AllianceBernstein

Dear AvSuper Member,

We are pleased to provide some commentary below on your Australian Equity portfolio with us for the quarter ending September 2011. Should you have any questions or comments, please contact your AvSuper team member and they will relay the questions on to us. Thank you for your continued confidence in our investment management.

Sincerely, AllianceBernstein Australian Equity team

Riding Through a Tough Quarter for Australian Market

Australia did not escape the downdraft that hit global equities in the third quarter. Defensive stocks and sectors continued to lead the market. This ongoing anxiety has raised valuation spreads to all-time highs while balance sheet risks have fallen to all-time lows. We believe this creates an extraordinary opportunity for value investors and we continue to position the portfolio to best capture the longer-term value-added potential this presents for our clients.

Australia Follows World Down

The Australian market was no exception to the sharp downward trend in equity markets in the third quarter. The S&P/ASX 300 index fell 11.7% in Australian dollar terms, its worst quarter since 4Q:2008.

Company results were mixed in the August earnings season, with continued pressure on domestic cyclicals. Resources companies, which had held up reasonably well in the first part of the year, succumbed during the third quarter.

Not surprisingly, it was the defensive, lower-volatility sectors that led the way **(Display 1)**. The telecommunications sector rose 11.8% during the quarter; the consumer staples sector also did relatively well, declining just 1.8%. Materials and energy suffered most.

When investors' time horizons shorten, long-term valuations often become less relevant than perceived safety. Valuations spreads widen and cheap stocks become cheaper. This pattern unfolded in the third quarter and, as a result, our portfolios trailed the benchmark.

Sticking with Recovery Opportunities

Companies' share prices over time often show a classic pattern of fear, recovery, optimism and disappointment **(Display 2)**. In times of market stress, this cycle gets exaggerated: fear pushes risky stocks down further, and investors concentrate into a few safe havens.

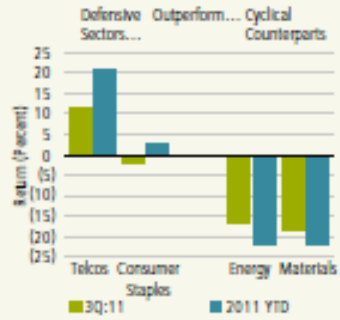
We saw that pattern in our third-quarter performance **(Display 3)**. Our three largest detractors—Goodman Fielder, Rio Tinto and OneSteel—all gave investors reasons to be concerned in the short term, and their share prices underperformed. In each case, however, we continue to see attractive long-term value.

Goodman Fielder is caught in the middle of intense competition between the main Australian supermarket chains, which have picked bread as their weapon of choice. But we are seeing signs that this pressure may be easing. An equity raising also addressed concerns about Goodman Fielder's balance sheet strength and brought the company greater flexibility.

These statements reflect the performance of the majority of accounts. Individual account performance may vary due to a variety of factors, including benchmark, account guidelines, investment vehicle implementation (if any), fees charged and timing of cash flows.

Display 1

A Year of Living Safely



Source: S&P/ASX 300

Display 2

Bernstein Value Philosophy and Performance

Display 3

Fear Hits Risky Holdings

Australian Value, Top Contributors and Detractors (3Q:2011)

Top Contributors		Top Detractors	
Recovery	Disappointment*	Fear	Optimism*
Telstra	QBE	Goodman Fielder	Wesfarmers
Telecom NZ	Fortescue	Rio Tinto	Foster's
News Corp.	Lynas	OneSteel	Woolworths

Quarter to September 30, 2011

*Nil or underweight holding in the portfolio

Source: AllianceBernstein

OneSteel and Rio Tinto suffered from the general sell-down of commodity stocks. We believe the market is overlooking OneSteel's strength of iron ore self-sufficiency and Rio Tinto has outstanding long-term, low-cost assets that will ensure healthy profitability even in a cooler macro environment.

Not owning Wesfarmers, Woolworths and Foster's also contributed to our negative performance. We don't back away from our value-oriented stance: we believe that investors are sacrificing longer-term upside for shorter-term perception of safety.

