



ALLIANCEBERNSTEIN®

# The AB Investment Opportunity

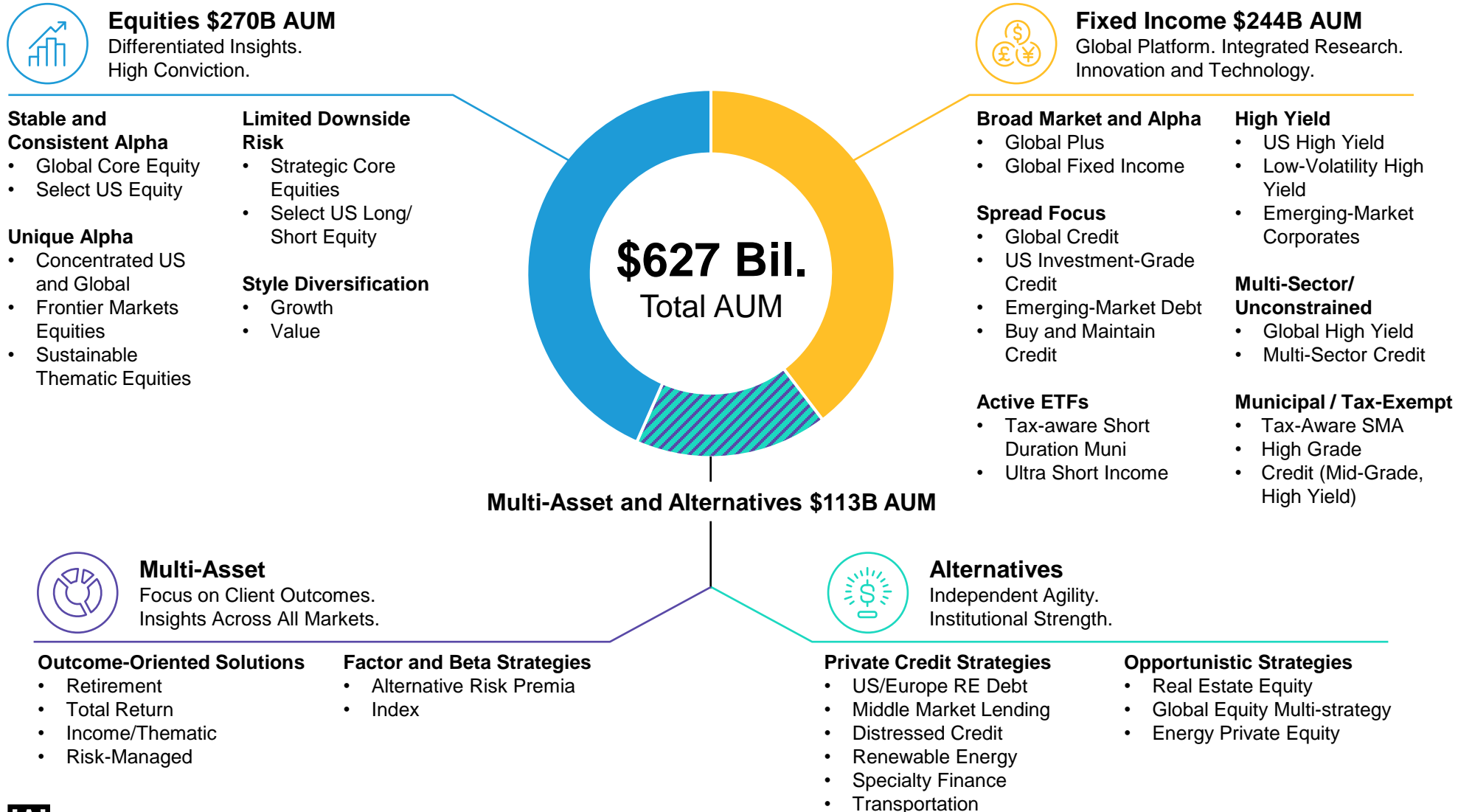
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Presentation for the  
Investment Community






November 2022

# A Broad Range of Solutions to Improve Client Outcomes

Our global platform of innovative strategies helps clients achieve their unique objectives



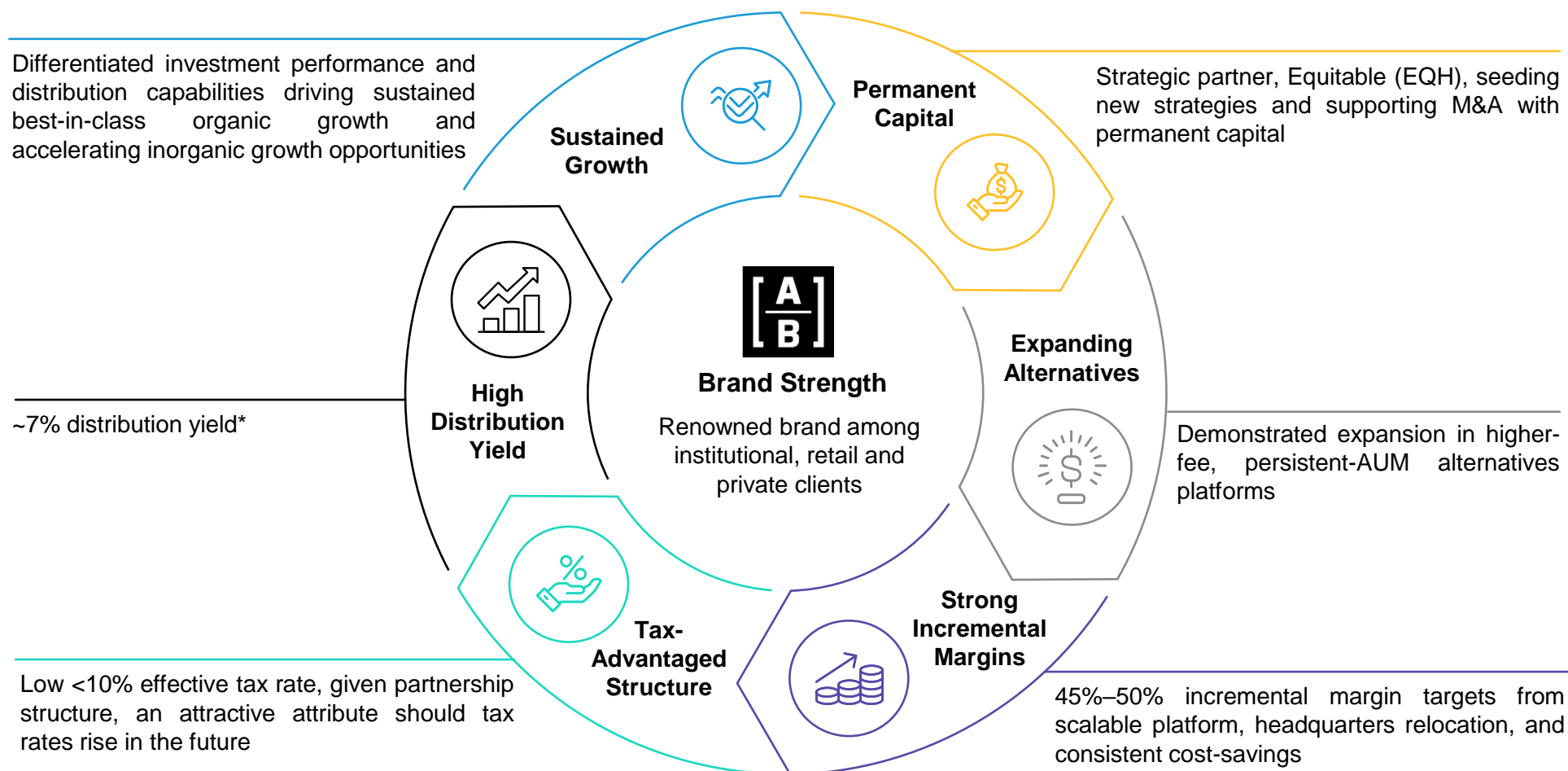
# 3Q22 in Review: AB's 5-part Strategy Statement

