



**ALLIANCEBERNSTEIN®**

February 12, 2020

# FOURTH QUARTER 2019 REVIEW

**Seth P. Bernstein** President & Chief Executive Officer

**John C. Weisenseel** Chief Financial Officer

# Cautions Regarding Forward-Looking Statements

Certain statements provided by management in this presentation are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. The most significant of these factors include, but are not limited to, the following: the performance of financial markets, the investment performance of sponsored investment products and separately-managed accounts, general economic conditions, industry trends, future acquisitions, integration of acquired companies, competitive conditions, and government regulations, including changes in tax regulations and rates and the manner in which the earnings of publicly-traded partnerships are taxed. We caution readers to carefully consider such factors. Further, these forward-looking statements speak only as of the date on which such statements are made; we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. For further information regarding these forward-looking statements and the factors that could cause actual results to differ, see “Risk Factors” and “Cautions Regarding Forward-Looking Statements” in AB’s Form 10-K for the year ended December 31, 2019. Any or all of the forward-looking statements made in this presentation, Form 10-K, other documents we file with or furnish to the SEC, and any other public statements we issue, may turn out to be wrong. It is important to remember that other factors besides those listed in “Risk Factors” and “Cautions Regarding Forward-Looking Statements,” and those listed below, could also adversely affect our revenues, financial condition, results of operations and business prospects.

The forward-looking statements referred to in the preceding paragraph include statements regarding:

- + **The pipeline of new institutional mandates not yet funded:** Before they are funded, institutional mandates do not represent legally binding commitments to fund and, accordingly, the possibility exists that not all mandates will be funded in the amounts and at the times currently anticipated, or that mandates ultimately will not be funded.
- + **Our relocation strategy:** While the expenses, expense savings and EPU impact we expect will result from our Relocation Strategy are presented with numerical specificity, and we believe these figures to be reasonable as of the date of this report, the uncertainties surrounding the assumptions on which our estimates are based create a significant risk that our current estimates may not be realized. These assumptions include: the amount and timing of employee relocation costs, severance, and overlapping compensation and occupancy costs we experience; and the timing for execution of each phase of our relocation implementation plan.
- + **Our adjusted operating margin target:** We previously adopted a goal of increasing our adjusted operating margin to a target of 30% by 2020, subject to the assumptions, factors and contingencies described as part of the initial disclosure of this target. Our adjusted operating margin for 2019 was 27.5%. Our AUM and, therefore, our investment advisory revenues, including performance-based fee revenues, are heavily dependent on the level and volatility of the financial markets. Based upon our current revenue and expense projections, we do not believe that achieving the 2020 Margin Target is likely. However, we are taking additional actions to better align our expenses with our expected revenues. We remain committed to achieving an adjusted operating margin of 30% in years subsequent to 2020 and will take continued actions in this regard, subject to prevailing market conditions and the evolution of our business mix.

# Seth P. Bernstein

President & Chief Executive Officer

# Firmwide Overview: Fourth Quarter and Full Year 2019

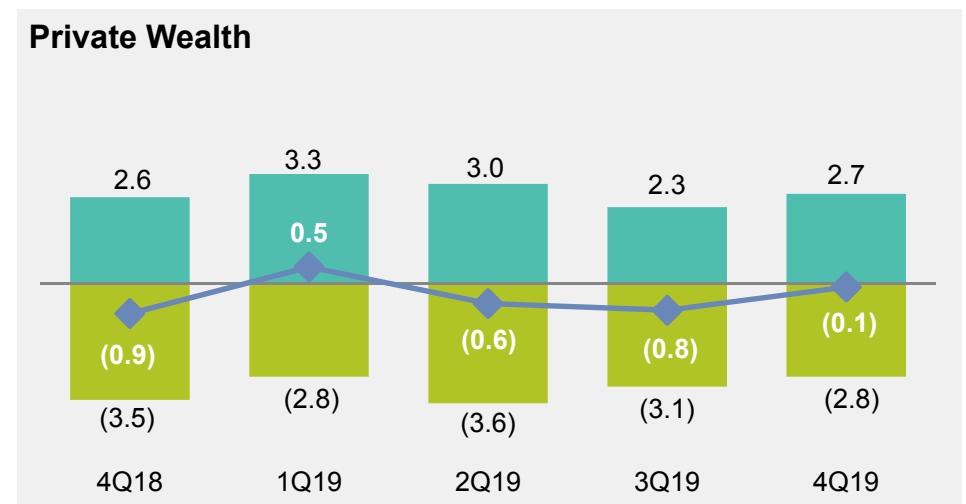
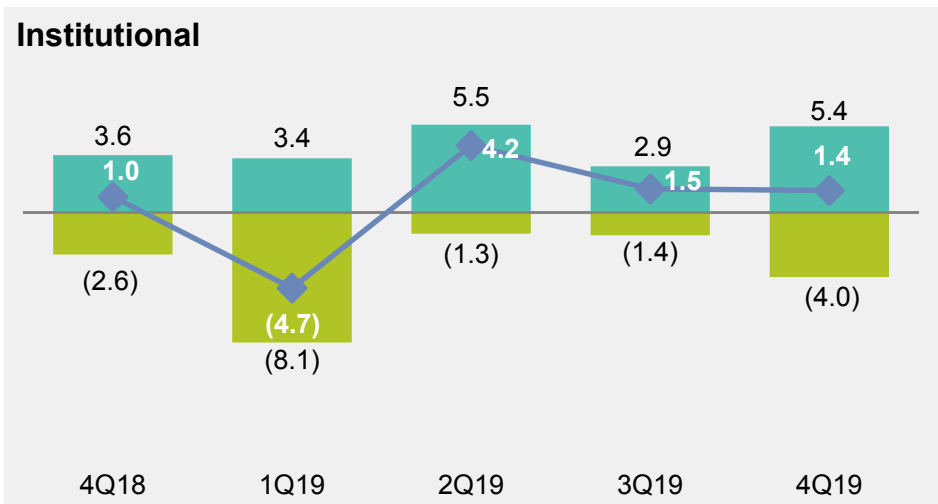
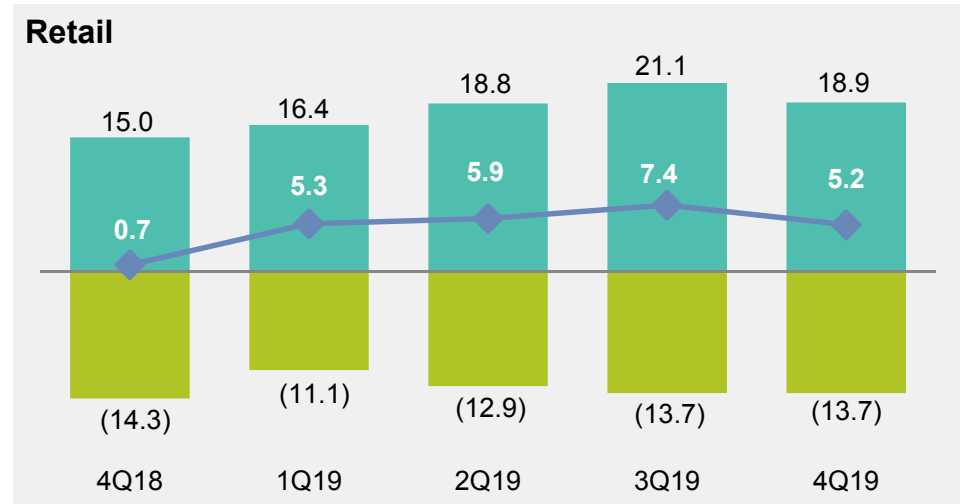
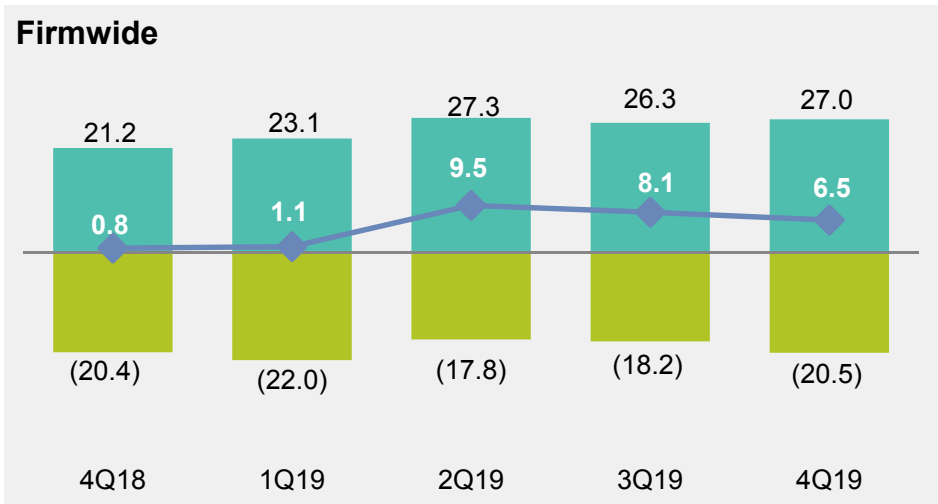


US \$ Billions; scales differ by chart

(1) 4Q19: \$8.1B active net inflows and \$1.6B passive net outflows. 4Q18 \$1.2B active net outflows and \$2.0B passive net inflows; 2019: \$29.7B active net inflows and \$4.5B passive net outflows; 2018: \$7.9B active net outflows and \$0.2B passive net outflows.



