the Fund may deduct from the payment to be made to the Management Company, or the Management Company will otherwise bear, such excess fees and expenses (the "**Fees and Expenses Cap Arrangement**").

\* \* \*

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

**Other investment options.** 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 in your jurisdiction 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) before the changes become effective.

Please note that the Portfolio's name change, modifications to its investment policies and the Fees and Expenses Cap Arrangement will become effective on 30 June 2010 (the "**Effective Date**").

The revised Prospectus and statement of additional information for Hong Kong investors dated June 2010 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.

**How to get more information.** If you have questions, or if you would like to obtain a prospectus that reflects these changes and full details about the Portfolio, please contact your financial adviser or a client service analyst at an AllianceBernstein Investor Services service center:

Europe/Middle East +800 2263 8637 or +352 46 39 36 151 (9:00 a.m. to 6:00 p.m. CET).

Asia-Pacific +800 2263 8637 or +65 62 30 2600 (9:00 a.m. to 6:00 p.m. SGT).

Americas +800 2263 8637 or +800 947 2898 or +1 212 823 7061 (8:30 a.m. to 5:00 p.m. US EST).

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

Yours sincerely,

**The Board of Directors of**

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

**LIST OF IDENTIFIERS (ISIN and CUSIP)**

	Class	ISIN			CUSIP
		USD*	EUR**	SGD**	USD*
<b>AMERICAN VALUE PORTFOLIO</b>	A	LU0124676726	LU0232464734	LU0289925561	L5528E124
	B	LU0124677880	LU0232464817	LU0289984733	L5528E132
	C	LU0129372610	LU0232467836	LU0289931619	L5528E207
	I	LU0128316170	LU0232464908	LU0289932260	L5528E173
	S	LU0138075154	LU0232466945	-	L5528E272
	S1	LU0231628149	LU0232467083	-	L5528E363
	S1A GB	LU0458706180	-	-	-
	S1B GB	LU0458706263	-	-	-

\* Base currency

\*\* Pricing convenience currency

## 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>Investment strategies / objectives</b>	<ul style="list-style-type: none"><li>• Achieving long-term capital growth by investing primarily in securities of large, well-established, high quality "blue chip" U.S. companies that are determined by the Investment Manager to be undervalued.</li></ul>	<ul style="list-style-type: none"><li>• Achieving long-term capital appreciation by investing in a universe of US companies in multiple industries that may benefit from economic, demographic, or technological innovation.</li></ul>
<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.

## UCITS I

- Transferable securities which are admitted to an official listing on a stock exchange or dealt in on another regulated market
- Recently issued transferable securities under specific conditions
- Only investment in units of UCITS in terms of the Directive 85/61/EEC is allowed (no more than 5% in total in UCITS)

### But Only

- Up to 10% in unquoted transferable securities and specific debt instruments

## UCITS III

- Transferable securities<sup>i</sup> and money market instruments which are admitted to an official listing on a stock exchange or dealt in on another regulated market
- Recently issued transferable securities and money market instruments under specific conditions
- 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)

- Specific deposits with credit institutions
- Financial derivative instruments dealt in on a regulated market and "OTC derivatives" under specific conditions
- Money market instruments other than those dealt in on a regulated market under specific conditions

### But Only

- Up to 10% in transferable securities and money market instruments other than the above mentioned

**UCITS I****UCITS III**

- Techniques and instruments relating to transferable securities, used for the purpose of efficient portfolio management
- Techniques and instruments providing protection against exchange risks
- up to 5% in other open-ended UCITs within the meaning of the UCITS I Directive

- Techniques and instruments relating to transferable securities and money market instruments, used for investment purposes

**Investment limits**

- Maximum 10% of net assets in transferable securities of one issuer<sup>ii</sup>

- 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)

- Maximum 20% of net assets in deposits made with the same body

- 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)

## 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

## 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

**UCITS I****UCITS III**

issued by one issuer<sup>vi</sup>

one issuing body<sup>vii</sup>

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| <ul style="list-style-type: none"> <li>• 10% of the debt securities of any single issuer<sup>vi</sup></li> <li>• 10% of the units of another UCI<sup>vi</sup></li> </ul> | <ul style="list-style-type: none"> <li>• In particular maximum 10% of the debt securities of any single issuing body<sup>vii</sup></li> <li>• In particular maximum 25% of the units of another UCITS or another specific UCI (at umbrella fund level)<sup>vii</sup></li> <li>• In particular maximum 10% of the money market instruments of any single issuing body<sup>vii</sup></li> </ul> |
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**Prohibitions and other restrictions**

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|---|--|
| <ul style="list-style-type: none"> <li>• Short sales are not allowed</li> </ul> | <ul style="list-style-type: none"> <li>• Short sales are not allowed except for "synthetic" short sales</li> </ul> |
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<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

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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.