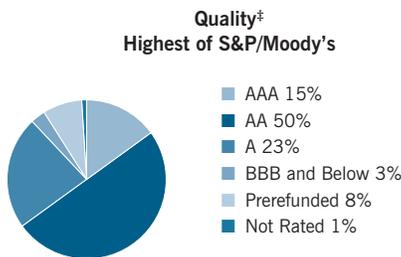
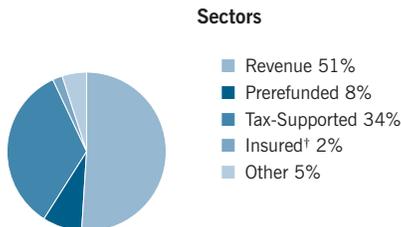


# Short Duration California Municipal Bonds

## Portfolio Characteristics\*



\* Holdings are expressed as a percentage of total investments and may vary over time. Percentages may not total 100% due to rounding.

<sup>†</sup> Insured bonds without at least one AA-rating are included in their underlying sector

<sup>‡</sup> 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 US Government Securities and therefore have been deemed high-quality investment grade by the Advisor. 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.

<sup>§</sup> The Short Duration California Municipal Bond Portfolio of the Sanford C. Bernstein Fund, Inc., is offered by Sanford C. Bernstein & Co., LLC, a member of FINRA and a subsidiary of AllianceBernstein L.P.

<sup>¶</sup> Bernstein Global Wealth Management, a unit of AllianceBernstein L.P.

<sup>^</sup> The minimum investment for separately managed municipal portfolios is \$3 million. The Short Duration California Municipal Bond Portfolio (the "Portfolio") of the Sanford C. Bernstein Fund, Inc. (the "Fund"), is available for clients who cannot meet this minimum. The Fund is offered by Sanford C. Bernstein & Co., LLC, a subsidiary of AllianceBernstein L.P.

The Short Duration California Municipal Bond Portfolio<sup>§</sup> is designed to provide safety of principal and a moderate rate of return after taking account of federal, state, and local taxes for California residents. Bernstein<sup>¶</sup> invests at least 80% of the portfolio in municipal securities. In addition, we invest at least 80% of the portfolio in municipal securities issued by the State of California or its political subdivisions, or otherwise exempt from California state income tax. We may invest up to 20% of the portfolio's net assets in fixed income securities of US issuers that are not municipal securities if, in our opinion, these securities will enhance after-tax return for California investors. We seek to maintain an effective duration of about one-half year to two and one-half years under normal market conditions. Our separately managed short duration municipal bond portfolios<sup>^</sup> are tailored to each client's investment goals and tax circumstances.

## The Active-Management Performance Premium

We actively manage bond portfolios for California residents, which means that compared with a traditional buy-and-hold approach, we seek to add meaningful extra return, after fees, without increasing risk. We strive to do this by capitalizing systematically on our research:

- We seek out *undervalued* bonds. Picking California bonds offering the highest prospective after-tax returns without undue risk demands extensive and intensive research into every aspect of the local market and of the bonds themselves. We calculate the expected return of each and every bond using both its sector and individual security characteristics.
- Credit research is one of our most critical building blocks. Although the default risk for municipals has been low (less than 0.1% of issues per year, on average, nationally), California municipalities' credit ratings fluctuate regularly, providing opportunities for a research-driven firm like ours. By scrutinizing each issuer's finances and economic environment, our analysts can take advantage of impending upgrades while seeking to avoid downgrades, both of which have significant financial consequences (*see chart, over*). Overall, our California portfolios are of high credit quality.
- We've developed quantitative models to enhance potential returns *after tax*. And, in seeking to optimize after-tax returns, we look beyond tax-exempt bonds: The after-tax return on taxable bonds may at times exceed that on municipal bonds for even top-bracket investors.
- We aim to increase the after-tax returns of municipal bonds by realizing losses and ensuring that capital gains are realized only when it pays to do so. (Most municipal bonds' interest income is tax-exempt, but their capital gains are taxable.) As such, tax considerations are a critical part of our dynamic investment process.
- Finally, we strive to bolster after-tax returns by positioning our portfolios at what our research tells us is the optimum combination of maturities, at any given time, for generating return without exposing the client to extra interest rate risk.

Investors should consider the investment objectives, risks, charges and expenses of the Fund/Portfolio carefully before investing. For copies of our prospectus or summary prospectus, which contain this and other information, visit us online at [www.bernstein.com](http://www.bernstein.com) or contact your Bernstein Advisor. Please read the prospectus or summary prospectus carefully before investing.

### Impact of Rating Changes\*

A \$1 million intermediate bond increases in value when upgraded...					
AA	→	AAA	=	+	\$600
A	→	AA	=	+	\$3,900
BBB	→	A	=	+	\$14,600
...and decreases by an equivalent amount when downgraded					
AAA	→	AA	=	-	\$600
AA	→	A	=	-	\$3,900
A	→	BBB	=	-	\$14,600

\* Based on yields of two-year bonds as of December 31, 2013  
Source: Municipal Market Data Corp. and AllianceBernstein

### A Word About Risk

Price fluctuations may be caused by changes in the general level of interest rates or changes in bond credit quality ratings. Changes in interest rates have a greater effect on bonds with longer maturities than on those with shorter maturities. The portfolio can invest up to 20% of its assets in non-investment-rated bonds, which are subject to greater risk of loss of principal and interest, as well as the possibility of greater market risk, than higher-rated bonds. While the portfolio invests principally in bonds and other fixed income securities, in order to achieve its investment objectives, the portfolio may at times use certain types of investment derivatives, such as options, futures, forwards, and swaps. These instruments involve risks different from, and in certain cases greater than, the risks presented by more traditional investments. These risks are fully discussed in the prospectus.

**Risk factors to consider include changes in interest rates; the potential for holdings to be called prior to their maturity; changes in the credit profile of the issuer or guarantor; the possibility that the credit rating of the portfolio's investments may be downgraded; political and economic uncertainties related to investments in municipal securities; inflation; and pricing, valuation, and correlation inconsistencies with regard to derivatives. For these reasons, we suggest that this portfolio constitute only a portion of your entire investment portfolio. This portfolio may contain municipal securities issued by the Commonwealth of Puerto Rico as well as other economic regions whose current economic conditions could exacerbate the risks associated with investing in these securities. For further details, please read the prospectus carefully before investing.**

### About AllianceBernstein and Its Bernstein Global Wealth Management Unit

Bernstein Global Wealth Management is the private client wealth management unit of AllianceBernstein L.P. Tracing its roots back to 1967, Bernstein oversees \$72 billion in private client assets.

Bernstein's investment services cover every major asset class and are customized to meet each client's financial goals and level of risk tolerance. Each account is tailored to the client's specific needs. Because most clients share similar goals of achieving relatively steady returns in the short term and superior returns in the long run, we encourage clients to diversify among bonds, foreign stocks, and real estate securities as well as US stocks, in proportions suitable to their particular goals and constraints. In addition, where appropriate, we manage tax consequences in light of a client's overall invested capital. We follow disciplined investment approaches to the markets, supported by a global research effort that's among the largest and most respected in the world.