|   |  |
|---|--|
|  <b>Deliver</b>          | <ul style="list-style-type: none"> <li>• 80% of Equities and 53% of Fixed Income assets outperforming over long-term (5 years)</li> <li>• +3% AOG in Private Wealth (positive 7 of last 9 quarters); overall, +1% TTM organic growth</li> <li>• Alts/MAS +4% AOG, Munis positive</li> </ul>  |
|  <b>diversify</b>        | <p>Key Inflows by Asset Class:</p> <ul style="list-style-type: none"> <li>• Equity: US Large Cap Growth, Sustainable Global Thematic, EM Strategic Core</li> <li>• FI: High Grade Sec. Debt, Low Vol. HY, US Short Duration, Canada Core FI, Sustainable Euro HY</li> <li>• Alternatives: Commercial RE Debt, Europe CRED, Merger Arb, Private Credit</li> </ul> |
|  <b>and expand</b>       | <ul style="list-style-type: none"> <li>• Launched Ultra Short Income and Tax-Aware Short Duration Muni ETF's</li> <li>• Institutional: Pipeline more than doubles to \$24.7B on CRS mandate and CarVal commitments</li> <li>• Alternatives: CarVal acquisition adds \$15B in AUM; AB Private Markets AUM \$55B*</li> </ul>                                       |
|  <b>responsibly</b>      | <ul style="list-style-type: none"> <li>• Portfolios with Purpose \$22.2B</li> <li>• AB named Best Sustainable Fund Management Group of the Year, Investment Week</li> </ul>  |
|  <b>with Equitable</b> | <ul style="list-style-type: none"> <li>• Record Inflows to US and Europe CRED</li> <li>• Supported launch of Ultra Short Income ETF</li> <li>• Continue to reposition GA permanent capital† to higher yielding Private Alts, Private Placements and Securitized Assets</li> </ul>  |

\* Private Markets AUM includes Direct Lending, RE Debt, Private Placements, PE, CLOs, Opportunistic Credit, Renewable Infrastructure, Specialty Finance, Transportation

†**Permanent capital** means investment capital of indefinite duration, which may be withdrawn under certain conditions. Although EQH has indicated its intention over time to provide this investment capital to AB, which is mutually beneficial to both firms, it has no binding commitment to do so.

# The AB Investment Opportunity



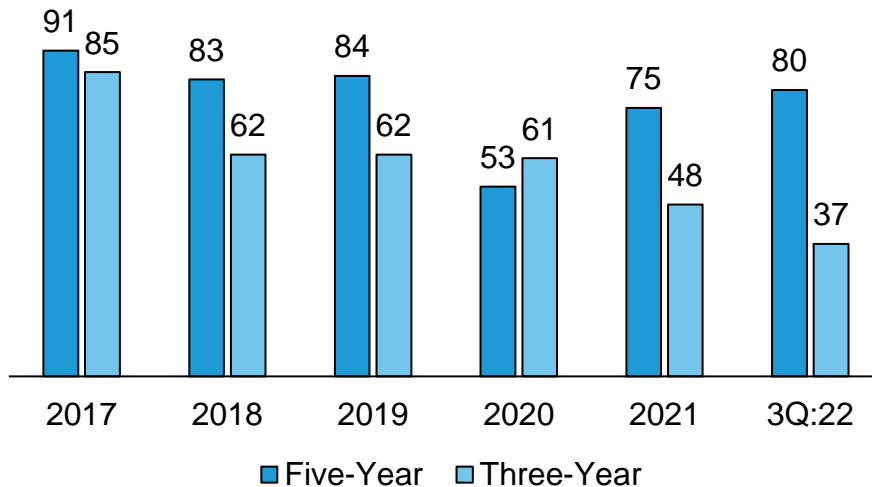
Permanent capital means investment capital of indefinite duration, which may be withdrawn under certain conditions. Although EQH has indicated its intention over time to provide this investment capital to AB as part of the “virtuous cycle”, it has no binding commitment to do so.

\*Distribution yield calculated as of October 31st, based on Consensus Estimates for FY23 Adjusted Earnings/Dividends (\$2.63/unit) as sourced by NasdaqIR

# Long-Term Investment Track Record Through Multiple Cycles...

Percentage of assets outperforming at quarter-end

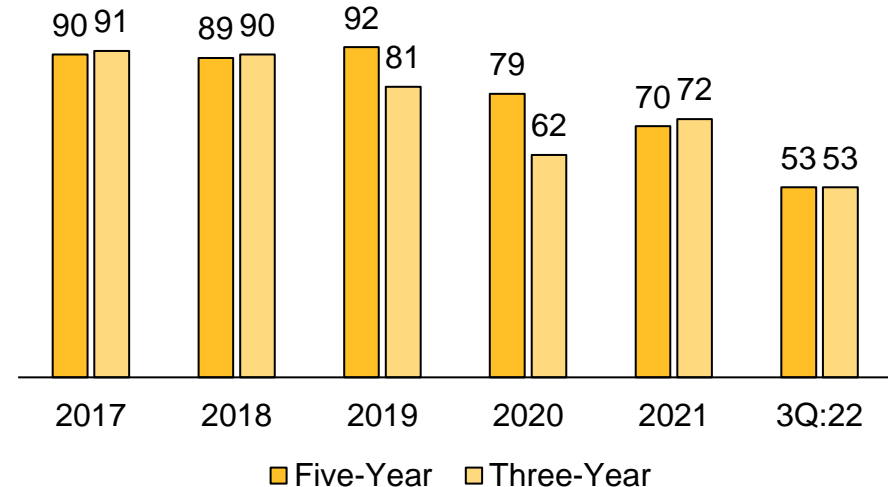
## Equities



### Top Five Relative Performance Equity Strategies (Three-Year)\*

- Sustainable Global Thematic: +4.3%
- Select US Long/Short: +3.3%
- International Tech: +3.1%
- Sustainable US Thematic: +2.9%
- Select US Equity: +2.5%

## Fixed Income



### Top Five Relative Performance Fixed Income Strategies (Three-Year)\*

- Muni Bond Inflation Strategy: +2.0%
- Short Duration High Yield: +1.7%
- Bond Inflation Strategy: +1.1%
- HY Portfolio Advisor: +1.1%
- Tax-Aware Fixed Income: +0.9%

Note: Percentage of active fixed income and equity assets in institutional services that outperformed their benchmark gross of fees, and percentage of active fixed income and equity assets in retail Advisor and I share class funds ranked in the top half of their Morningstar category. Where no Advisor class exists, A share class used. Performance for private wealth services included as available.

\*As of September 30, 2022

## ...Coupled with a Distribution Platform of Differentiated Capabilities...



**In-market coverage:** Comprehensive local coverage for leading global/regional intermediaries and consultants

**250+ sales professionals with local market specialists**



**Value-add services:** Differentiated client-capability building and thought leadership

**AB Advisor Institute  
Institutional Solutions Group**



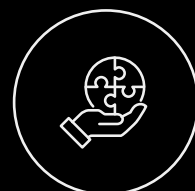
**Broad investment-solution range:** Empowers at-scale distribution partnerships