# Asset Flows by Distribution Channel: Quarterly Trend

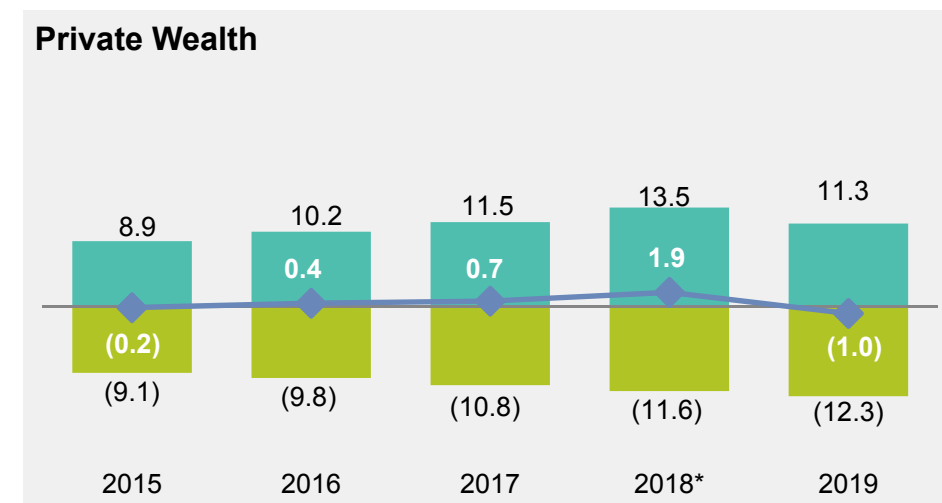
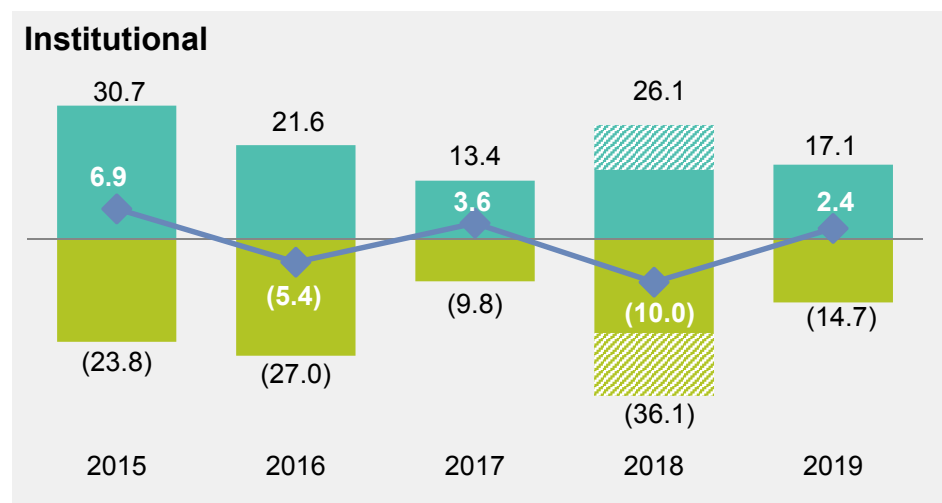
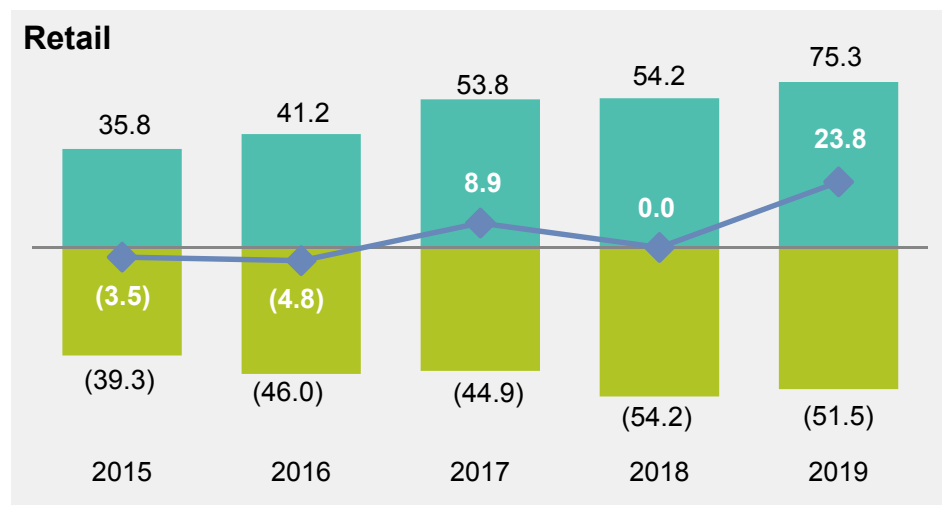
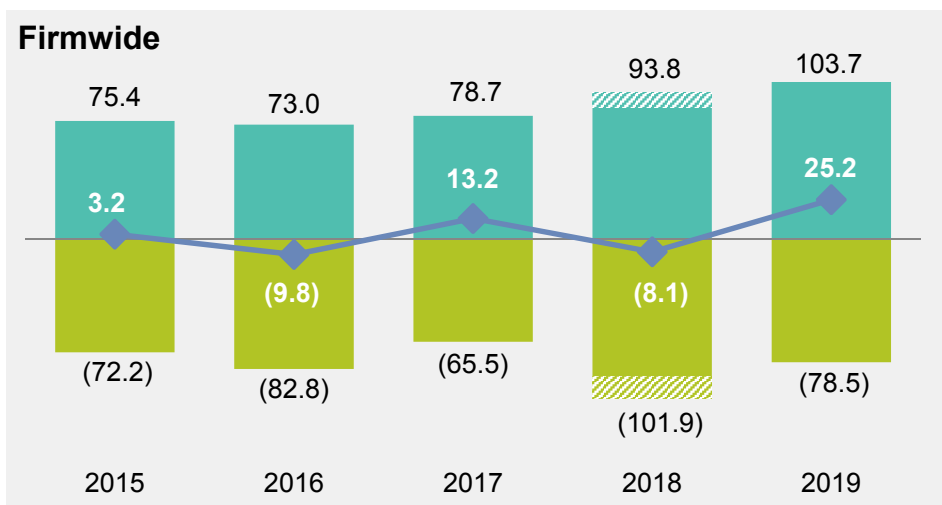


