

AllianceBernstein— International Health Care Portfolio

Market Overview

Health care stocks rose slightly in July, but underperformed the overall market. Within the health care sector, biotechnology stocks outperformed, medical services stocks underperformed, and drug and medical product stocks were essentially in-line with the benchmark. Quarterly earnings results and some regulatory decisions accounted for the majority of headlines in the month.

Shares of Teva came under pressures after rival Sandoz and partner Momenta received US approval for their generic version of Sanofi-Aventis's blood thinner Lovenox. Concerns arose as Teva's own generic Lovenox has yet to be approved, and some fear Momenta's Lovenox approval could foreshadow approval for Momenta's generic version of Teva's blockbuster drug Copaxone for multiple sclerosis. However, Teva remains optimistic it will receive approval for its generic Lovenox in the future, and the company is confident that Momenta will be unable to gain approval for generic Copaxone without major clinical trials, owing to the drug's complex structure and mechanism of action.

Celgene reported strong Q2 results across the board and raised its guidance for the full year. Adjusted sales and earnings exceeded consensus estimates, increasing

36% and 50%, respectively, from the prior year's quarter. Sales of key cancer drug Revlimid were very strong, rising 48%. As a result of the trends, the company raised its 2010 guidance on both the top and bottom lines. For the full year, Celgene now projects sales growth of 28%, driven by a 37% increase in Revlimid, and earnings growth of 30%.

Gilead reported disappointing Q2 results which came in below analyst estimates. While revenues rose 17% and adjusted earnings grew 23% from last year's period, HIV drug sales were weaker than expected, owing to lower government purchases in the US and cost containment measures in Europe. In addition, the company lowered its full year sales guidance, due largely to the negative impact from currency movements.

Quarterly results from Express Scripts were solid, as adjusted earnings per share (EPS) rose 33%, exceeding the consensus estimate. Sales rose 105%, due primarily to the acquisition of WellPoint's pharmacy benefit manager NextRx. Express has now integrated over 50% of NextRx's members. For 2010, the company raised the bottom end of its guidance and now forecasts adjusted earnings for the year to increase between 37% and 40%.

Roche shares fell after a US Food and Drug Administration (FDA) advisory panel recommended that the FDA withdraw its approval for Avastin in first-line breast cancer treatment, concluding that safety risks from recent studies outweighed the drug's potential benefit. A final FDA decision is expected in September. However, the recent panel vote will not effect Avastin approval in other approved indications. In addition, Roche remains confident the drug will maintain its first-line breast cancer treatment approval in Europe.

Covidien reported mixed results for its fiscal 3Q, with earnings exceeding consensus expectations, but sales coming in light. Adjusted EPS rose 14%, driven by strong gross margin expansion. Meanwhile, sales were up just 2%, as revenues were negatively impacted by continued softness in surgical procedure volumes and increased competition in both its Medical Supplies and Pharmaceutical segments. For the full fiscal year, the company now expects top-line growth of 5-6% and adjusted earnings growth of approximately 17%.

Hill-Rom's stock was up significantly after the company markedly exceeded fiscal Q3 earnings expectations and meaningfully raised guidance for the full year. EPS in the quarter rose an impressive 80%, as sales growth of

8% was augmented by operating margin expansion of nearly 600 bps over 3Q09. For 2010, the company dramatically raised its forecast for earnings growth to a range of 34-38%, as compared to the prior guidance of 11-19%.

Shares of Thermo Fisher Scientific dropped after the company delivered a lackluster Q2 performance. Earnings were in-line with Consensus, rising 14% versus a year ago. Sales came in slightly below expectations, up 7% versus a year ago, as some underlying business trends were soft. For 2010, Thermo Fisher continues to expect earnings growth of 11-15%, but the company slightly lowered sales guidance to a range of 5-6% growth, due largely to FX moves.

Portfolio Performance

The MSCI World Health Care Index rose 0.9% in July, while the MSCI World Index increased 8.1%. The Portfolio underperformed its benchmark for the month and for the year to date.

