

Early Days for Value Recovery

Bernstein Value Equities

1. Value Investing Works

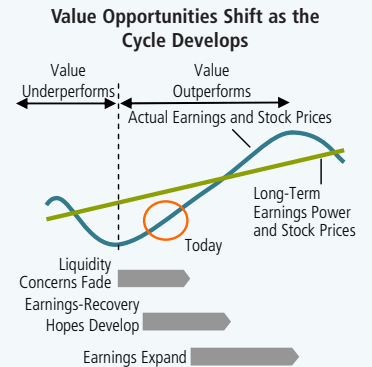
The value style has been a highly successful investment approach, delivering premiums over broad equity indices over time.



Through December 31, 2009
Source: FactSet, MSCI and Bernstein

2. Value Returns Are Cyclical

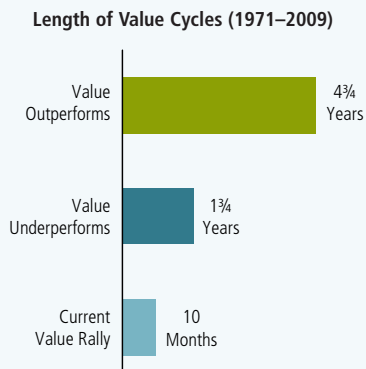
Fears of systemic collapse have faded. Investors are now focused on the risks and opportunities on the path to earnings recovery.



Source: Bernstein

3. Recoveries Are Often Strong and Long-Lasting

History suggests that many undervalued stocks will continue to rebound, with average outperformance lasting over four years.

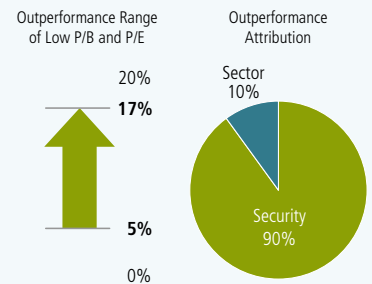


As of December 31, 2009. Value cycles defined as at least three quarters of rolling one-year outperformance or underperformance of combined price/book value and price/earnings factors versus the MSCI World Index hedged into USD. Source: Center for Research in Security Prices (CRSP), FactSet, MSCI, S&P Compustat, Thomson Financial, Worldscope and Bernstein

4. Stock Selection Dominates Outperformance

Value stocks have outperformed between 5% and 17% annually in past recoveries, with stock selection driving 90% of the premium.

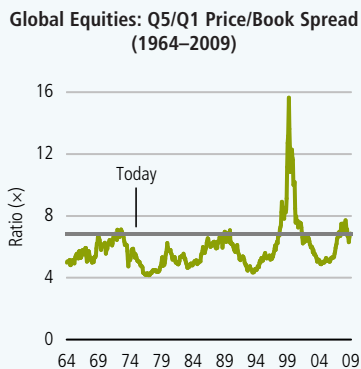
Value Cycle Attribution (1971–2007)



For a portfolio of the cheapest P/B and P/E quintile versus the MSCI World Index hedged into USD over each full value recovery period from 1971 to 2007. The returns presented are not intended to represent the performance of any AllianceBernstein-managed portfolio. Source: CRSP, FactSet, MSCI, S&P Compustat, Thomson Financial, Worldscope and Bernstein

5. Skepticism About Recovery Creates Valuation Disparity

Valuation spreads remain about as high as they've ever been except for the technology bubble.

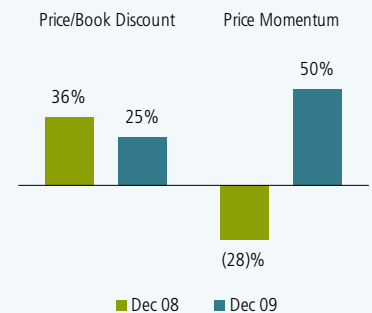


Through December 31, 2009. Global developed large-cap stocks; represents the ratio of most expensive quintile to cheapest quintile of stocks. Source: CRSP, FactSet, MSCI and Bernstein

6. Attractively Valued, with Better Momentum

Price momentum is now reinforcing attractive valuations, boding well for future outperformance potential.

Global Value Portfolio Characteristics vs. Benchmark



As of December 31, 2009. Based on a representative Global Value account versus MSCI World. Source: CRSP, MSCI, Thomson I/B/E/S and Bernstein

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