**Award-winning sustainable platform**



**Brand:** Significant global brand awareness

**Ranked #6 Most Trusted Financial Company by Investor's Business Daily\***



**Vehicle flexibility:** Enables the delivery of global investment strategies to meet client needs

**Launched OEIC range in 2019**



**Data and analytics:** Data-driven and digitally enabled

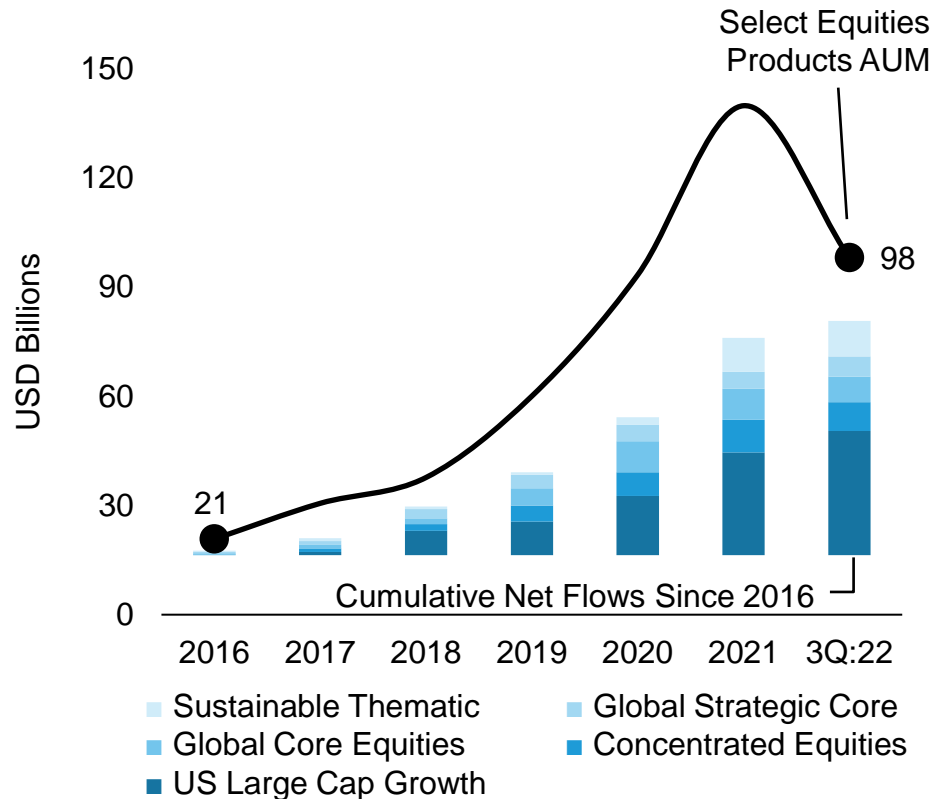
**Digital sales desk in US Retail**

\*Source: Investor's Business Daily, Top 25 Most Trusted Financial Companies, 2022

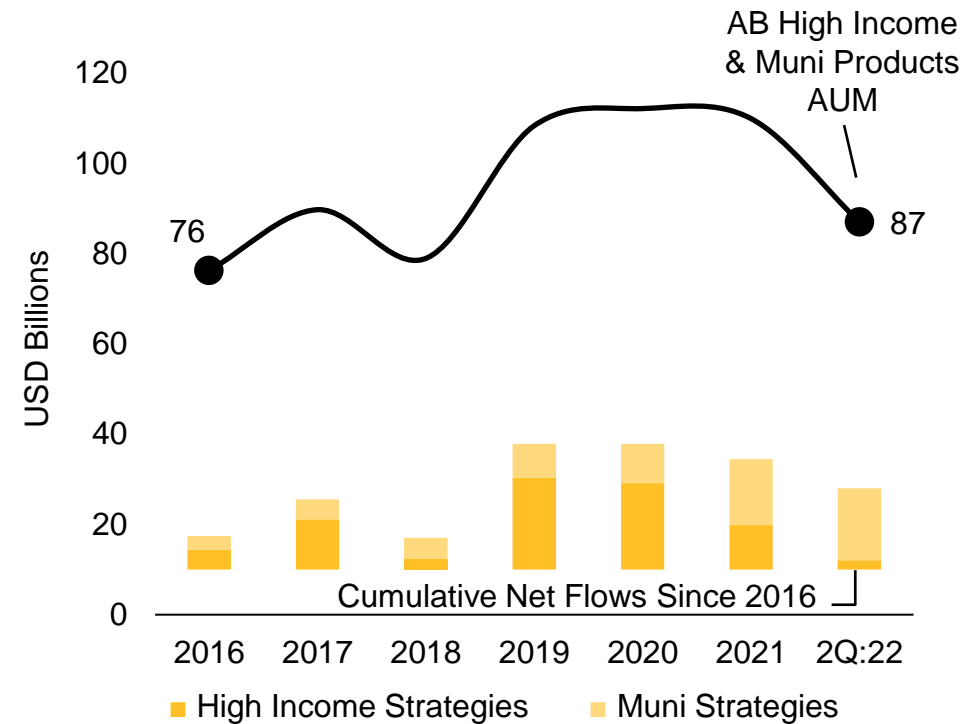
# ...Has Driven Scale and Net Flows Across Our Platform...

AUM growth of key products

## Select Equities Products



## High Yield & Muni Fixed Income Products



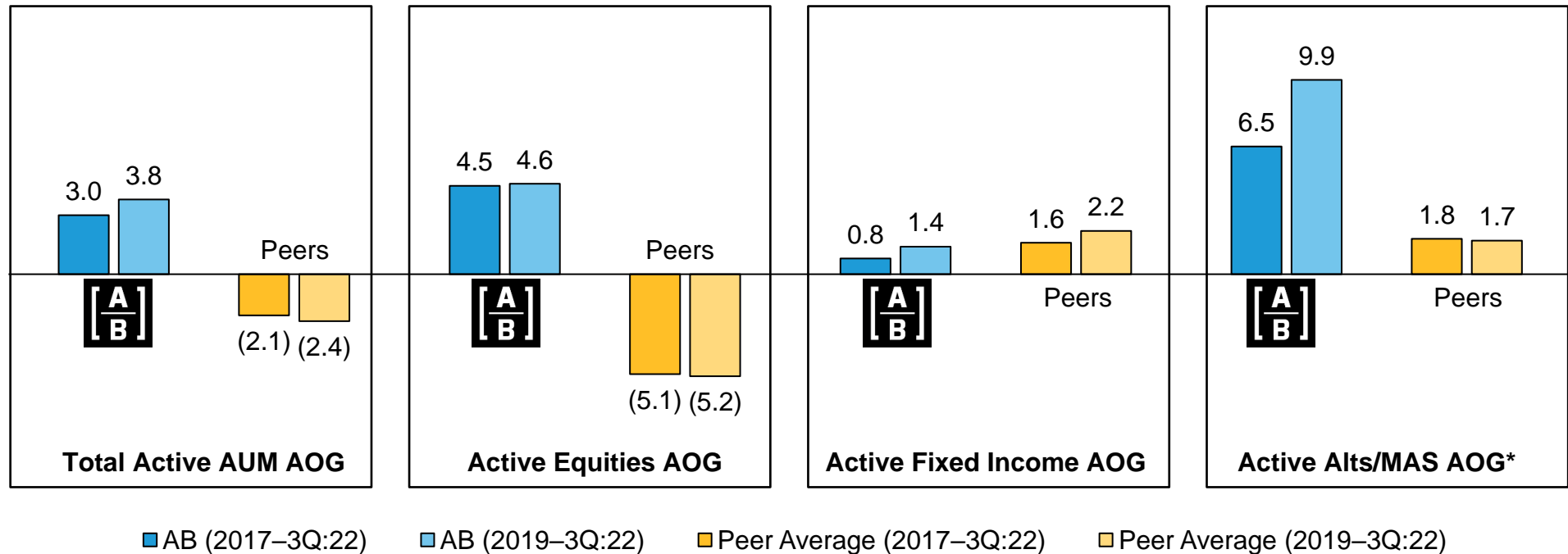
## ...Resulting in Sustained, and Accelerating, Organic Growth

Total active AUM compound annual growth (“CAGR”) ~5% (2017-3Q:22)

Active equity average annualized organic growth (“AOG”) >4% (2019-3Q:22)

### Average Annualized Organic Growth Rates for Active Net Inflows

2017 through 3Q:22 and 2019 through 3Q:22 (percent)



Note: Total Active AUM and Active Fixed Income Average Annualized Growth excludes \$11.8 billion in low-fee AXA terminated mandates during 2020, \$1.3 billion in 2021 and \$2.3 billion YTD 2022

Peers: Affiliated Managers Group, Franklin Resources, Blackrock, Invesco, Janus Henderson and T. Rowe Price

