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Moderator: Chris Wilson
May 23, 2014
4:30 p.m. ET

Operator: Good afternoon. My name is (Kirk) and I will be your conference operator today. At this time, I would like to welcome everyone to the AllianceBernstein Global High Income Fund conference call.

All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. If you'd like to ask a question during this time, simply press star then the number one on your telephone keypad. If you'd like to withdraw your question, press the pound key. Thank you.

Mr. Christian Wilson, you may begin your conference.

Christian Wilson: (Kirk), thank you, and good afternoon, everyone. My name is Christian Wilson and I'm the Fixed Income Product Managing Director at AllianceBernstein.

A short while ago, we issued a press release that declared monthly dividends and advised of a dividend increase, decrease in one of our closed-end funds. To restate the contents of the press release, the dividends of the AllianceBernstein global high income fund has been reduced. The fund declared a monthly dividend of 0.081 cents per share, a decrease of 0.019 cents per share from the previous month.

I am joined on the call today by Matthew Sheridan, Senior Vice President and Portfolio Manager at AllianceBernstein. As soon as Matt has concluded his prepared remarks, we will open up the line for questions for members of the analyst community.

Let me hand it over to Matthew Sheridan. Matt?

Matthew Sheridan: Thanks, Christian. For all of our closed-end funds, the dividend rate is set to reflect as closely as possible our specimen of the respective portfolios current earnings power. The portfolios are positioned based upon what we believe is consistent with the appropriate risk levels and valuations in the marketplace.

There are two major drivers of the funds earning power. The first is the cost of short term borrowing associated with leverage, and the second is the level of market interest rates. The cost of short-term borrowing is heavily influenced by the Federal Reserve and the fed funds target rate. In such, the cost of short-term borrowing has remained low. The major market team influencing the change in the funds earning power is the current low level of market interest rates today, yield in virtually all fixed income sectors or at or near their historical low levels. For example, the yield in the global high yield index as of May 22nd, 2014 is 5.2 percent down from nearly 14.2 percent five years ago.

As a result, as higher yield bonds in the portfolio are either (called), mature or sold. The proceeds must be reinvested this lower levels, thus reducing the overall yield of our portfolio. The impact has been a reduction in the overall earnings power of the fund. As a result, the dividend of the fund has been reduced in order to more accurately reflect its current earnings power.

This concludes my prepared remarks in behalf of the fund. I would like to thank you very much for your time and your investment in our closed-end fund. We would now like to open the lines for analyst questions. (Kirk), could you please guide the participants on asking questions.

Operator: Certainly. At this time, I would like to remind everyone, in order to ask a question, please press star then the number one on your telephone keypad. And we'll pause for just a moment to compile the Q&A roster.

And once again, if you would like to ask a question, please press star then the number one on your telephone keypad.

Your first question comes from the lines of (Mark Sutherland). Your line is open.

(Mark Sutherland), your line is open. You may have yourself on mute.

(Mark Sutherland): Yes. I noticed that in the last four months, the net asset value of the fund has continued to rise. Do you anticipate being able to burn the 0.10 cents a share back sometime in the near future?

Matthew Sheridan: Sounds like two parts for that question. The first part is due to a strong performance from priced appreciation, generally from high yield emerging market funds where as a part of a function of a strong environment of fixed income generally. The second part, I think the question is targeted towards looking forward, do we expect to bring the earnings power back up?

It's really going to be dependent on where interest rates and spreads are on more aggressive fixed income sectors. Where we are today, it's hard to expect us unless we get an increase in the interest rates or spread product over the next few months. That's why we've reduced the dividend today. We would need spreads to widen out. We would need high yield emerging markets to underperform for us to be able to go out and increase our earnings power.

(Mark Sutherland): So, in other words, your earnings power doesn't have anything to do with the net asset value?

Matthew Sheridan: That's right. It's a combination of what do we earn from our coupons from the bonds in our portfolio and our expected price changes from what are the bonds we owned if we buy them in a discount, we expect those (to pull towards) (inaudible).

Christian Wilson: (Mark), this is Chris Wilson. When we set our dividend policy, we more or less seek to distribute the entire earnings power of the fund. So, to the extent that the net asset value is increasing or decreasing, that's typically reflective of what's happening to the bond prices of the investments in the portfolio.

(Mark Sutherland): Thank you.

Christian Wilson: Thank you.

Operator: Once again, if you would like to ask a question, please press star then the number one on your telephone keypad, and we'll pause once again.

We appear to have no further questions at this time. I'll turn the call back over to the presenters.

Christian Wilson: Thank you, (Kirk), and thank you, everyone. In addition, a written summary and transcript of today's call will be available on our website at www.alliancebernstein.com/investments/us. Once again, I'd like to thank you for joining us today and your continued support. This concludes our call.

Operator: This does conclude today's conference call. You may now disconnect.

AllianceBernstein Shareholder Information — The daily net asset value of the closed-end Fund shares are available from the Fund Transfer Agent by calling 800.426.5523. The Fund also distributes its daily net asset value to various financial publications or independent organizations such as Lipper Inc., Morningstar, Inc. and Bloomberg. Daily market prices for the Fund shares are published in the New York Stock Exchange Composite Transaction section of newspapers. The NYSE trading symbol for the AllianceBernstein Global High Income Fund is AWF.

A Word About Risk — Price fluctuations in the Fund's securities may be caused by changes in the general level of interest rates or changes in bond credit quality ratings. Increases in interest rates may cause the value of the Fund's investment to decline. Changes in interest rates have a greater effect on bonds with longer maturities than on those with shorter maturities. Treasury securities provide fixed rates of return, as well as principal guarantees, if held to maturity. The Fund can invest in high yield and non-investment grade bonds. Such bonds (also known as "junk bonds") involve a greater risk of default and price volatility than other bonds. Investing in non-investment grade securities presents special risks, including credit risk. Similar to direct bond ownership, bond funds have the same interest rate, inflation and credit risks that are associated with underlying bonds owned by the Fund. Fund purchasers should understand that, in contrast to owning individual bonds, there are ongoing fees and expenses associated with owning shares of bond funds. While the Fund invests principally in bonds and other fixed-income securities, in order to achieve its investment objectives, the Fund 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. In addition, the Fund can use leverage. Leverage involves trying to enhance investment returns by borrowing money or using other leverage tools—magnifying both gains and losses, resulting in greater volatility.

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