

## AllianceBernstein— Global Equity Blend Portfolio

### Market Overview

Global equity markets continued their rebound that started in December, as the earnings season in the US got off to a strong start. Over the month, the MSCI World Index rose by 2.26% in US dollar terms.

With several notable exceptions, results from US corporates were encouraging. Economic releases were largely supportive too, with US consumer confidence reaching an eight-month high in January. Concerns about Europe's sovereign debt crisis were allayed by strong demand for debt auctions by Portugal, Spain and Italy.

As the month progressed, civil unrest in Egypt, the rising oil price, S&P's decision to downgrade Japanese government debt and further measures from the authorities in China to curb rising property prices dampened investor sentiment.

Sector performance was generally positive. Energy and financials were the best performing sectors in the MSCI World Index. At the other end of the spectrum, industrial commodities and consumer cyclicals underperformed.

The US dollar strengthened against most major currencies last month except against the euro and the British pound.

### Portfolio Performance

The Portfolio underperformed its benchmark, the MSCI World Index, for the month. The value sleeve outperformed its benchmark, while the growth sleeve underperformed.

In the energy sector, Marathon Oil advanced as it announced plans to spin off its downstream business which will create two independent, highly focused energy companies. Devon Energy, a US based independent exploration and production company benefited from higher oil prices.

Shares of Corning rose after the company beat analysts' fourth-quarter revenue estimates. Earnings per share, however, missed by a penny. The specialty glass maker also provided positive guidance. Further, Corning's "Gorilla Glass" sales are growing faster than expected due to adoption in smartphones, tablets, and potentially TVs.

In consumer staples, Constellation Brands lost ground amid concerns about top-line growth. Quarterly earnings were strong due to a lower tax rate. Also in the sector, food inflation concerns hit leading supermarket Safeway, as they are not fully able to pass on inflation yet.

Diversified miner Rio Tinto gave back gains in January, after a strong run up during the end of 2010.

US supermarket Safeway detracted. The company has been under pressure as navigating food inflation transition periods is difficult, as they are not fully able to pass on inflation yet.

### Outlook

Amid a market focused on macroeconomic concerns, we continued to focus on fundamentals. Our value research continued to unearth many stocks with solid earnings recovery potential and excellent cash-flow generation, at depressed valuations. Our growth research continued to find many high-quality growth stocks trading far below their normal valuation premiums.

Technology remains the growth portfolio's largest sector overweight. The growth team is encouraged by the generally strong outlook for 2011 for continued corporate spending, significant new product cycles in smartphones and tablets, as well as new IT architecture like mobility, virtualization and cloud computing.

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