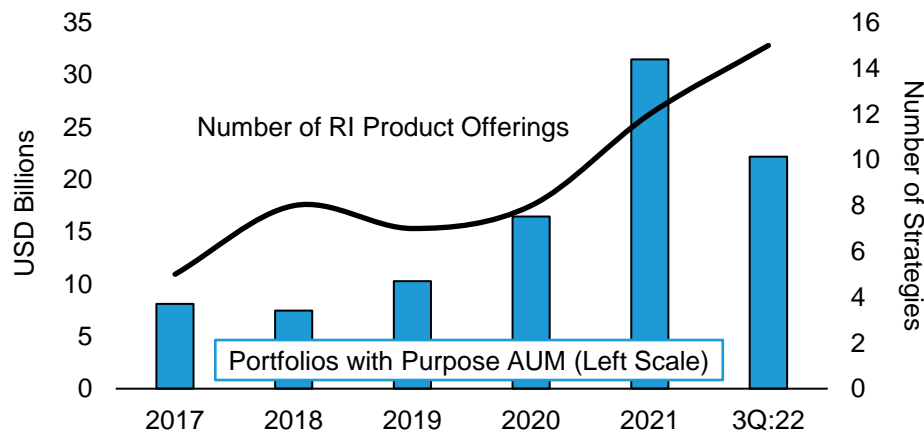
\*Includes peers with continuous Alts/MAS exposure over each corresponding period



# We Have a Rapidly Growing Responsible Investing Platform

RI AUM have grown at a 31% CAGR since year-end 2016

## Responsible Investing Platform, AUM (USD Billions) 2016 – 3Q:22



- Our **global analyst team** is at the heart of the ESG Integration process: fundamental investors partner closely with ESG subject-matter experts from our Responsibility team
  - During AB's 2021 ESG Engagement Campaign, 107 of our investment analysts across 23 teams engaged with 432 unique issuers on three critical ESG issues: including ESG Metrics in Executive Compensation Plans; Adopting Climate-Risk Goals and Disclosures; and Identifying and Addressing Modern Slavery Risks
- AB's **Climate Change and Investment Academy**, a first-of-its-kind collaboration with Columbia Climate School, enrolled over 1,000 global clients. The academy integrated scientific and academic analysis of how climate change can affect investment risks and opportunities, from macroeconomic to issuer levels
- **PRISM**, our **fixed-income credit research and ratings** platform, includes proprietary ESG scores that directly impact analysts' forward ratings for issuers
- **ESIGHT**, our **ESG research and engagement** platform, enables real-time sharing of proprietary ESG issuer assessments and engagements
- **2021 awards & recognitions:**
  - AB's Sustainable US Thematic Equities fund won the Citywire US Offshore Award
  - AB received the Themis Combating Modern Slavery Award
  - AB's Sustainable Global Thematic Credit Fund won Investment Week's Best Sustainable & ESG Bond Fund
  - AB's Sustainable Thematic Equities Team won Investment Week's Best Sustainable & ESG Research Team

Note: Portfolios with Purpose include Sustainable Global Thematic, Sustainable International Thematic, Sustainable US Thematic, Sustainable US Thematic Credit, Sustainable Global Thematic Credit, Responsible US Equities, Managed Volatility Equities Green, ESG Fixed Maturity and Municipal Impact. Source: AB

# We are Investing in Markets that will Drive Future Growth

AB is focusing on solutions, vehicles and geographies with above-market growth potential



## Products / Segments

### Private Debt

AUM (USD Tril.)

1.2

5-year projected growth

10%-12%

### Insurance

AUM (USD Tril.)

36

5-year projected growth

5%-8%



## Vehicles

### Active ETFs

AUM (USD Tril.)

0.3

2-year projected growth

35%-45%

### US Retail SMAs

AUM (USD Tril.)

1.8

5-year projected growth

9%-10%



## Geographies

### China

AUM  
(USD Tril.)

6.7

4-year proj.  
growth

12%-14%

### EMEA

AUM  
(USD Tril.)

27

5-year proj.  
growth

1%-4%

### US Retail

AUM  
(USD Tril.)

38

5-year proj.  
growth

5%-7%

**Current analysis and forecasts do not guarantee future results.**

Source: Cerulli, McKinsey North American Wealth Management Benchmark Survey, Morgan Stanley, NYSE, Oliver Wyman, Preqin, SSGA and AB

# Our Strategic Partnership with Equitable Holdings (EQH) Provides Several Advantages...

- Founded in 1859, Equitable (Rated A+/A2 by S&P/Moody's) provides advice, protection and retirement strategies with more than 5,000 client relationships globally
- EQH receives value through its ~64% economic interest in higher-multiple AB, having owned AB for over 25 years\*
  - EQH incented to help AB grow faster
  - AB generates over 30% of EQH cash flows, representing diversifying unregulated earnings to EQH at a high multiple, and aligns with EQH's strategy to growing its mix of capital-light, fee-type revenues
  - AB a key contributor to EQH portfolio, providing hedging and investment expertise to help improve EQH's risk-adjusted yield
- EQH committed to allocating \$10 billion of permanent capital to AB's illiquid platform to further improve risk adjusted return of its General Account, through seeding new alternative business at AB—a "Virtuous Cycle"
  - AB has in the past grown third-party capital commitments by 4x initial seed capital
  - EQH committed \$750M to newly acquired CarVal, enhancing the AB CarVal growth trajectory
  - Provides AB unique access to large addressable insurance market seeking higher yields, without sacrificing capital outlay

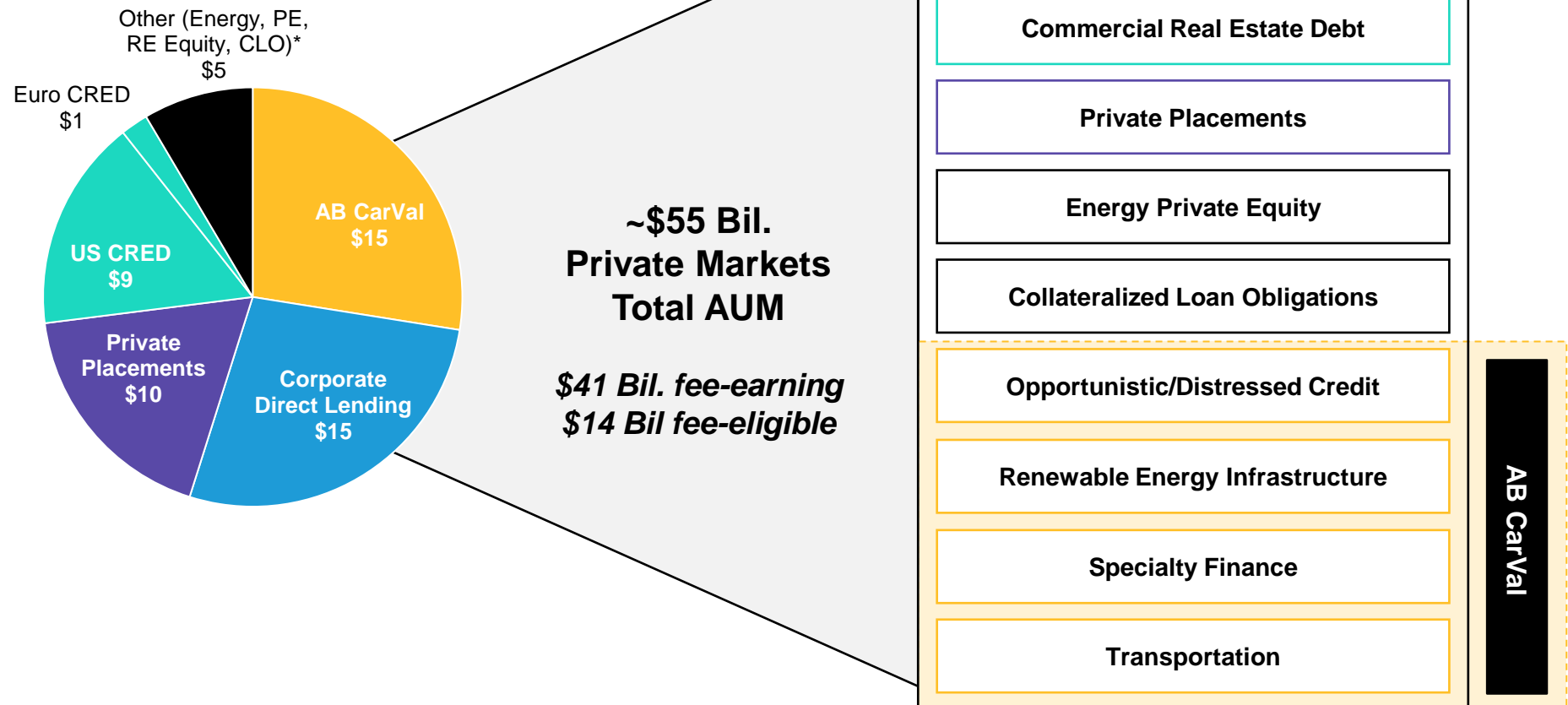
## EQH's Low Cost of Capital and High Cash Generation Benefits AB