■ Gross Sales ■ Gross Redemptions ◆ Net Flows

US \$ Billions; scales differ by chart



# Asset Flows by Distribution Channel: Annual Trend



US \$ Billions; scales differ by chart

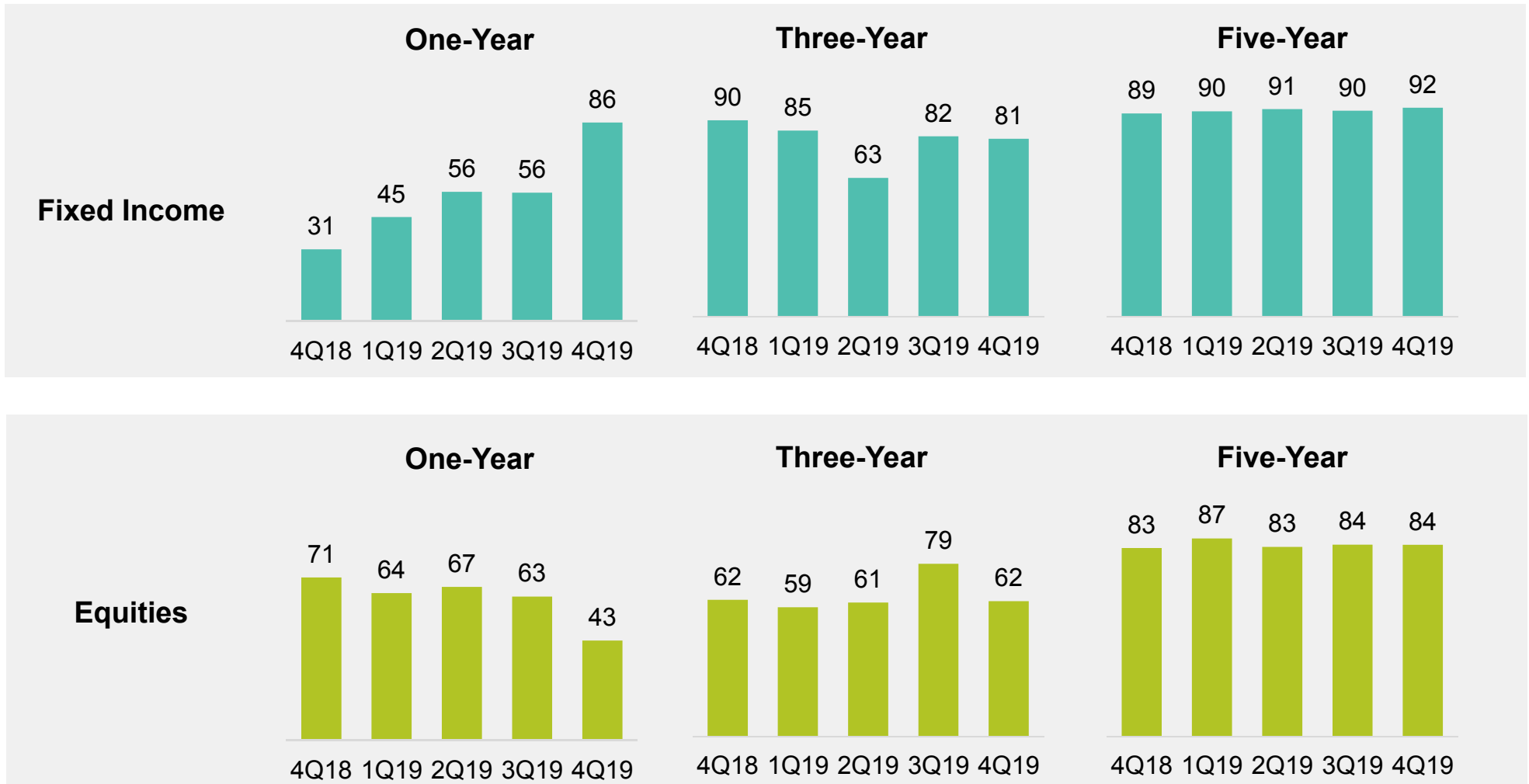
■ Gross Sales 
 ▨ CRS Sales 
 ■ Gross Redemptions 
 ▨ CRS Redemptions 
 ◆ Net Flows

2016: Includes \$7.6B alts redemption from Institutional channel, \$6.3B RII 529 redemption from Retail channel and \$0.4B RII 529 redemption from Private Wealth channel.

\*Private Wealth net inflows include Option Advantage overlay strategy inflows of \$1.8B in 2018 and outflows of (\$0.3B) in 2019.



# Percentage of Assets Outperforming at Quarter-End



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. As of December 31, 2019.



# Fixed Income Investment Performance

Retail Service	Performance vs. Morningstar Category Average Through 12/31/19					
	1 Year		3 Year		5 Year	
	Relative (%)	Percentile	Relative (%)	Percentile	Relative (%)	Percentile
<b>Offshore</b>						
American Income Portfolio	3.8	14	1.9	13	1.2	15
Emerging Markets Debt Portfolio	2.6	29	0.2	53	1.0	35
Emerging Markets Local Currency Debt	1.8	29	0.2	49	0.2	39
European Income Portfolio	2.7	21	1.8	15	1.8	12
Global High Yield Portfolio	1.7	36	0.2	47	0.4	43
Euro High Yield Portfolio	3.3	8	1.1	24	0.7	32
<b>US Taxable</b>						
Global Bond Fund	(1.1)	70	(0.5)	68	0.3	40
High Income Fund	1.3	42	(0.1)	61	0.4	35
Income Fund	2.3	6	1.2	5	1.3	3
<b>Municipals</b>						
High Income Municipal Portfolio	1.8	12	1.1	18	0.8	24
Intermediate Diversified Muni	2.6	2	1.2	4	N/A	N/A
Municipal Bond Inflation Strategy	3.2	1	1.1	7	1.1	2
Municipal Income National Portfolio	0.3	33	0.5	25	0.6	16

**Past performance does not guarantee future results.**

Relative Performance is calculated against the Fund's Morningstar Category and Percentile Ranking is determined by Morningstar Ranking Methodology. Advisor and I share class; A share class used when Advisor and I class not available. Morningstar Categories: American Income – USD Flexible Bond; Emerging Markets Debt – Global Emerging Markets Bond; Emerging Markets Local Currency Debt – Global Emerging Markets Bond – Local Currency; European Income – EUR Flexible Bond; Global High Yield – Global High Yield Bond; Euro High Yield – EUR High Yield Bond; Global Bond – World Bond; High Income – High Yield Bond; AB Income – Intermediate-Term Bond; High Income Municipal – High Yield Muni; Intermediate Diversified Muni – Muni National Short; Municipal Bond Inflation – Muni National Short; Municipal Income National – Muni National Intern. As of 12/31/19. Source: AB and Morningstar.





# Equities Investment Performance

Retail Service	Performance vs. Morningstar Category Average Through 12/31/19					
	1 Year		3 Year		5 Year	
	Relative (%)	Percentile	Relative (%)	Percentile	Relative (%)	Percentile
<b>Offshore</b>						
Select US	0.4	57	1.4	36	1.2	39
Sustainable US Thematic	1.9	37	1.8	38	1.6	29
Concentrated Global	6.6	6	4.0	12	2.8	13
Global Low Vol <sup>(1)</sup>	1.9	40	3.0	9	3.5	3
Global Core	4.4	18	4.7	2	3.6	3
Sustainable Global Thematic	0.6	50	2.6	21	1.6	27
Eurozone Equity	(1.8)	70	2.5	10	3.7	3
Emerging Markets Growth	7.3	11	(1.5)	74	0.0	53
Emerging Markets Low Vol <sup>(1)</sup>	(2.9)	76	(1.6)	77	0.5	41
<b>US</b>						
Concentrated Growth (US)	7.8	4	2.3	29	1.1	36
Discovery Growth	(1.8)	64	2.9	23	1.2	32
Large Cap Growth	2.2	33	3.7	17	3.5	6
Discovery Value	(5.1)	83	(2.5)	89	(0.6)	67
Relative Value	(1.4)	70	1.6	24	1.4	22
Concentrated International Growth	6.9	8	3.1	15	N/A	N/A
Global Core Equity	2.0	38	2.9	22	1.8	22
Select US Long/Short	5.3	21	3.9	15	3.0	6

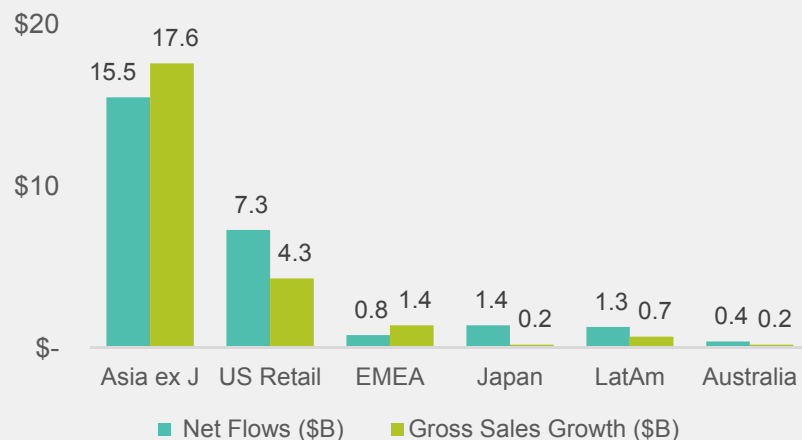
**Past performance does not guarantee future results.**

Relative Performance is calculated against the Fund's Morningstar Category and Percentile Ranking is determined by Morningstar Ranking Methodology. Advisor and I share class; A share class used when Advisor and I class not available. Select US – US Large-Cap Blend; Sustainable US Thematic – US Large-Cap Blend – representative of US Thematic and Strategic Research SMAs; Concentrated Global – Large Cap Growth; Global Low Vol – Global Large-Cap Blend; Global Core – Europe Large-Cap Value; Sustainable Global Thematic – Global Large-Cap Growth; Eurozone Equity – Eurozone Large-Cap Equity; Emerging Markets Growth – Global Emerging Markets; Emerging Markets Low Vol – Global Emerging Markets Equity; Concentrated Growth (US) – Large Growth; Discovery Growth – Mid-Cap Growth; Large Cap Growth – Large Growth; Discovery Value – Mid-Cap Value; Relative Value – Large Value; Concentrated International Growth – Foreign Large Growth; Global Core Equity – World Large Stock; Select US Long/Short – Long-Short Equity. As of 12/31/19. Source: AB and Morningstar. (1) A low vol universe comparison is not currently listed in Morningstar.