Contributing to returns in July were positions in Shire, Human Genome Sciences, Celgene and Hill-Rom. Detracting from returns were positions in Medco, Covidien, Teva and McKesson.

The Portfolio is overweight medical

services and biotechnology, and underweight pharmaceuticals and medical products.

Outlook

Health care's traditionally defensive image and stable growth potential make it an appealing sector in the face of ongoing economic uncertainty. In addition, major secular trends, particularly an aging global population, will continue to drive increased spending in many areas of health care for the foreseeable future. In this environment, cost-cutting is important, and we continue to emphasize several companies that should benefit from the significant wave of generic drug utilization.

Furthermore, the uncertainty surrounding US health care reform has been a significant overhang for the health care sector for much of the past year. As a result, the health care space is attractively valued relative to the overall market. We believe that increased clarity regarding the impact of health care reform could serve as a positive catalyst for the health care sector and help drive relative multiple expansion in the quarters ahead.

Over the long-term, health care industries and stocks with consistent stable growth and solid fundamentals tend to demonstrate relative strength. We would continue

to favor stocks that exhibit such criteria; particularly those that we believe will exceed consensus expectations.

Portfolio Positioning

Trading in the Portfolio was active during the month, as we exited several names and adjusted position sizes around earnings results and stock movements.

On the sell-side, we exited Gilead and Thermo Fisher after lackluster earnings results left us with reduced conviction in the two companies' growth profiles. In addition, we sold out of Indian generic drug maker Glenmark after the company received sanctions from a US federal judge related to improper conduct. We also took some profits on Edwards Lifesciences, as shares hit an all-time high following strong earnings results.

On the buy-side, we used price volatility in the quarter to add to a number of positions. In particular, we added to Medco, McKesson, and Express Scripts, as medical service names came under pressure during the month. We also continued to build up positions in recently added names Amylin and Mitsubishi Tanabe. Finally, we increased our weight in Celgene following its strong earnings results.

AllianceBernstein (Luxembourg) S.A. is the management company of the Portfolio and has appointed AllianceBernstein (Singapore) Ltd. (Company Registration No. 199703364C) as its agent for service of process and as its Singapore representative.

Past performance is no guarantee of future results. There is no guarantee that any forecasts or opinions in these materials will be realized. This information should not be construed as an offer to sell, or solicitation of an offer to buy, or a recommendation for the securities of the fund.

The sale of shares in AllianceBernstein funds may not be offered or sold, directly or indirectly in the United States or to U.S. Persons, as is more fully described in the fund's prospectus. Shares of the fund are offered only pursuant to the fund's current prospectus together with the most recent financial statements. Further details may be obtained from the fund's distributor. For additional information, or to obtain a copy of the fund's prospectus, please contact your financial advisor.

A portfolio of ACMBernstein SICAV, an open-ended investment company with variable capital (société de investissement à capital variable) incorporated under the laws of Luxembourg, which conducts business outside of Germany, Austria and Switzerland under the name AllianceBernstein.

References to specific securities are presented for the purpose of providing information regarding a particular investment sector, or to illustrate the application of AllianceBernstein's investment philosophy, and are not to be considered recommendations by AllianceBernstein. The specific securities identified and described above may or may not be held by the Portfolio at any given time.

The transactions summarized herein represent those securities for which positions were initiated, eliminated or traded by the Portfolio, and are provided for informational purposes only. The specific securities listed do not represent all the securities purchased or sold by the Portfolio. Opinions and estimates expressed are AllianceBernstein's present opinions only, reflecting information currently available to AllianceBernstein as well as prevailing market conditions. Such opinions involve a number of assumptions which may not prove valid, and are subject to change without notice. Not all investments in the securities identified should be assumed to be profitable and future investments may not be profitable. A list of the Portfolio's holdings is available at www.alliancebernstein.com/investments.

MSCI makes no express or implied warranties or representations, and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices, any securities or financial products. This report is not approved, reviewed or produced by MSCI.

www.alliancebernstein.com/investments