- Represents AB's largest client totaling \$103 billion in permanent capital, or ~16.8% AUM as of 3Q:22
- Lead investor in seeding new liquid and illiquid alternative strategies, having committed >\$6 billion to past funds\*
- Significant client for Fixed Income
- Provides low-cost \$900 million Line of Credit to AB through committed facility plus \$300 million through uncommitted facility

Permanent capital means investment capital of indefinite duration, which may be withdrawn under certain conditions. Although EQH has indicated its intention over time to provide this investment capital to AB as part of the "virtuous cycle", it has no binding commitment to do so.

\*Includes prior AXA ownership

# ...Accelerating Growth of our Private Markets Platform via the AB CarVal Combination

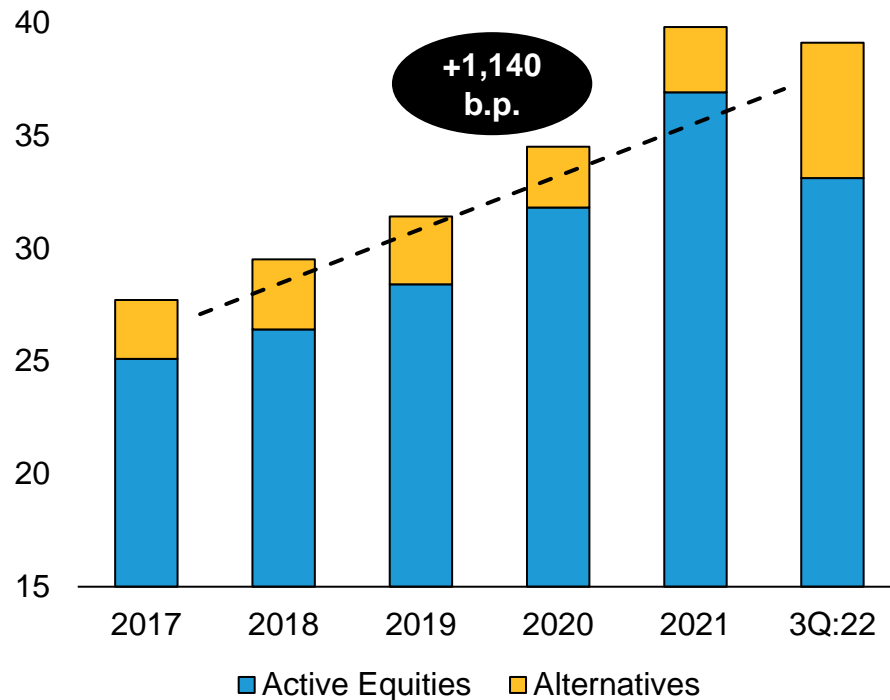


AB AUM as of September 30, 2022; AB CarVal AUM comprised of \$11.2B in fee-earning AUM and \$3.9B in fee-eligible AUM which includes uncalled capital

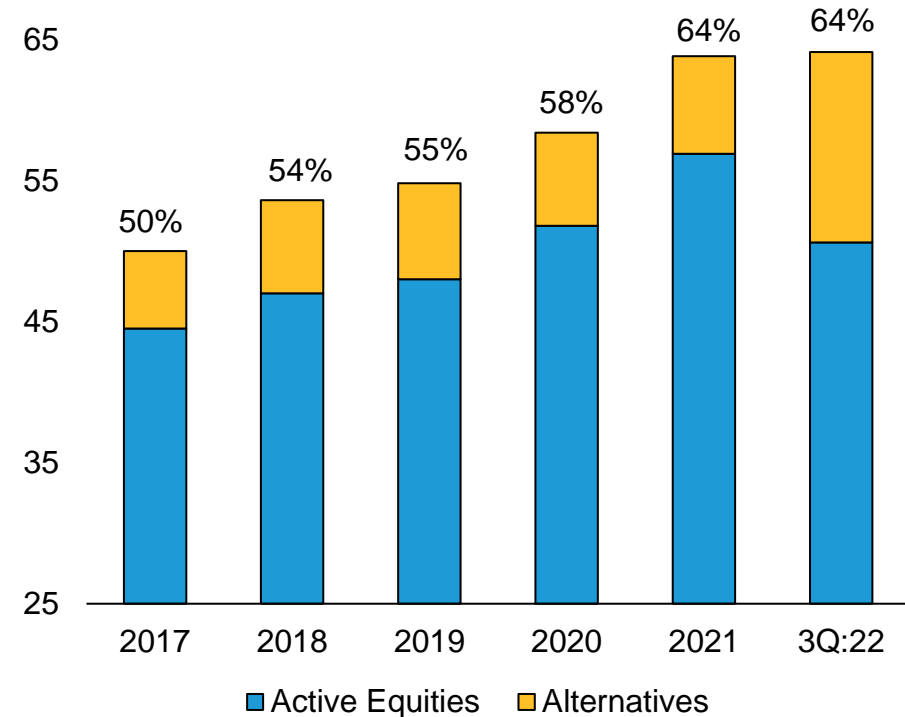
\*Includes a Real Estate Equity partnership with Prospect Ridge, a Multi-Manager Private Equity partnership with Abbott Capital Management, and a Private Equity Secondaries partnership with LSV Advisors.

# A Continued Mix Shift to Higher Fee, Active Equities and Alternatives...

**Percent of Assets Under Management**  
Sum of active equities and alternatives



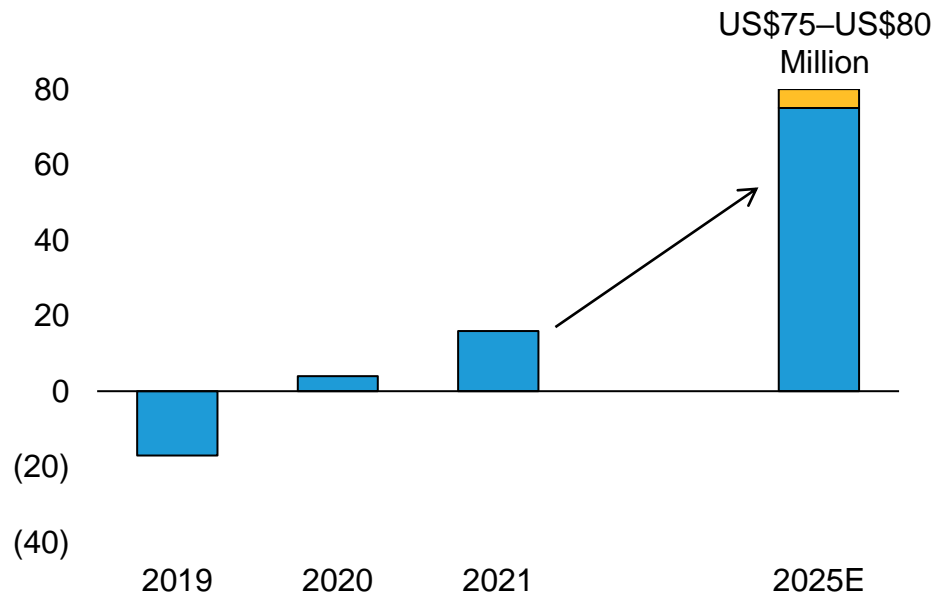
**Percent of Annualized Fee Base**  
Sum of active equities and alternatives