# Retail Highlights

## Y/Y Sales Growth with Positive Net Flows across All Regions 2019 Gross Sales Growth & Net Flows (\$B)



## 2019 Top Net Flows: Strength across Asset Classes <sup>(1)</sup>

Equity	Fixed Income
Large Cap Growth <sup>(2)</sup>	American Income
Strategic Research SMA	Muni Tax Aware SMA
Low Volatility Equity	AB Income Fund
Concentrated US Growth SMA	European Income
Global REIT	Global High Yield
Global Core Equity	Fixed Maturity Bond 2023
Small Cap Growth	Global ex-US Plus
Managed Volatilities Equity	Gov't Money Market
Europe (ex UK) Equity	<b>Multi-Asset / Alts</b>
Select US Equity	All Market Income
	Global Multi-Asset

(1) Equity funds w/ net inflows >\$150M, Fixed Income funds w/ net inflows >\$750 million, and Multi-asset funds w/ net inflows >\$100M. (2) Includes Japan on-shore fund, US 40 Act Fund, and FlexFee Fund. (3) Source: Morningstar Direct, Includes Open-ended Funds and ETFs. Both active and passively managed funds are included. (4) U.S. Retail, excludes Sub-Advisory (5) Source: Strategic Insight. Actively managed long-term funds only. Excludes 529 FoFs and closed-end.

## Fourth Quarter and Full Year 2019 Highlights

### Sales and Flows

- + Record full year gross sales of \$75.3B, + 39% Y/Y; exceeds prior record by \$19B or 34%
- + 2019 redemptions improved by \$2.6B or 4%
- + Full year active net flows of \$27.2B; 4Q +\$6.2B, with each quarter in 2019 > \$5B

### Market Leader in Active Fixed Income; Consistency in Active Equities

- + Full year Active Fixed Income net flows of +\$23.6B, 31% organic growth
  - + AB fixed income ranked 3<sup>rd</sup> out of 412 in Cross-Border retail net flows <sup>(3)</sup>
  - + #2 best-selling active fund house in Europe, led by American Income, European Income, and Global High Yield
- + Full year Active Equity net inflows of +\$3.4B; third consecutive year of net inflows
  - + AB active equity ranked 20<sup>th</sup> out of 564 in Cross-Border retail net flows <sup>(3)</sup>
  - + 4Q +\$1.5B, eleventh straight quarter of active positive net inflows

### Broad-based Growth Across Products and Regions

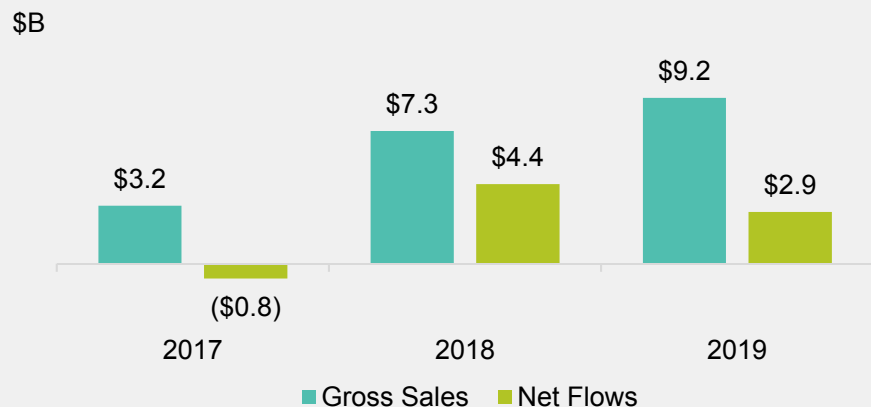
- + Sales increased with positive net flows across all regions in 2019
  - + Sales: Asia ex J +97%, EMEA +23%, LatAm +21%, Japan +5%, US +24% <sup>(4)</sup>
  - + AB Asia ex Japan sales of \$35.6B highest in history
- + 55 products with AUM exceeding \$1B, +15% Y/Y
- + 33 products with net flows >\$100M, +32% Y/Y
- + Muni sales +33% Y/Y

### 2019 Milestones

- + Record AUM of \$239B, +32% Y/Y; \$1.2B in AFB
- + 3-year cumulative net flows of +\$33B, avg. annual organic growth of 6.2%
- + AB US Retail actively managed fund net inflow rankings: Equity 6<sup>th</sup> out of 455 managers, Taxable Bonds 23<sup>rd</sup> out of 291, Int'l Equity 24<sup>th</sup> out of 259, Muni Bonds 17<sup>th</sup> out of 111, Liquid Alts 30<sup>th</sup> out of 201 <sup>(5)</sup>

# Institutional Highlights

## Continued Strength in Active Equity Sales and Flows



## Fourth Quarter and Full Year 2019 Highlights

### Sales and Flows

- + 4Q gross sales of \$5.4B up 86% Q/Q and 48% Y/Y
- + 2019 gross sales of \$17.1B, active net flows of +\$3.8B
- + 9 out of last 10 quarters active equity gross sales > \$1B
- + 2019 redemptions improved 60% Y/Y

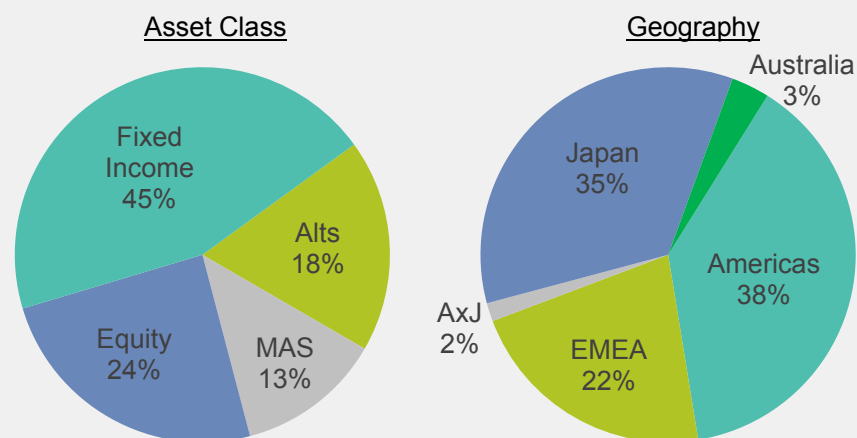
### Continued Strength in Active Equities a Key Flow Driver in 2019

- + 2019 \$9.2B active equity gross sales + 25% Y/Y, best since 2008 and 54% of channel
- + 4Q \$3.7B active equity gross sales
- + 2019 \$2.9B of active equity net positive flows, 9% organic growth
- + Full year flows led by Global Core and Global Concentrated Growth
- + 2-year cumulative active equity net flows of +\$7.3B, avg. annual organic growth of 11%

### Growing and Diverse Pipeline Mix

- + \$15.1B year-end pipeline, up 30% sequentially and 56% Y/Y
- + \$9.2B 4Q pipeline additions, highest in ten quarters
- + Notable 4Q pipeline adds across asset classes:
  - + Agency Mortgage Backed Securities<sup>(2)</sup>: \$5B
  - + International Small Cap: \$1.6B
  - + Global Core Equity: \$750M
  - + Global Plus - Hedged: \$600M
  - + Commercial Real Estate Debt Fund IV: \$525M
  - + US SMID Cap Value: \$250M
- + Annual Fee Base of >\$40M for second consecutive quarter

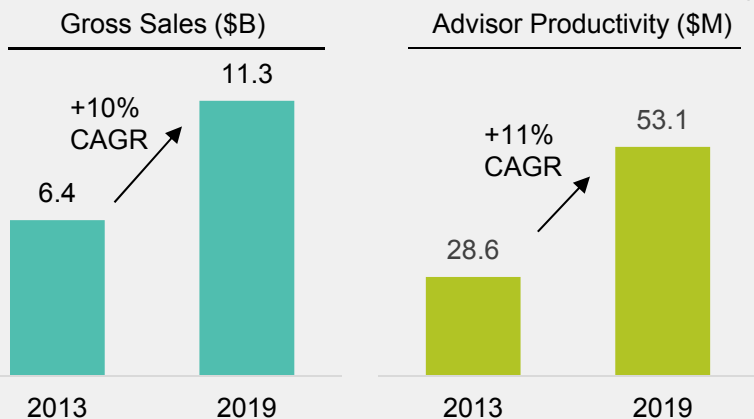
## \$15.1B Pipeline<sup>(1)</sup> Diverse by Asset Class and Geography



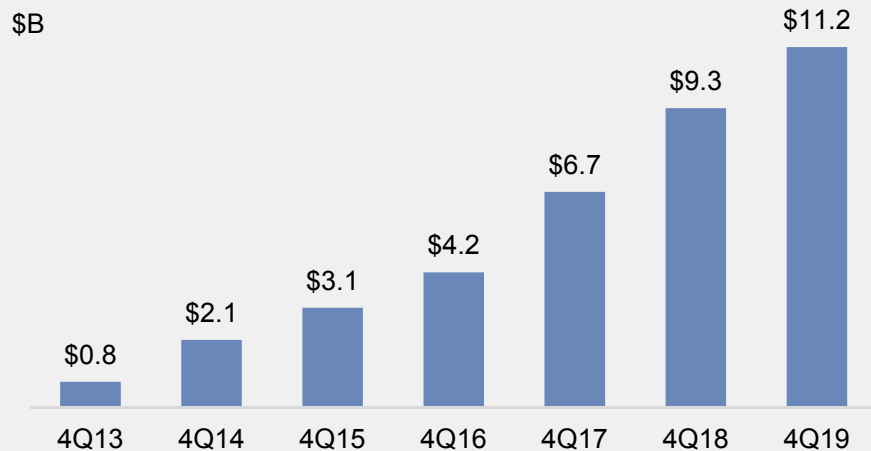
(1) Total assets awarded and pending funding as of quarter-end. Fixed Income includes both active and passive strategies. (2) Reflects low-fee, passive strategy.

