AllianceBernstein
Multi-Manager Alternative Fund

The AllianceBernstein Multi-Manager Alternative Fund provides investors with access to a diversified portfolio of hedge funds that seeks long-term capital appreciation with less volatility than that of the broad equity markets. We take a comprehensive, disciplined approach to selecting hedge funds with a wide range of strategies and return sources.

The Importance of Manager Selection and Diversification

Hedge funds in aggregate have outperformed the broad equity and fixed income markets over the past 16 years and have been substantially less volatile than the equity markets. While past performance does not guarantee future results, our research suggests that allocating up to 25% of the assets in a traditional stock/bond portfolio to a well-diversified group of hedge funds has the potential to improve long-term investment outcomes.

However, the attractive average returns of hedge funds mask the fact that the performance dispersion among individual hedge funds is much wider than the dispersion among long-only equity funds. As a result, manager selection and broad diversification across managers and strategies are critical to investing successfully in hedge funds. Of course, diversification does not eliminate the risk of loss.

Potential Advantages of the Fund

Diversification: The portfolio gives investors exposure to many funds across a wide range of hedge fund strategies, providing manager and strategy diversification for a low overall capital commitment.

Expertise: The Alternative Investment Management Team has the expertise and resources needed to evaluate the wide variety of complex investment strategies that hedge funds pursue, and to perform comprehensive due diligence. It has managed a large portfolio of hedge funds since 1996.

Access: The team’s extensive relationships in the hedge fund industry give the fund access to both established and emerging managers, including managers that may otherwise limit capacity.

Risk management: In initial due diligence and ongoing monitoring efforts, the team seeks to understand each fund’s strategy, sources of return, and both investment and operational risks. It uses quantitative tools to capture the risk factors of complex investment strategies that hedge funds pursue, and to perform comprehensive due diligence. It has managed a large portfolio of hedge funds since 1996.

Snapshot: Multi-Manager Alternative Fund

<table>
<thead>
<tr>
<th>Investment Objective</th>
<th>To provide long-term capital appreciation by allocating assets among hedge funds that employ a broad range of strategies</th>
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<tr>
<td>Risk Objective</td>
<td>Seeks less volatility than that of the broad equity markets</td>
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<tr>
<td>Target Investments</td>
<td>Primarily hedge funds pursuing long/short equity, multi-strategy/event-driven, credit/distressed, emerging-market, global macro, and other strategies</td>
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1As of December 31, 2011. Equity market volatility was 16.5% from 1996 to 2011; hedge fund volatility was 8.2%, our research has found. Hedge funds represented by the Lipper TASS database, adjusted by AllianceBernstein to reduce biases; equities by the MSCI World Index; and bonds by the Barclays Capital Global Aggregate Bond Index. See Note on the Lipper TASS Database at back.
of each fund and its impact on the overall portfolio, and analyzes a range of downside market scenarios to stress-test their potential impact on the portfolio.

**Investment Philosophy**

We believe that we can achieve attractive risk-adjusted returns, with less downside risk than the equity markets, by investing with the right hedge fund managers. We look for managers with proven experience in their particular strategies. We prefer strategies with:

- A fundamental and long-term (rather than a quantitative and short-term) approach;
- A sustainable investment concept backed by a strong track record of return generation and sound risk management;
- Moderate use of leverage; and
- Stable and tenured teams.

We view manager skill as the ultimate source of returns for the portfolio, although we believe we can enhance returns through adept portfolio construction.

**Investment Process**

The team employs a rigorous process for investing in external funds (Display 2):

*Idea generation:* The team taps its wide network of industry relationships to find managers with strong reputations and outstanding investment expertise in each targeted strategy.

*Investment due diligence:* The team develops an understanding of a manager’s investment strategy and the fund’s historical returns and how those returns were achieved, as well as the strategy’s overlap with other strategies and how the strategy diversifies or concentrates risk in the overall portfolio.