# ...Combined with Focused Execution on Cost Reduction...

## Nashville Relocation Annual Cost Savings

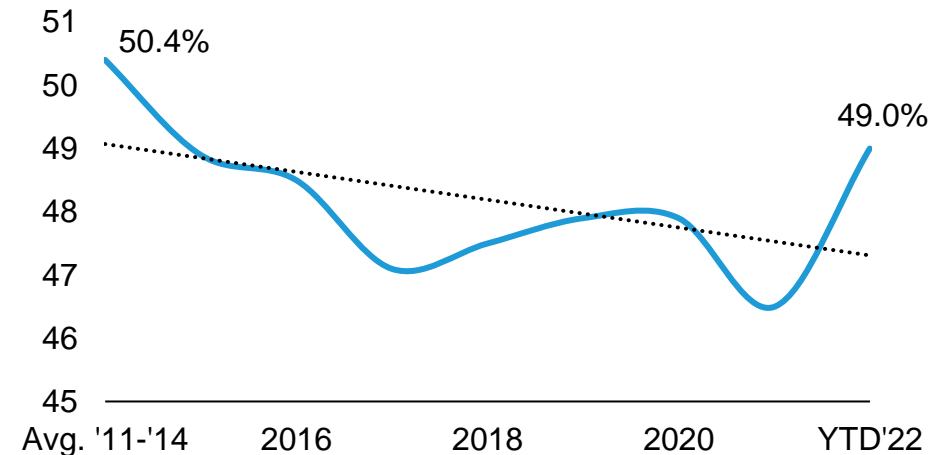
USD millions



- Accretive in 2020 and beyond
- More than 85% of targeted 1,250 positions have been relocated
- New state of the art headquarters building occupied in July 2021

## Adjusted Comp Expense as Percent of Revenues

% percentages

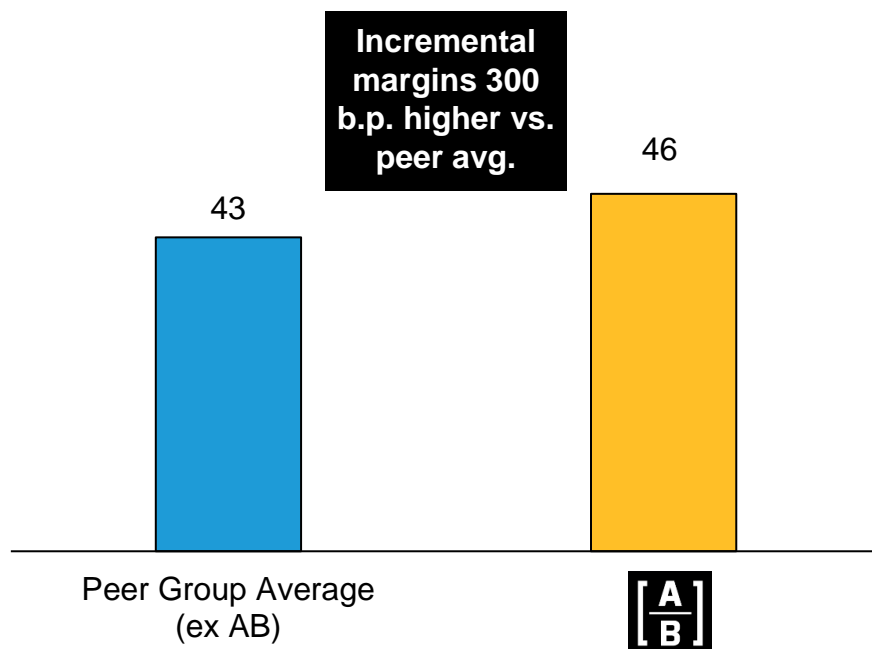


- Reduced adjusted compensation ratio by more than 100bps historically
- Committed to increasing ratio of variable to fixed compensation

# ...Supports Strong Incremental Margins and AB's Long-Term Target of 45-50% Incremental Margins

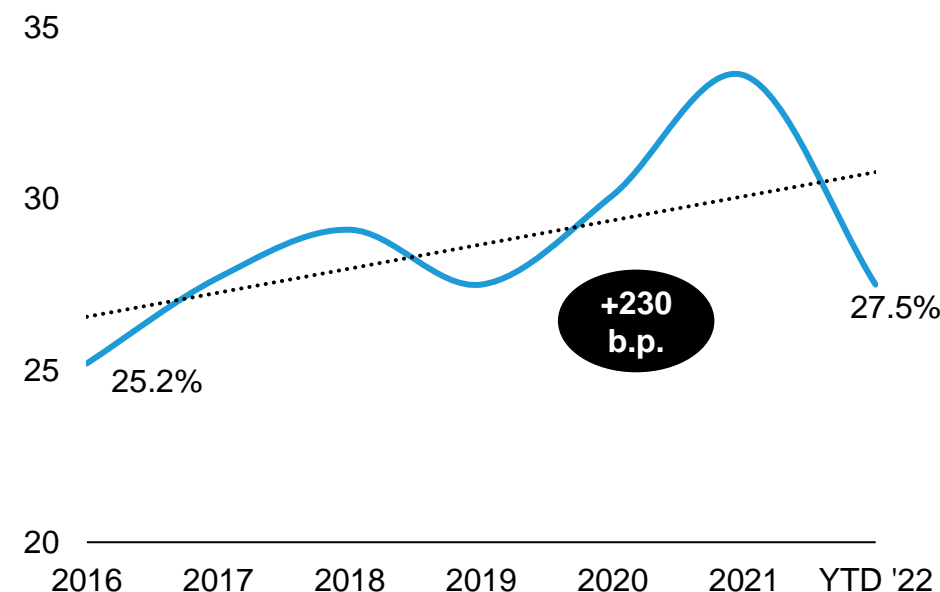
## Average Incremental Margin\*

Rolling 3-year avg: YTD '19 – YTD '22 (percent)



## AB Adjusted Operating Margin

Percent



Peer average includes: Affiliated Managers Group, Franklin Resources, Blackrock, Invesco, Janus Henderson & T. Rowe Price

\*Represents average incremental margin from 3Q:19-3Q:22; incremental margin is calculated over rolling three-year periods to reduce market-related volatility

# Tax Implications for Investors

## True Equity in Tax-Advantaged Earnings

AllianceBernstein Holding (NYSE: AB) is a publicly traded limited partnership, paying lower federal and state tax rates compared to corporations and distributing its entire Available Cash Flow (Earnings) to unitholders.

- Unitholders are not taxed on quarterly cash distributions, but rather on their pro-rata share of the partnership's taxable income.
- Importantly, additional tax deductions allow **deferral** of a portion of federal income taxes based on the investor's pro rata share of the partnership's taxable income until sale.



**Partnership effective tax rate less than 10%**



**100% Payout of Adj. Earnings**



**Tax Benefits to AB Unitholders**

**1**

Tax savings permit higher cash distributions

**2**

Deferral of portion of taxable income

**3**

Time value of tax deferral

**Individual investors who purchased and hold AB units via a traditional brokerage account**

AllianceBernstein mails Schedule K-1s by first week of March



K-1s reflect pro rata share of the partnership's taxable income



Unitholders are required to report their pro rata share of the partnership's taxable income on their tax return



Distributions reflected on the K-1 are not taxed as income; rather they lower the cost basis of the AB units