# Private Wealth Management Highlights

## Steady Growth in Gross Sales and Advisor Productivity



## \$11.2B in Alts/Focused Equities Deployed and Committed Assets <sup>(1)</sup>



(1) Represents cumulative assets, excluding distributions or redemptions.

## Fourth Quarter and Full Year 2019 Highlights

### Sales and Flows

- + Full year gross sales of \$11.3B
- + Redemptions below long-term average
- + Full year net outflows (\$1B), positive excluding one-time flows not indicative of underlying trends in the business

### Continued Growth in Affluent and High Complexity Client Base...

- + Total Alts/Focused Equity deployed and committed capital \$11.2B at year-end, + \$1.9B or 20% Y/Y

### + \$1.9B Alts/Focused Equities Raised in 2019

- + \$600M U.S. Real Estate III
- + \$450M Hedge Funds
- + \$300M Private Credit
- + \$100M RE Co-Investment OZ Fund
- + \$100M Fin Svcs
- + \$90M Abbott Capital JV
- + \$90M Energy

- + 5 straight years of organic growth in Alts/Focused Equity accounts

- + 1.1% organic growth of assets >\$20M in 2019

### ...Met with Expanded, Innovative Solutions

- + \$2.7B AUM in ESG strategies, up 80% Y/Y
- + Launched Separately Managed Tax-Loss Harvesting Portfolio

### Advisor Base and Productivity Continues to Rise Steadily

- + 2019 Advisor headcount +6%, minimal turnover
- + 2013-2019 Advisor headcount CAGR +2%, productivity CAGR +11%



# Bernstein Research Highlights

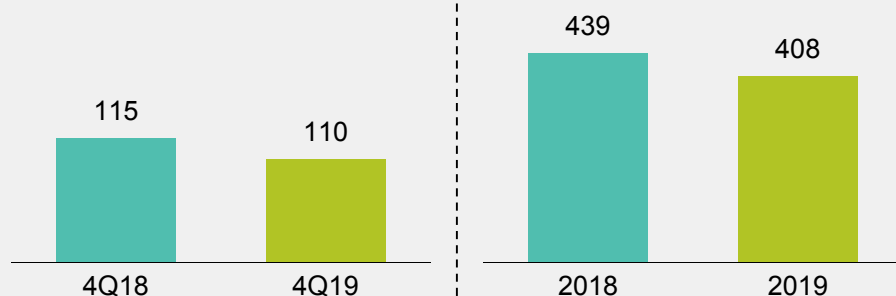
## Bernstein Research Quarterly and Annual Revenues

\$M

% Change

4Q19/4Q18: (4%); (19%) ex Autonomous

2019/2018: (7%); (15%) ex Autonomous

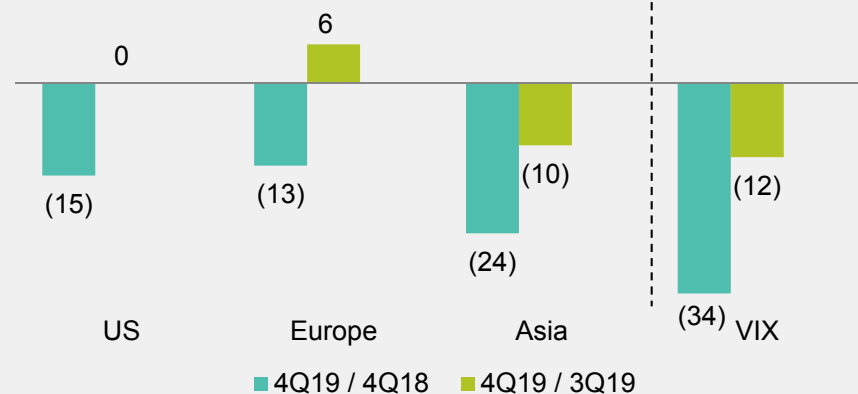


## Regional Volumes and Volatility<sup>(1)</sup>

(% Change)

Regional Trading Volumes

Volatility



(1) Source: VIX – Bloomberg; US Market Volumes Tape A and C – Bats

## Fourth Quarter and Full Year 2019 Highlights

### Focused growth efforts despite subdued global trading environment

- + Integrated Autonomous; cross-sale opportunities on track with >100 potential new clients on trial
- + Launched Indian trading July; Built out Indian research and sales in Mumbai
- + Asian Research Investments
- + Increased pre-IPO research
- + Strong showing in Institutional Investor AART (18 ranked positions vs 17 prior yr.)
- + Ranked #1 in five algorithmic trading categories in *The Trade* magazine survey of long-only managers.
- + 35<sup>th</sup> Annual Strategic Decisions Conference and 16<sup>th</sup> Annual European SDC attended by 1,750 clients and CEO's/executives from >180 of world's largest companies

### Controlling Cost and Managing for Continued Profitability

- + Aligned headcount with current market size
- + Delivered cost savings synergies from Autonomous acquisition
- + Protected franchise, quality of both research and trading

### While Maintaining Product Quality and Premium Positioning

- + Ranked #1 for 17<sup>th</sup> straight year in Quality of analyst service and #1 Quality Index and for High Quality Written Research in annual independent study
- + Ranked 2<sup>nd</sup> in quality of analyst service and 2<sup>nd</sup> in highest quality written research in Greenwich Associates Asian PM Survey
- + Maintained breadth of relevant coverage (Initiations of: U.S. Telecom, U.S. Internet, Global Oil Services, European Payments, European Luxury Goods, European Retail, European Utilities, Chinese Banks, Chinese Internet, Indian Autos)



# Progress on Our Strategy in 2019

## Firmwide Initiative Progress

### Deliver differentiated return streams to clients

- + Fixed Income: 81% of assets in outperforming services for 3-yr period; 86% for 1-yr and 92% for 5-yr
  - + Top quartile<sup>(1)</sup> 3-yr: American Income, AB Income, European Income, European High Yield, High Income Muni, Intermediate Diversified Muni, Muni Bond Inflation, and Muni Income National.
- + Active equity: 62% of assets in outperforming services for 3-yr period; 43% for 1-yr and 84% for 5-yr
  - + Top quartile<sup>(1)</sup> 3-yr: Large Cap Growth, Discovery Growth, Relative Value, Conctr. Int'l Growth, Select US Long/Short, Global Core, Conctr. Global, Global Low Vol, Sustainable Global Thematic, Eurozone Equity
- + 69% of US rated and 66% of Lux rated assets rated 4/5-stars by Morningstar at year-end

### Commercialize and scale our suite of services

- + Active organic growth rate 6.5%; Demonstrated success across equities and fixed income
  - + Retail: record active net inflows of \$27.2B in 2019 or 20% organic growth driven by active global FI; equity 11 straight quarters of positive active net flows
  - + Institutional: \$2.9B of active equity net inflows or 9% organic growth rate
- + Sales growth and diversification efforts continue to pay off
  - + Retail: record gross sales of \$75.3B in 2019 up 39% Y/Y; gross sales growth and net flows positive in all regions
  - + Institutional: \$15.1B pipeline at year-end, with record AFB
  - + Private Wealth: 2019 gross sales of \$11.3B, organic growth driving mix shift to accounts >\$10M
  - + Alternatives: Launched Fund of Funds JV, Real Estate Eq. III; Structured CLO

### Continuous and rigorous focus on expense management

- + Adjusted 4Q Operating margin of 32.3% in Q4, up 300 bps Y/Y
- + 2019 Full Year adjusted operating margin of 27.5% vs. 29.1% 2018 reflects impact of one-time 2018 performance fees and Nashville relocation expense.
- + Adjusted EPU of \$2.52 reflects (\$0.06) full year impact of Nashville-related expenses



