

**BERNSTEIN EMERGING MARKETS VALUE**  
**EMERGING MARKETS EQUITY: MSCI EM BENCHMARK**

FOR THE MONTH OF: **SEPTEMBER** **2016**

	<b>* Annualized returns</b>				
	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
Bernstein EMV	1.30%	10.82%	19.02%	1.05%	2.51%
MSCI EMF	1.29%	9.03%	16.78%	-0.56%	3.03%

<b>COUNTRY ALLOCATION COMPARISON</b>					
<u>Over-weight</u>	<u>Bernstein</u>	<u>EMF</u>	<u>Under-weight</u>	<u>Bernstein</u>	<u>EMF</u>
Korea	24.15%	14.82%	South Africa	1.08%	7.13%
Russia	8.80%	3.66%	India	4.33%	8.48%
Hong Kong	3.19%	0.00%	China	22.95%	26.97%

**PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS**

**PORTFOLIO PERFORMANCE** - The Emerging Markets Value Portfolio increased in absolute terms, and performed in line with its benchmark in September, before fees. Security selection was positive within the energy, consumer- cyclicals and construction & housing sectors, while security selection in industrial commodities hurt performance. Our overweight to Argentina contributed. Containerboard manufacturer Nine Dragons Paper was the largest contributor to returns after reporting strong half-year results. Better-than-expected profit margins were driven by an improving environment for supply and demand. The strengthening oil price in September, following OPEC's decision to cut production, helped Argentine energy company YPF, which was also a relative contributor. Chinese education and tuition services company New Oriental Education & Technology Group continued to benefit from strong operating trends in student enrolments and revenue growth. In contrast, South Korean chemical company LG Chem was the largest detractor from relative returns. Shares sold off after the company announced that it would buy pharmaceutical affiliate LG Life Sciences for nearly US\$1 billion, through an all share exchange. The deal is expected to result in a marginal dilution for existing shareholders. Brazilian utilities company Eletrobras lagged the rising market after significant outperformance year to date despite speculation that the prices the company could receive for distribution assets earmarked for sale could receive attractive offers. Shares of Russian steel company Novolipetsk trailed after the company reported second quarter revenue that was slightly behind expectations.

**OUTLOOK** - EM stocks continued to outperform their global counterparts for the year, on the back of an improving economic outlook. With Brazilian stocks and currency markets beginning to reflect this better environment, we have increased exposure to the country, adding names that have been beneficiaries of the government's pro-growth economic and regulatory priorities, and as well as the declining costs of capital. Meanwhile, we've reduced exposure to consumer spending, where recovery is likely to take longer. Although the portfolio has participated in this year's rally, we expect it to do better as risk appetites broaden. We continue to see widespread upside potential across developing stock markets, with valuation spreads at decade highs across emerging Asia. Our portfolio continues to offer a highly attractive blend of traits, trading at a material discount to overall emerging and developed markets with similar profitability. We remain confident that this combination can drive substantial outperformance on any improvement in risk appetites. Please refer to the legal disclosures on the following page.

**MANAGER STYLE SUMMARY**

*Bernstein a value-oriented, "bottom-up" manager, focusing on individual security selection, where country and sector allocations are an outgrowth of stock selection. As with their global product, they seek companies which are undervalued relative to their long-term earnings prospects due overreaction by the market. Although country selection is a by-product of the stock selection process, Bernstein seeks to reduce risk and enhance returns by limiting country concentration and maintaining stable country weights, as compared to the historical volatility of country weightings in the MSCI Em Index.*

**BERNSTEIN EMERGING MARKETS VALUE**  
**EMERGING MARKETS EQUITY: MSCI EM BENCHMARK**

PORTFOLIO GUIDELINE COMPLIANCE				SEPTEMBER		2016
Portfolio Guideline:	Index	Bernstein	Calc	Min	Max	Compliance
B3. Security position <= 8% of the account @ purchase						<b>ok</b>
B4. Number of issues		<b>90</b>		70	100	<b>ok</b>
B5. Normal Regional Exposures (* benchmark +/- min/max):						
Latin America *	<b>13%</b>	<b>15%</b>		15%	15%	<b>ok</b>
Asia *	<b>71%</b>	<b>69%</b>		15%	15%	<b>ok</b>
EMEA *	<b>16%</b>	<b>15%</b>		15%	15%	<b>ok</b>
Other		<b>1%</b>		0%	20%	<b>ok</b>
Total		100%				
B6. Normal Portfolio Characteristics (MSCI EM)						
Capitalization	<b>47,142</b>	<b>34,739</b>	74%	25%	100%	<b>ok</b>
Price/Book Value	<b>1.5</b>	<b>1.1</b>	73%	30%	100%	<b>ok</b>
Price/Earnings (Next 12 mo)	<b>13.4</b>	<b>10.5</b>	79%	30%	100%	<b>ok</b>
Price/Cash Flow	<b>8.8</b>	<b>4.7</b>	54%	30%	100%	<b>ok</b>
Dividend Yield	<b>2.6</b>	<b>2.6</b>	102%	75%	200%	<b>ok</b>
C1. Currency or cross-currency position <= value of hedged securities						<b>ok</b>
No executed forward w/o a corresponding securities position.						<b>ok</b>
C2. Max forward w/ counterparty <= 30% of total mv of account						<b>ok</b>
F3. Annual turnover		<b>67%</b>		30%	40%	<b>check</b>
The portfolio is in compliance with all other aspects of the Portfolio Guidelines					<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

**MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES**

F3. Annual Turnover: Turnover will vary throughout market cycles based on the level of volatility in markets and the changing nature of the value opportunity.

**ORGANIZATIONAL/PERSONNEL CHANGES**

Investment decisions for Emerging Markets Value are made by the Chief Investment Officer and Director of Research. For the month of September 2016, there were no personnel changes for the EMV portfolio.

**ACCOUNT TURNOVER**

Gained: Number of Accounts: 0 Total Market Value (\$m) \$ -  
 Lost: Number of Accounts: 0 Total Market Value (\$m) \$ (44.0)  
 Reason(s): The numbers above represent 2Q16.

Please note that the Data is Preliminary in this report.