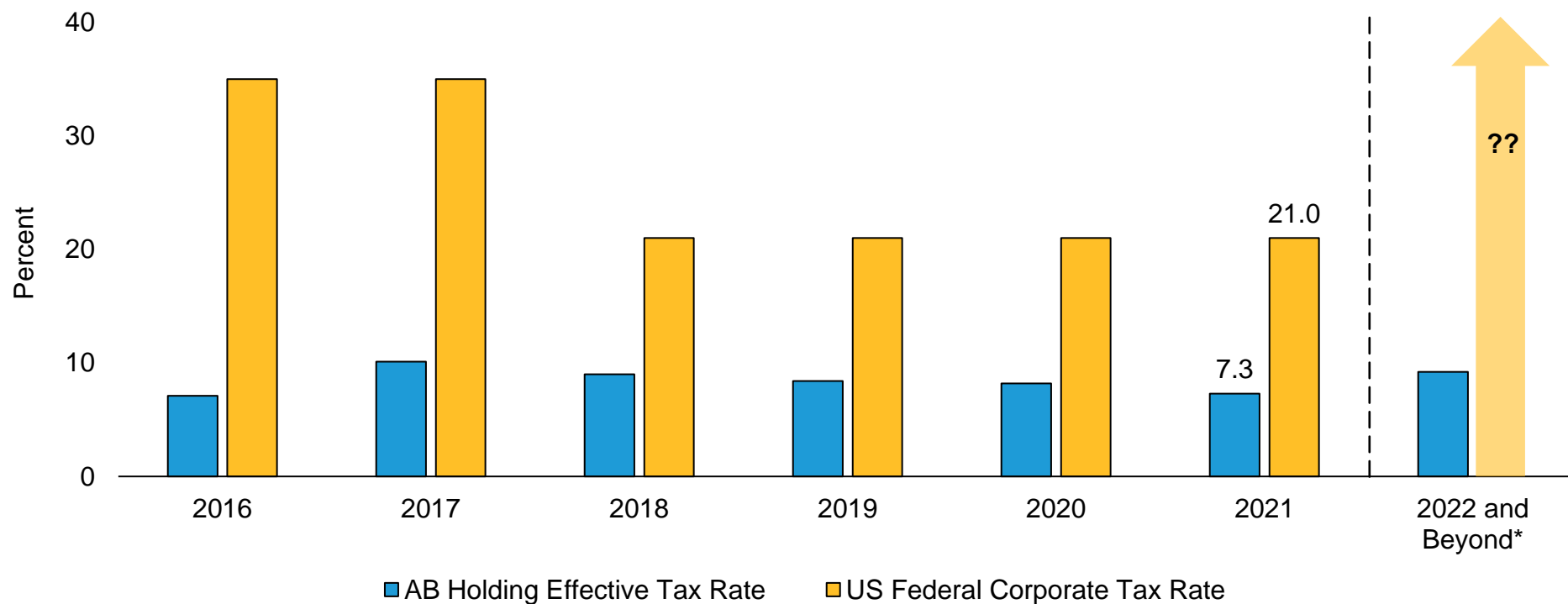


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# Partnership Structure Hedges Against Risk of a Higher Tax World

## Effective Tax Rate Rates



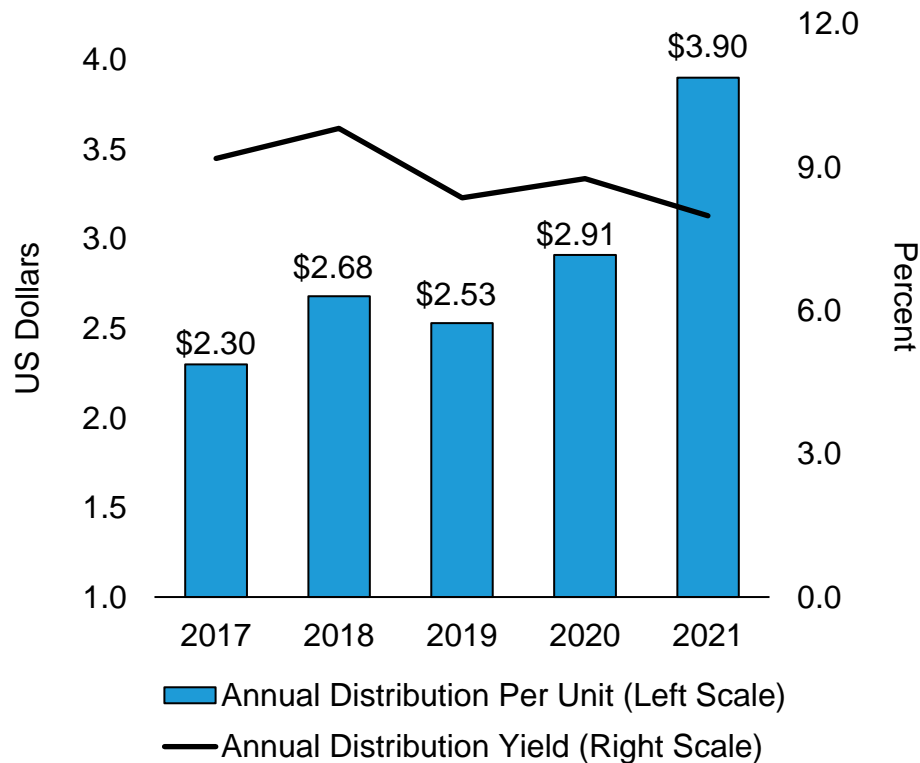
Note: AB Holding is a grandfathered publicly-traded partnership “PTP” for federal tax purposes and, accordingly, is not subject to federal or state corporate income taxes. However, AB Holdings is subject to a 3.5% federal tax and a 1.0% California state tax on partnership gross income from active conduct of a trade or business, derived from its interest in AB

\*2022 AB ETR shown is the 1H 2022 ETR of 9.2%.

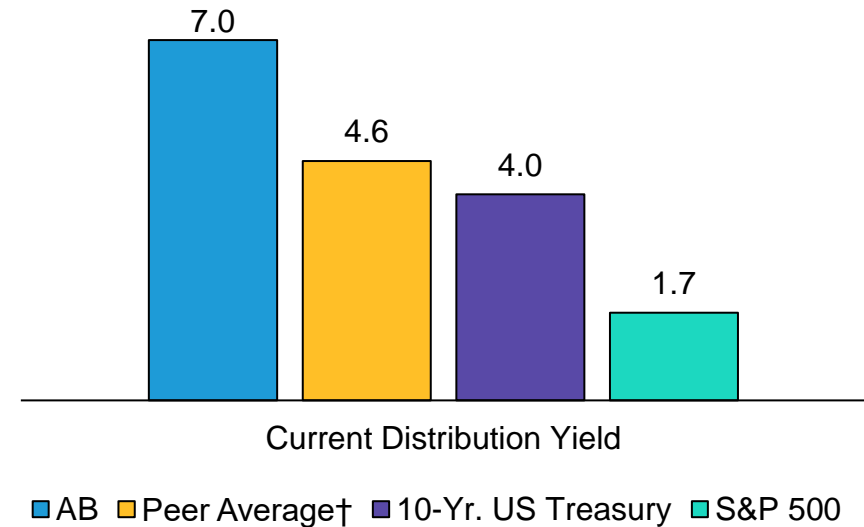
# High Distribution Yield in a Low-Rate Environment...

AB pays out 100% of adjusted earnings

## Annual Distributions and Yield (2017–2021)



## Current Yield\* (%) vs. Peer Group



\*AB's current yield measured as of October 31, 2022, based on FY23 Adjusted Earnings/Dividends Consensus Estimates of \$2.63/unit