(1) Source: Morningstar

# John C. Weisenseel

Chief Financial Officer

# Fourth Quarter and Full Year 2019 GAAP Income Statement

Income Statement (in US \$ Millions)	4Q19	4Q18	% Δ	FY 2019	FY 2018	% Δ
Base Fees	\$ 626	\$ 544	15%	\$ 2,372	\$ 2,244	6%
Performance Fees	76	35	117%	100	118	(15%)
Bernstein Research Services	110	115	(4%)	408	439	(7%)
Distribution Revenues	128	101	27%	455	419	9%
Dividends & Interest	24	27	(11%)	104	98	6%
Investment Gains (Losses)	8	(24)	n/m	39	2	n/m
Other Revenues	26	22	18%	97	99	(2%)
<b>Total Revenues</b>	<b>998</b>	<b>820</b>	<b>22%</b>	<b>3,575</b>	<b>3,419</b>	<b>5%</b>
Less: Interest Expense	11	16	(31%)	57	52	10%
<b>Net Revenues</b>	<b>\$ 987</b>	<b>\$ 804</b>	<b>23%</b>	<b>\$ 3,518</b>	<b>\$ 3,367</b>	<b>4%</b>
Compensation & Benefits						
Compensation & Fringes	\$ 369	\$ 309	19%	\$ 1,409	\$ 1,345	5%
Other Employment Costs	9	10	(10%)	34	34	0%
<b>Total Compensation &amp; Benefits</b>	<b>378</b>	<b>319</b>	<b>18%</b>	<b>1,443</b>	<b>1,379</b>	<b>5%</b>
Promotion & Servicing	202	167	21%	723	671	8%
General & Administrative	132	112	18%	488	456	7%
Other	7	7	0%	41	36	14%
<b>Total Operating Expenses</b>	<b>\$ 719</b>	<b>\$ 605</b>	<b>19%</b>	<b>\$ 2,695</b>	<b>\$ 2,542</b>	<b>6%</b>
<b>Operating Income</b>	<b>\$ 268</b>	<b>\$ 199</b>	<b>35%</b>	<b>\$ 823</b>	<b>\$ 825</b>	<b>0%</b>
<b>Operating Margin</b>	<b>26.4%</b>	<b>25.0%</b>		<b>22.6%</b>	<b>23.9%</b>	
<b>AB Holding GAAP Diluted Net Income Per Unit</b>	<b>\$ 0.84</b>	<b>\$ 0.63</b>	<b>33%</b>	<b>\$ 2.49</b>	<b>\$ 2.50</b>	<b>0%</b>

Percentages are calculated using amounts rounded in millions.

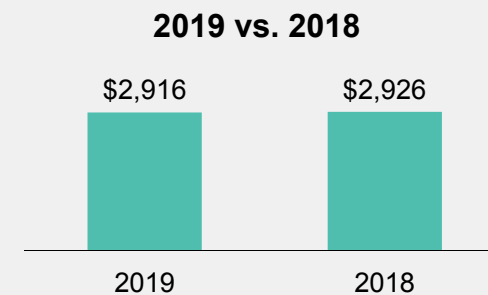




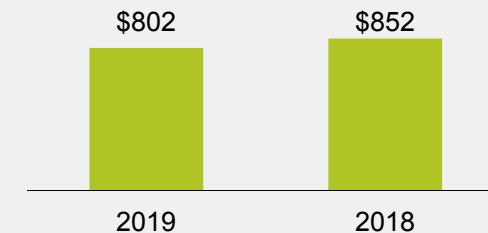
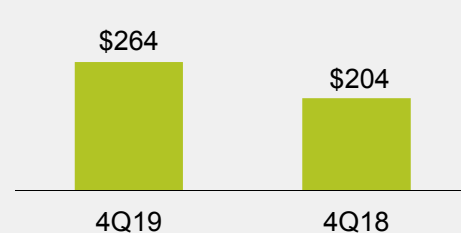
# Adjusted Financial Highlights: Fourth Quarter and Full Year 2019

In US \$ Millions; scales may differ

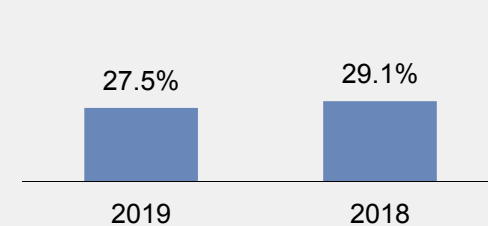
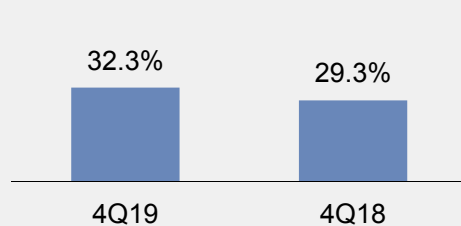
**Adjusted Revenues**



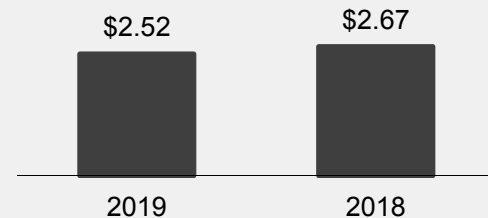
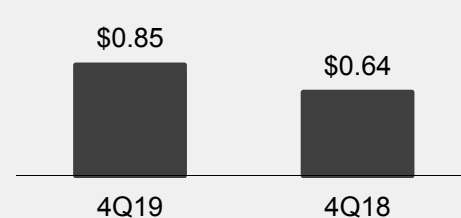
**Adjusted Operating Income**



**Adjusted Operating Margin**



**Adjusted EPU**



Please refer to pages 35-39 for additional information on the reconciliation of GAAP financial results to adjusted financial results.



## Fourth Quarter and Full Year 2019 Adjusted Income Statement

Adjusted Income Statement (\$ in millions)	4Q19	4Q18	% Δ	FY19	FY18	% Δ
Base Fees	\$ 622	\$ 543	15%	\$ 2,354	\$ 2,240	5%
Performance Fees	74	35	111%	97	196	(51%)
Bernstein Research Services	110	115	(4%)	408	439	(7%)
Net Distribution Revenues (Expenses)	(15)	(7)	114%	(48)	(30)	60%
Investment Gains (Losses)	3	(13)	n/m	16	(7)	n/m
Other Revenues	34	39	(13%)	146	140	4%
<b>Total Revenues</b>	<b>828</b>	<b>712</b>	<b>16%</b>	<b>2,973</b>	<b>2,978</b>	<b>(0%)</b>
Interest Expense	11	16	(31%)	57	52	10%
<b>Adjusted Net Revenues</b>	<b>\$ 817</b>	<b>\$ 696</b>	<b>17%</b>	<b>\$ 2,916</b>	<b>\$ 2,926</b>	<b>(0%)</b>
Compensation & Benefits						
Compensation & Fringes	\$ 366	\$ 315	16%	\$ 1,396	\$ 1,388	1%
Other Employment Costs	9	10	(10%)	34	34	0%
<b>Total Compensation &amp; Benefits</b>	<b>375</b>	<b>325</b>	<b>15%</b>	<b>1,430</b>	<b>1,422</b>	<b>1%</b>
Promotion & Servicing	50	51	(2%)	185	187	(1%)
General & Administrative	119	108	10%	455	426	7%
Other	9	8	13%	44	39	13%
<b>Total Operating Expenses</b>	<b>\$ 553</b>	<b>\$ 492</b>	<b>12%</b>	<b>\$ 2,114</b>	<b>\$ 2,074</b>	<b>2%</b>
Adjusted Operating Income	\$ 264	\$ 204	29%	\$ 802	\$ 852	(6%)
Adjusted Margin	32.3%	29.3%		27.5%	29.1%	
AB Holding Adjusted Diluted Net Income Per Unit	\$ 0.85	\$ 0.64	33%	\$ 2.52	\$ 2.67	(6%)
Compensation Ratio	44.8%	45.2%		47.9%	47.5%	



Percentages are calculated using amounts rounded in millions

# Fourth Quarter and Full Year 2019 Adjusted Income Statement Highlights

## Revenues

- + Base Fees increased 15% versus 4Q18 and 5% versus FY18 driven by higher fees in all three channels (Retail, Private Wealth and Institutional) due to higher average AUM.
- + FY18 reflects the recognition of performance fees from the liquidation of Financial Services Opportunity Fund 1 and Real Estate Equity Fund 1, which drove the difference year over year. The increase in 4Q19 versus 4Q18 was related to higher fees earned on US Concentrated Growth, Securitized Assets and Arya Partners.
- + The decline in Bernstein Research revenue versus both prior periods was driven mainly by continued weak client activity and trading commissions which were partially offset by revenues from the Autonomous acquisition.
- + Net Distribution Expenses increased versus both prior periods due to higher Asia retail fund sales/AUM.
- + FY19 and 4Q19 recorded investment gains which were driven by seed investment gains versus investment losses in prior periods.
- + Other Revenues decreased versus 4Q18 due to lower dividends and interest earned on broker dealer investments while Interest Expense decreased due to lower interest paid on customer balances. Versus FY18, Other Revenues and Interest Expense both increased due to higher dividends and/or interest.