While not offsetting the negative headwinds, we had some notable investment successes in the quarter. Growing regulatory certainty for Telstra and Telecom NZ led to re-ratings. Meanwhile, News Corp. is showing that it is not purely dependent on a US consumer recovery. Many of its revenue streams have a more annuity-like nature. The phone-hacking scandal in the UK is also proving to be less of a company-threatening event than feared.

We also benefited from not owning some of the high-flying stocks that ran into disappointments, such as the miners Fortescue and Lynas.

Building Portfolio Resilience

In volatile times, it can be tempting to follow the herd into "safer," but relatively expensive stocks. Our challenge is to respond to the deteriorating macro climate without compromising our value philosophy. One of the major sector shifts over the quarter was away from materials, which helps insulate the portfolio from macro headwinds **(Display 4)**. We complemented this by moving into a range of financials stocks that are less macro-sensitive, but are still attractively valued. Insurers, such as Suncorp and QBE, are more driven by the insurance cycle and, in QBE's case, the currency impact of repatriating offshore earnings. We believe that Suncorp will benefit from improving personal insurance margins in Australia while QBE is likely to benefit from continued currency mean reversion.

We have also been reducing our weight in Telecom New Zealand as investors are attracted back to the company following the New Zealand government's decision to award it nearly 80% of the country's broadband network. To retain some earnings resilience (lost through the impact of Goodman Fielder's share price on our consumer staples weight), we increased our overall weighting in telcos by adding Singapore Telecommunications (SingTel). As well as its defensive characteristics, SingTel brings emerging-market exposure through its businesses in India, Indonesia and Thailand and will also benefit from further Australian dollar depreciation.

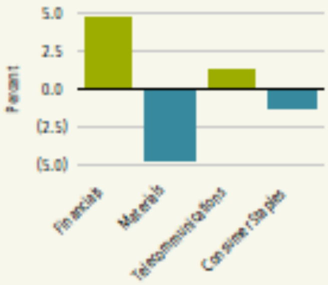
Compelling Value Opportunities

We retain our value conviction, in spite of the tough environment, because of the extraordinary value opportunity that we observe today. The spreads between the cheapest and most expensive quintiles of stocks are now at historical peaks **(Display 5)**. Over time, this tends to announce sustained outperformance of value stocks. It has also been accompanied by value traps as some stocks have been cheap for good reason—precarious balance sheets that cannot withstand business downturns. We believe 2011 is a better environment for value than 2008. Australian balance sheets are stronger than they have been for 30 years and almost 40% stronger (as measured by gross debt to equity) than during the peaks of the global financial crisis of 2008. We are, therefore, maintaining our value discipline and our portfolios are trading at historically high valuation discounts to the broader market **(Display 6)**.

Display 4

Key Sector Moves over the Quarter

Largest Changes in Active Sector Weights over 3Q:2011



Source: S&P/ASX 300 and AllianceBernstein

Display 5

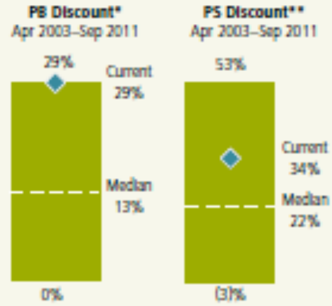
Combined Value Spread

Value Spread* Percentage

Through August 2011
*Discount of cheapest quintile versus most expensive quintile of stocks using simple average for price to forward cash earnings.
Source: Bloomberg, S&P/ASX 300 and AllianceBernstein

Display 6

Portfolio Is Profoundly "Value"



Through September 2011
* Price-to-book discount range of the representative Bernstein portfolio versus the S&P/ASX 300 between the 1st and 99th percentiles
**Price-to-sales discount range of the representative Bernstein portfolio versus the S&P/ASX 300 between the 5th and 95th percentiles
Source: Bloomberg, S&P/ASX 300 and AllianceBernstein