*Operational due diligence:* Before investing in any fund, we also examine non-investment aspects of the hedge fund’s business: operations, compliance, finance and accounting, legal, information technology, and risk management. We continue to monitor business risks over time.

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<tr>
<th>Manager Performance Dispersion: 1996–2011</th>
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<tr>
<td>Top-Decile Manager</td>
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<tr>
<td>Median</td>
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<tr>
<td>Bottom-Decile Manager</td>
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<tr>
<td>Hedge Funds</td>
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<tr>
<td>Long-Only Equities</td>
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<tr>
<td>Bottom-Decile Manager</td>
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</tbody>
</table>

Past results are not necessarily indicative of future results.

See footnote 1 for information regarding the proxies for hedge funds and long-only equities.

Source: Lipper TASS, Mercer, and AllianceBernstein

**Portfolio construction:** We build a portfolio of between 30 and 60 hedge funds. The allocation to particular strategies reflects the macroeconomic environment as well as the opportunity to invest with high-caliber managers.

**Monitoring:** The team regularly reviews the Multi-Manager Alternative Fund and each underlying fund to maintain the desired risk/return profile and diversification among strategies. The team continually evaluates each manager’s performance, asset growth, consistency of strategy, risk management, and management-team stability. It terminates managers who fail to meet its high standards on these and other factors.

**The Investment Team**

**Marc Gamsin** is Head of the AllianceBernstein Alternative Investment Management Team and is responsible for the selection of the external hedge funds included in the portfolio. Prior to joining AllianceBernstein in 2010, Gamsin was president of SunAmerica Alternative Investments, which managed a large portfolio of alternative investments for almost 15 years for SunAmerica Financial Group. Before joining SunAmerica in
1996, Gamsin was a partner at the Los Angeles–based law firm of O’Melveny & Myers, where he represented investment fund sponsors and other financial services companies. At AllianceBernstein, Gamsin and the Alternative Investment Management Team continue to manage SunAmerica’s $4 billion hedge fund portfolios.

Greg Outcalt is the Deputy Chief Investment Officer of the AllianceBernstein Alternative Investment Management Team and shares responsibility for the selection of the external hedge funds. Prior to joining AllianceBernstein in 2010, Outcalt was executive vice president of SunAmerica Alternative Investments. Outcalt also served SunAmerica as senior vice president and controller, responsible for the firm’s accounting and risk management departments. Prior to that, he headed SunAmerica’s investment accounting department and contributed to its investment management and corporate development activities.

Drew W. Demakis has been the Chief Operating Officer and Chief Risk Officer for Alternative Investment Management since 2011. He joined AllianceBernstein as a senior portfolio manager for Global and International Value Equities in 1998, and over the years has served as a senior member of the Blend Strategies team, as Chief Investment Officer for US Structured Equities and, most recently, as Chief Investment Officer for Global Diversified Strategies. Previously he served as managing director and head of research at Rogerscasey, an investment consulting firm that he joined in 1988.

Our Risk Management and Operations Teams draw on the deep resources of AllianceBernstein to manage the operations of the fund; these teams are crucial to the successful governance of the portfolio.

Summary of Terms
The AllianceBernstein Multi-Manager Alternative Fund is a closed-end fund that allows new purchases on a monthly basis and is restricted to accredited investors.

Capital contributions: The minimum initial contribution is US$20,000.

Withdrawals: The fund offers quarterly redemptions with a 95-day notice, via tender offer. Aggregate redemptions for all investors in any one quarter will generally be limited to 15% of the net assets of the fund, at the board’s discretion.

Fees: The management fee is 1.50% per annum.

Tax Reporting: 1099.

Alternative Investments at AllianceBernstein
AllianceBernstein’s global alternative-investment practice provides investment products for private clients and institutions worldwide. Our broad array of alternative-investment products spans asset classes, liquidity levels, and risk/return profiles—including hedge funds, private equity, and various other asset-allocation solutions that incorporate fixed income, currencies, and equities. These products are designed to help a variety of investors achieve their goals.