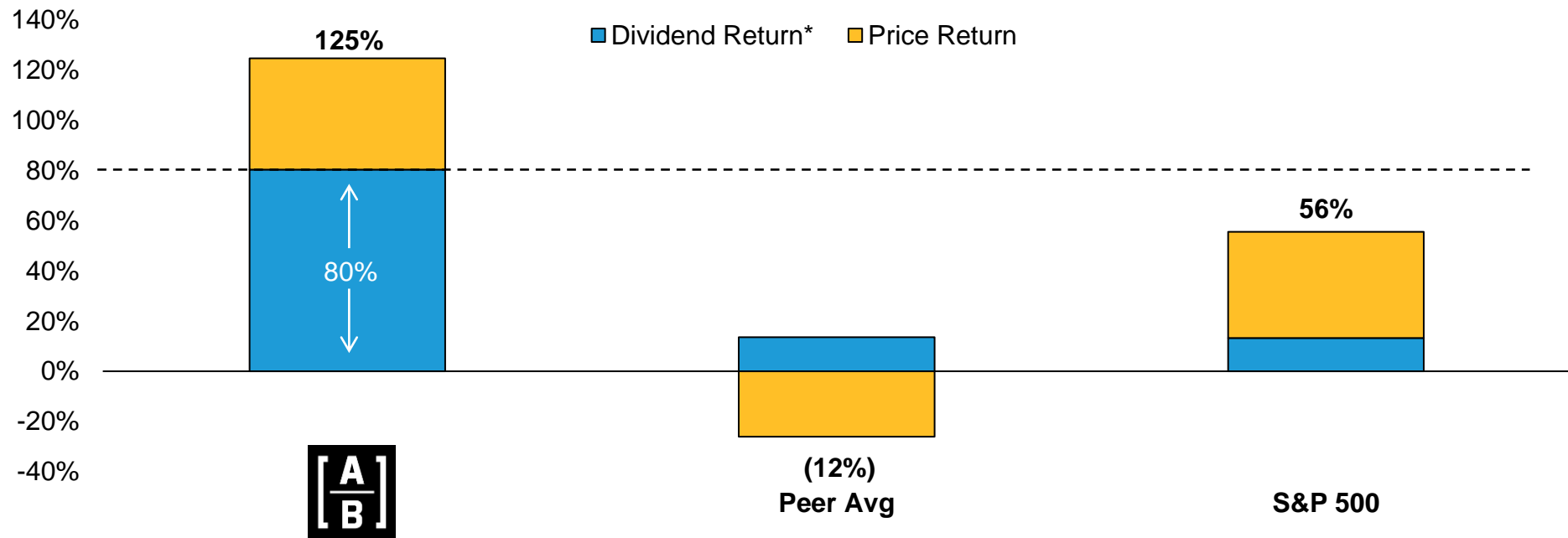
†Peer average includes: Affiliated Managers Group, Franklin Resources, Blackrock, Invesco, Janus Henderson, T. Rowe Price

Source: NasdaqIR

# ...Combined with Strong Equity Performance

AB has significantly outperformed peer average and SPX with reinvested distributions representing more than half of Total Shareholder Return (“TSR”) over the last 5 years

Total Shareholder Return\* (3Q:17–3Q:22)

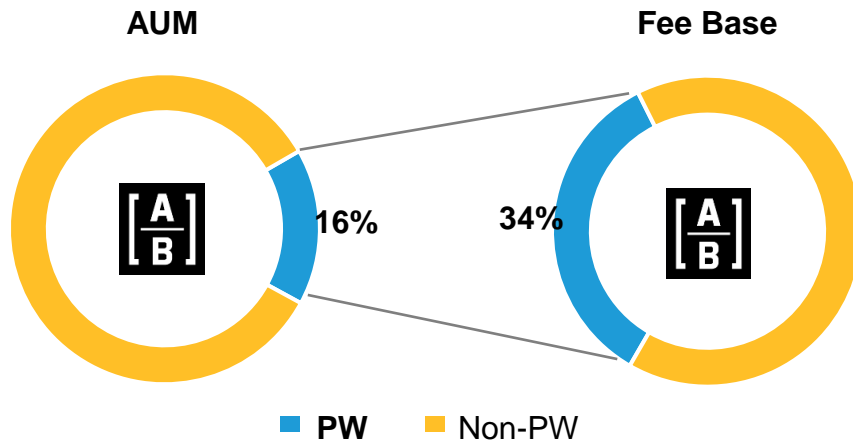


Peer average includes: Affiliated Managers Group, Franklin Resources, Blackrock, Janus Henderson, Invesco, T. Rowe Price  
\*Assumes distributions reinvested during 9/30/2017 – 9/30/2022 period  
Source: NasdaqIR

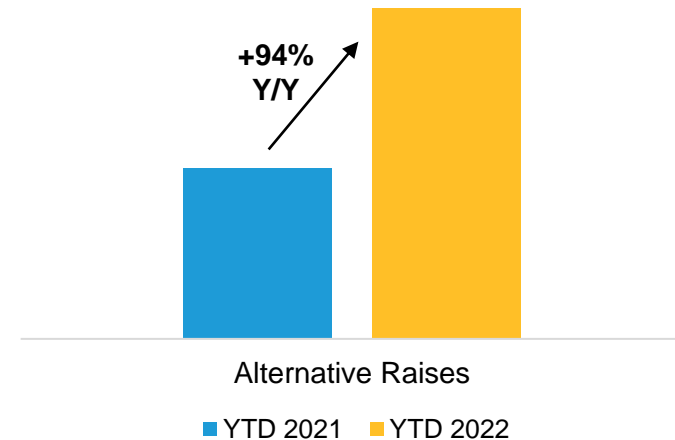
# Private Wealth is a Strategic Asset to AllianceBernstein

Secularly growing, recurring fee business representing 1/3 of AB's adjusted base fees

## PW 34% of AB's Adjusted Fee Base



## Continued Strong Growth in Alternative Raises



- Stable client assets, advisory fees valued at mid-teens earnings multiple in public markets
  - Sticky Assets – Average client account 12 years
  - Accretive and stable fee rates due to value-added personalized financial advice and planning
- Innovation Supports Differentiated Client Needs
  - Strong growth in Private Alts (+94% Y/Y AUM) & Direct Indexing (+15% Y/Y)

# Key Accomplishments Over the Last Three Years...

## Distribution Build-Out Is Paying Off

- Significant investment in US and European retail and initial investment in China

## Organic Growth Through Consistent, Strong Investment Performance

- Strong Equity and Fixed Income performance has driven net inflows well in excess of the peer group

## Alternatives Growth

- Led by US RE Debt Private Credit; committed Private Alts AUM has grown at >25% CAGR over the last 5 years
- EQH committed \$10B over three years to further build out offering; AB has previously grown seed capital 4x
- CarVal acquisition enabled and enhanced by our mutually beneficial partnership with Equitable

## ESG Growth Accelerated Through Innovative Partnership

- \$22.2B in portfolios with purpose supported by proprietary digital platforms across equity and fixed income
- AB Climate Change and Investment Academy established, in partnership with Columbia University

## Culture and Citizenship

- Clear commitment to racial equality; strong diversity and inclusion emphasis

## Nashville HQ Relocation Decision, with Execution on Track

- Accretive in 2020 and 2021, with cost savings of \$75–\$80M in 2025; >85% of targeted 1,250 roles currently filled

## Total Shareholder Return (TSR) Supported by Strong Distribution

- AB units have significantly outperformed the market and peer group, with 100% of adjusted earnings paid out

# ...Inform Our Objectives Over the Next Five Years

## Growth:

### Leadership in Active Traditional Management

- Continued discipline of idiosyncratic alpha in equities, and systematic returns in Fixed Income
- Differentiation and growth of ESG strategies
- Targeted growth of select gaps in product offering

### Known Leader in Private Alternatives Globally

- Continued buildout of differentiated liquid and illiquid alts offerings, leveraging EQH ownership

### Distribution Growth

- Leverage US retail investment to further grow market share; focus on RIAs
- Build foundation in China; further develop other key Asian markets

### Grow Private Client Through Focus on Ultra-High Net Worth Segment

- Full-service wealth management firm, substantially growing ultra-high net worth

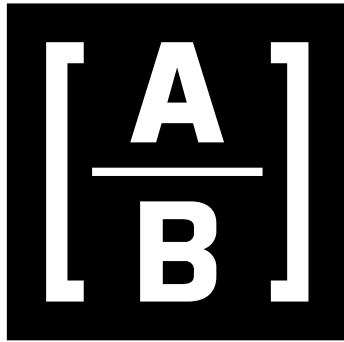
## Margin Expansion:

### State of the Art HQ in Nashville

- Complete HQ relocation, and realize cost savings of \$75–\$80M annually in 2025

### Optimize Portfolio and Cost Structure to Drive Higher Margins

- Operating discipline ever-present through culture of cost control
- Improve fixed/variable cost structure, with focus on pay for performance



**ALLIANCEBERNSTEIN<sup>®</sup>**