

Wholesale Global Fixed Income Fund

Quarterly Investment Report to 30 June 2008

Fund performance

Wholesale Global Fixed Income Fund	3 mth%	1 yr %	3 yr % p.a.	5 yr % p.a.	7 yr% p.a.
Distribution return	7.5	8.0	6.6	6.7	7.3
Growth return	-7.8	-1.7	-2.4	-1.6	-1.3
Total return^{1 & 2}	-0.3	6.3	4.2	5.1	6.0
Lehman Bros Global Aggregate (Currency Hedged \$A) in \$A	-0.6	7.9	4.9	6.0	7.2

Review and outlook

Market review

After a tumultuous first quarter marked by a wholesale and often indiscriminate flight from risk, global fixed-income markets made fitful progress towards regaining stability in the second quarter. Non-government debt outperformed as yield spreads tightened, although absolute returns across many fixed income sectors were negative, as Treasury prices fell for the first time in four quarters.

There are some signs that a sense of normality is slowly returning to the credit markets. Issuance of US investment-grade corporate debt rebounded strongly from the depressed levels of the previous two quarters, hitting successive record highs in April and May.

However, as evidenced by the tumble in stock prices and renewed spread widening seen in June, the road to recovery will likely be a bumpy one. Write-offs at banks and brokerage continue to mount, impacting earnings and contributing to rising uncertainty. Soaring oil prices are pressuring corporate earnings and central banks are faced with the ugly spectre of rising inflation and slowing economic growth.

Fund review

The fund outperformed the benchmark during the June quarter.

The effectiveness of the fund's major strategies was mixed during the quarter. Country selection helped performance as well as security selection and sector selection. While on the other hand, yield curve positioning detracted.

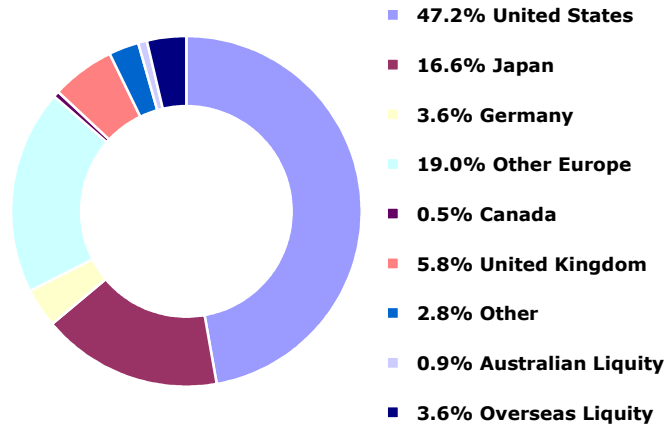
Outlook

AllianceBernstein Fixed Income believes the global manufacturing sector is headed for more weakness in the second half based on the demand reduction that is happening based on the ever-rising price of oil. On fundamental grounds, the rise in oil prices from around \$100 a barrel at the end of March to \$140 at the end of June is difficult to explain or even justify. Such a fast movement in price suggests that global supply has been reduced, global demand has surged or that someone (or more than one country) has been building safety stocks to protect against a further price increase or the potential of less supply in the future. AllianceBernstein Fixed Income also indicates that policymakers need to confront the surge in inflation that has been triggered by the rise in oil prices and other commodity prices in general. Indeed, inflation reflects a flight from money towards goods and policymakers need to break this inflationary psychology that is building up around the world soon. Most of the inflationary pressures are centered in the emerging markets and we expect a series of official rate increases to occur in the second half, especially in non-Japan Asia.

Finally, AllianceBernstein Fixed Income sees opportunities in this uncertain economic environment as many sector securities are very inexpensive by historical standards. Therefore, AllianceBernstein Fixed Income continues to focus most of their portfolio risk budgets on taking advantage of the generous opportunities that have emerged from the fallout of the recent crisis, while staying well diversified and balancing opportunities with the risks entailed.

Portfolio analysis

Country allocation



Fund Information

Fund Objective

The Fund typically holds a portfolio of global fixed interest securities and derivative instruments.

The objectives are twofold: to provide unitholders with capital appreciation and to outperform the Lehman Brothers Global Aggregate Index, hedged into Australian dollars.

Fund facts

Inception Date: August 1993
Fund Size (30 June 2008): \$508.8m

Duration vs benchmark

	Duration (years)
Wholesale Global Fixed Income Fund	5.57
Lehman Bros Global Aggregate (Currency Hedged \$A) in \$A	5.39

Notes

1. Past performance is not necessarily indicative of future performance. Performance figures are calculated using exit prices, are net of ongoing fees and expenses and assume distributions are reinvested and tax is not deducted. The Distribution return reflects total distributions paid from the Fund, while the Growth return reflects changes in the capital value of units.
2. The Wholesale Global Fixed Income Fund was closed to new investors on 25th April 2005.

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