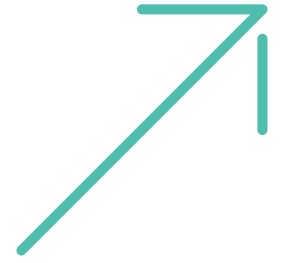
## Expenses

- + The Adjusted Compensation Ratio was 44.8% in 4Q19 vs. 45.2% in 4Q18, and 47.9% for FY19 compared to 47.5% in FY18.
- + Total Compensation & Benefits increased 15% versus 4Q18 due primarily to higher base and incentive compensation. FY19 increased 1% versus FY18 due primarily to higher base compensation and fringe benefits offset by lower incentive compensation and commissions.
- + Promotion & Servicing was down slightly versus both prior periods due to a decrease in Marketing expense partially offset by higher T&E. Decreased trade execution expenses versus FY18 also contributed to the decline.
- + G&A expenses were up 10% versus 4Q18 and 7% versus FY18 driven by higher technology-related expenses, occupancy expenses attributed mainly to the corporate headquarters relocation to Nashville and an unfavorable foreign exchange impact.
- + Other Expenses increased on a full year basis driven by higher contingent payments and amortization of intangibles related to the Autonomous acquisition combined with higher interest expense.

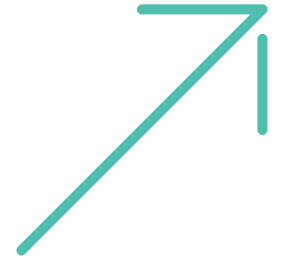
## Operating Results

- + Adjusted Operating Income increased 29% versus 4Q18 as an increase in revenues driven mainly by higher base and performance fees was partially offset by an increase in operating expenses driven by higher Compensation and Benefits and G&A expenses. The 6% decrease versus FY18 was due to higher operating costs, mainly G&A expenses, compared to flat revenues as increases in base fees and net investment gains were offset by lower performance fees, Bernstein Research revenues and higher net distribution expense.
- + Adjusted Margin was 32.3% in 4Q19, up from 29.3% in 4Q18. For 2019, the Adjusted Margin was 27.5% vs 29.1% in 2018.

Please refer to pages 35-39 for additional information on the reconciliation of GAAP financial results to adjusted financial results. Percentages are calculated using amounts rounded in millions.



## Q & A



# APPENDIX

# Institutional Composite Relative Performance vs. Benchmarks

Service	Periods Ended December 31, 2019					Benchmark
	4Q19	1-Yr	3-Yr	5-Yr	10-Yr	
<b>Equity</b>						
International Strategic Core	(2.5)	(2.6)	1.8	2.5	N/A	MSCI EAFE
US Small & Mid Cap Value	(0.5)	(2.4)	(0.3)	0.1	0.6	Russell 2500 Value
US Strategic Value	(1.3)	(5.5)	(3.5)	(3.8)	(2.7)	Russell 1000 Value
US Small Cap Growth	1.4	8.8	10.7	5.7	4.4	Russell 2000 Growth
US Large Cap Growth	(0.3)	(1.3)	2.2	1.8	0.6	Russell 1000 Growth
US Relative Value	0.0	(2.0)	2.6	1.9	1.5	Russell 1000 Value
US Small & Mid Cap Growth	(0.3)	(0.9)	4.1	1.5	2.1	Russell 2500 Growth
US Strategic Core	(2.7)	0.6	(0.2)	1.0	N/A	S&P 500
Concentrated US Growth	0.0	9.1	6.2	2.6	2.2	S&P 500
Select US Equity	0.6	(1.0)	0.3	0.0	1.2	S&P 500
Global Core Equity	(0.1)	2.2	3.4	2.3	N/A	MSCI ACWI
<b>Fixed Income</b>						
Global High Income	0.3	1.9	0.4	(0.3)	0.1	Bloomberg Barclays Global High Yield - Hedged
Global Fixed Income	0.1	(0.2)	0.0	0.0	0.5	Bloomberg Barclays Global Treasury - Unhedged
US Strategic Core Plus	0.2	0.5	0.5	0.8	1.0	Bloomberg Barclays US Aggregate
Emerging Market Debt	0.8	0.3	0.1	0.0	0.3	JPM EMBI Global
Global Plus	0.3	0.5	0.2	0.5	1.1	Bloomberg Barclays Global Aggregate - Hedged
Intermediate Municipal	0.2	1.2	0.7	0.7	0.7	Lipper Short/Int Blended Muni Fund Avg

Performance is preliminary and as of December 31, 2019. Investment performance of composites is presented before investment management fees. Periods of more than one year are annualized. The information in this table is provided solely for use in connection with this presentation and is not directed toward existing or potential investment advisory clients of AB. Global High Income and Global Plus are hedged to USD.



# Retail Mutual Funds Relative Performance vs. Morningstar Average

Service	Periods Ended December 31, 2019					Morningstar Average
	4Q19	1-Yr	3-Yr	5-Yr	10-Yr	
<b>Equity</b>						
Global Core	0.1	4.4	4.7	3.6	N/A	Large-Cap Blended Equity
Relative Value	(0.4)	(1.4)	1.6	1.4	1.6	Large Value
Discovery Value	(0.9)	(5.1)	(2.5)	(0.6)	0.0	Mid-Cap Value
US Value	(1.5)	(4.9)	(4.8)	(4.3)	(2.4)	Large Value
Sustainable Global Thematic	0.9	4.1	5.2	3.2	(0.1)	World Large Stock
Sustainable International Thematic	1.2	(0.7)	(0.3)	(1.9)	(2.1)	Foreign Large Growth
Large Cap Growth	0.8	2.2	3.7	3.5	1.9	Large Growth
Emerging Markets Growth	(1.2)	7.3	(1.5)	0.0	0.5	Global Emerging Markets Equity
Growth	(1.7)	(0.5)	4.3	3.2	1.7	Large Growth
Discovery Growth	2.0	(1.8)	2.9	1.2	2.4	Mid-Cap Growth
<b>Fixed Income</b>						
Global High Yield	0.4	1.7	0.2	0.4	0.9	Global High Yield Bond
American Income Portfolio	0.2	3.8	1.9	1.2	1.4	USD Flexible Bond
Global Bond	0.2	(1.1)	(0.5)	0.3	0.7	World Bond
High Income	0.7	1.3	(0.1)	0.4	1.0	High Yield Bond

As of December 31, 2019. Fund returns are based on Advisor Class shares. Where Advisor Class doesn't exist, Class I is used. All fees and expenses related to the operation of the Fund have been deducted, but returns do not reflect sales charges. The information in this table is provided solely for use in connection with this presentation, and is not directed toward existing or potential investment advisory clients of AB.



# Assets Under Management: 4Q19

(US \$ Billions)

	At December 31, 2019				At Sept 30, 2019
	Institutions	Retail	Private Wealth	Total	Total
<b>Equity</b>					
Actively Managed	\$ 45	\$ 81	\$ 51	177	\$ 160
Passive <sup>(1)</sup>	25	35	-	60	57
<b>Total Equity</b>	<b>70</b>	<b>116</b>	<b>51</b>	<b>237</b>	<b>217</b>
<b>Fixed Income</b>					
Taxable	158	88	12	258	253
Tax-Exempt	1	21	25	47	46
Passive <sup>(1)</sup>	-	9	1	10	9
<b>Total Fixed Income</b>	<b>159</b>	<b>118</b>	<b>38</b>	<b>315</b>	<b>308</b>
<b>Other<sup>(2)</sup></b>	<b>54</b>	<b>5</b>	<b>12</b>	<b>71</b>	<b>67</b>
<b>Total</b>	<b>\$ 283</b>	<b>\$ 239</b>	<b>\$ 101</b>	<b>\$ 623</b>	<b>\$ 592</b>
	<b>At September 30, 2019</b>				
<b>Total</b>	<b>\$ 273</b>	<b>\$ 222</b>	<b>\$ 97</b>	<b>\$ 592</b>	

(1) Includes index and enhanced index services.

(2) Includes certain multi-asset solutions and services and certain alternative investments.