Numbers are approximate. Source: AllianceBernstein

This is not intended to be a comprehensive summary of all investment terms. Please consult the prospectus for additional information.
Notes and Disclosures

Investment in this Fund is highly speculative and involves substantial risk, including loss of principal, and therefore may not be suitable for all investors.

General Risk Factors. Investments in alternative strategies are speculative and involve a high degree of risk. Alternative investments may exhibit high volatility, and investors may lose all or substantially all of their investment. Investments in illiquid assets and foreign markets and the use of short sales, options, leverage, futures, swaps, and other derivative instruments may create special risks and substantially increase the impact and likelihood of adverse price movements. Interests in alternative investment funds are subject to limitations on transferability and are illiquid, and no secondary market for interests typically exists or is likely to develop. Alternative investment funds are typically not registered with securities regulators and are therefore generally subject to little or no regulatory oversight. Performance compensation may create an incentive to make riskier or more speculative investments. Alternative investment funds typically charge higher fees than many other types of investments, which can offset trading profits, if any. There can be no assurance that any alternative investment fund will achieve its investment objectives.

Tax Risks. The Fund intends to be treated as a regulated investment company (a “RIC”) under the Internal Revenue Code. However, in order to qualify as a RIC and also to avoid having to pay an “excise tax,” the Fund will be subject to certain limitations on its investments and operations, including a requirement that a specified proportion of its income come from qualifying sources, an asset diversification requirement, and minimum distribution requirements. Satisfaction of the various requirements requires significant support and information from the underlying portfolio funds, and such support and information may not be available, sufficient, verifiable, or provided on a timely basis.

No Operating History. The Portfolio is a newly formed entity and does not have any operating history upon which prospective investors can evaluate the anticipated performance of the Fund.

Fund of Funds Considerations. The Portfolio will have no control rights over and limited transparency into the investment programs of the underlying funds in which it invests. In valuing the Portfolio’s holdings, the Investment Manager will generally rely on financial information provided by underlying funds, which may be unaudited, estimated, and/or may not involve third parties. The Fund’s investment opportunities may be limited as a result of withdrawal terms or anticipated liquidity needs (e.g., withdrawal restrictions imposed by underlying hedge funds may delay, preclude, or involve expense in connection with portfolio adjustments by the Investment Manager).

This material contains certain information about the investment activities, investment performance, and investment portfolio of the American International Group, Inc. (together with its affiliates, “AIG”), that was managed by one or more members of the Alternative Investment Management Team (“AIMT”) during their tenure with AIG. Neither the Portfolio nor AIMT has any affiliation with AIG. AIG has not compiled or participated in the preparation of this material, and AIG does not assume any responsibility for the contents of this material, including, without limitation, any of the performance or other information contained herein. Moreover, interests in the Portfolio are not sponsored, endorsed, promoted, or sold by AIG. Consequently, in no respects should AIG be considered to have approved or disapproved any of the information set forth in this material or with respect to the offering of interests in the Portfolio. Prospective investors should understand that there are many factors applicable to AIG and its business that may not be applicable to the Portfolio, and therefore the Portfolio’s actual investment performance may vary significantly from the investment performance data herein.

Note on the Lipper TASS Database. The Lipper TASS database includes the net-of-fee performance of individual hedge funds whose managers have elected to report to the database. In constructing our hedge fund, and fund of funds, indices, we included the performance of funds only after their managers decided to report to the database, and only for those funds that had at least $10 million in assets under management. We also included the performance of all funds in the database that are no longer currently reporting. The Lipper TASS database has over 20 years of data, but in the early 1990s there were very few funds in the universe. When we corrected for backfill, there were even fewer. We therefore began our performance history in 1996, the point at which we felt we had a reliable sample of funds. Based on the above selection criteria, there were about 4,800 distinct hedge funds in the database during the 1996–2011 period. The indices are asset-weighted.

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