## Three Months Ended 12/31/19: AUM Roll-Forward by Distribution Channel

In US \$ Billions Distribution Channel:	Beginning of Period	Sales/New Accounts	Redemptions/ Terminations	Net Cash Flows	Net Flows	Investment Performance	Net Change	End of Period
Institutions								
US	148.2	1.2	(0.2)	(2.1)	(1.1)	2.4	1.3	149.5
Global and Non-US	124.7	4.2	(1.1)	(0.6)	2.5	6.0	8.5	133.2
<b>Total Institutions</b>	<b>272.9</b>	<b>5.4</b>	<b>(1.3)</b>	<b>(2.7)</b>	<b>1.4</b>	<b>8.4</b>	<b>9.8</b>	<b>282.7</b>
Retail								
US	112.6	7.1	(4.2)	(1.2)	1.7	7.2	8.9	121.5
Global and Non-US	109.9	11.8	(7.4)	(0.9)	3.5	4.3	7.8	117.7
<b>Total Retail</b>	<b>222.5</b>	<b>18.9</b>	<b>(11.6)</b>	<b>(2.1)</b>	<b>5.2</b>	<b>11.5</b>	<b>16.7</b>	<b>239.2</b>
Private Wealth Management								
US	64.0	2.0	(1.8)	-	0.2	2.3	2.5	66.5
Global and Non-US	33.0	0.7	(0.9)	(0.1)	(0.3)	1.8	1.5	34.5
<b>Total Private Wealth</b>	<b>97.0</b>	<b>2.7</b>	<b>(2.7)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>4.1</b>	<b>4.0</b>	<b>101.0</b>
Firmwide								
US	324.8	10.3	(6.2)	(3.3)	0.8	11.9	12.7	337.5
Global and Non-US	267.6	16.7	(9.4)	(1.6)	5.7	12.1	17.8	285.4
<b>Total Firmwide</b>	<b>592.4</b>	<b>27.0</b>	<b>(15.6)</b>	<b>(4.9)</b>	<b>6.5</b>	<b>24.0</b>	<b>30.5</b>	<b>622.9</b>

# Twelve Months Ended 12/31/19: AUM Roll-Forward by Distribution Channel

In US \$ Billions Investment Service:	Beginning of Period	Sales/New Accounts	Redemptions/ Terminations	Net Cash Flows	Net Flows	Adjustments <sup>(1)</sup>	Transfers	Investment Performance	Net Change	End of Period
Institutions										
US	130.1	5.1	(3.9)	2.3	3.5	-		15.9	19.4	149.5
Global and Non-US	116.2	12.0	(8.1)	(5.0)	(1.1)	-		18.1	17.0	133.2
<b>Total Institutions</b>	<b>246.3</b>	<b>17.1</b>	<b>(12.0)</b>	<b>(2.7)</b>	<b>2.4</b>	<b>-</b>	<b>-</b>	<b>34.0</b>	<b>36.4</b>	<b>282.7</b>
Retail										
US	95.0	25.3	(16.9)	(3.5)	4.9	-	0.1	21.5	26.5	121.5
Global and Non-US	85.8	50.0	(27.1)	(4.0)	18.9	-		13.0	31.9	117.7
<b>Total Retail</b>	<b>180.8</b>	<b>75.3</b>	<b>(44.0)</b>	<b>(7.5)</b>	<b>23.8</b>	<b>-</b>	<b>0.1</b>	<b>34.5</b>	<b>58.4</b>	<b>239.2</b>
Private Wealth Management										
US	59.6	8.0	(9.0)	0.2	(0.8)	(0.9)	(0.1)	8.7	6.9	66.5
Global and Non-US	29.7	3.3	(3.4)	(0.1)	(0.2)	-		5.0	4.8	34.5
<b>Total Private Wealth</b>	<b>89.3</b>	<b>11.3</b>	<b>(12.4)</b>	<b>0.1</b>	<b>(1.0)</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>13.7</b>	<b>11.7</b>	<b>101.0</b>
Firmwide										
US	284.7	38.4	(29.8)	(1.0)	7.6	(0.9)	-	46.1	52.8	337.5
Global and Non-US	231.7	65.3	(38.6)	(9.1)	17.6	-	-	36.1	53.7	285.4
<b>Total Firmwide</b>	<b>516.4</b>	<b>103.7</b>	<b>(68.4)</b>	<b>(10.1)</b>	<b>25.2</b>	<b>(0.9)</b>	<b>-</b>	<b>82.2</b>	<b>106.5</b>	<b>622.9</b>

(1) Approximately \$900 million of non-investment management fee earning taxable and tax-exempt money market assets were removed from assets under management during the second quarter of 2019.

# Three Months Ended 12/31/19: AUM Roll-Forward by Investment Service

In US \$ Billions Investment Service:	Beginning of Period	Sales/New Accounts	Redemptions/ Terminations	Net Cash Flows	Net Flows	Investment Performance	Net Change	End of Period
Equity Active								
US	88.8	5.2	(3.5)	(0.6)	1.1	7.9	9.0	97.8
Global and Non-US	71.1	5.7	(2.8)	(0.7)	2.2	6.1	8.3	79.4
<b>Total Equity Active</b>	<b>159.9</b>	<b>10.9</b>	<b>(6.3)</b>	<b>(1.3)</b>	<b>3.3</b>	<b>14.0</b>	<b>17.3</b>	<b>177.2</b>
Equity Passive <sup>(1)</sup>								
US	46.0	0.3	(0.1)	(1.6)	(1.4)	4.0	2.6	48.6
Global and Non-US	10.8	-	(0.1)	(0.1)	(0.2)	0.9	0.7	11.5
<b>Total Equity Passive<sup>(1)</sup></b>	<b>56.8</b>	<b>0.3</b>	<b>(0.2)</b>	<b>(1.7)</b>	<b>(1.6)</b>	<b>4.9</b>	<b>3.3</b>	<b>60.1</b>
<b>Total Equity</b>	<b>216.7</b>	<b>11.2</b>	<b>(6.5)</b>	<b>(3.0)</b>	<b>1.7</b>	<b>18.9</b>	<b>20.6</b>	<b>237.3</b>
Fixed Income - Taxable								
US	124.6	1.8	(0.9)	(1.0)	(0.1)	(0.4)	(0.5)	124.1
Global and Non-US	128.3	10.4	(6.1)	(1.0)	3.3	2.6	5.9	134.2
<b>Total Fixed Income - Taxable</b>	<b>252.9</b>	<b>12.2</b>	<b>(7.0)</b>	<b>(2.0)</b>	<b>3.2</b>	<b>2.2</b>	<b>5.4</b>	<b>258.3</b>
Fixed Income - Tax-Exempt								
US	45.8	2.4	(1.4)	-	1.0	0.3	1.3	47.1
Global and Non-US	-	-	-	-	-	-	-	-
<b>Total Fixed Income - Tax-Exempt</b>	<b>45.8</b>	<b>2.4</b>	<b>(1.4)</b>	<b>-</b>	<b>1.0</b>	<b>0.3</b>	<b>1.3</b>	<b>47.1</b>
Fixed Income Passive <sup>(1)</sup>								
US	5.2	-	-	(0.1)	(0.1)	-	(0.1)	5.1
Global and Non-US	4.2	-	(0.1)	-	(0.1)	0.1	-	4.2
<b>Total Fixed Income Passive<sup>(1)</sup></b>	<b>9.4</b>	<b>-</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>0.1</b>	<b>(0.1)</b>	<b>9.3</b>
<b>Total Fixed Income</b>	<b>308.1</b>	<b>14.6</b>	<b>(8.5)</b>	<b>(2.1)</b>	<b>4.0</b>	<b>2.6</b>	<b>6.6</b>	<b>314.7</b>
Other <sup>(2)</sup>								
US	14.4	0.6	(0.3)	-	0.3	0.1	0.4	14.8
Global and Non-US	53.2	0.6	(0.3)	0.2	0.5	2.4	2.9	56.1
<b>Total Other<sup>(2)</sup></b>	<b>67.6</b>	<b>1.2</b>	<b>(0.6)</b>	<b>0.2</b>	<b>0.8</b>	<b>2.5</b>	<b>3.3</b>	<b>70.9</b>
Firmwide								
US	324.8	10.3	(6.2)	(3.3)	0.8	11.9	12.7	337.5
Global and Non-US	267.6	16.7	(9.4)	(1.6)	5.7	12.1	17.8	285.4
<b>Total Firmwide</b>	<b>592.4</b>	<b>27.0</b>	<b>(15.6)</b>	<b>(4.9)</b>	<b>6.5</b>	<b>24.0</b>	<b>30.5</b>	<b>622.9</b>

(1) Includes index and enhanced index services.

(2) Includes certain multi-asset solutions and services and certain alternative investments.



# Twelve Months Ended 12/31/19: AUM Roll-Forward by Investment Service

In US \$ Billions Investment Service:	Beginning of Period	Sales/New Accounts	Redemptions/ Terminations	Net Cash Flows	Net Flows	Adjustments <sup>(3)</sup>	Investment Performance	Net Change	End of Period
Equity Active									
US	73.6	17.8	(13.9)	(1.7)	2.2	-	22.0	24.2	97.8
Global and Non-US	62.6	16.9	(12.5)	(2.6)	1.8	-	15.0	16.8	79.4
<b>Total Equity Active</b>	<b>136.2</b>	<b>34.7</b>	<b>(26.4)</b>	<b>(4.3)</b>	<b>4.0</b>	<b>-</b>	<b>37.0</b>	<b>41.0</b>	<b>177.2</b>
Equity Passive <sup>(1)</sup>									
US	40.2	0.5	(0.5)	(3.6)	(3.6)	-	12.0	8.4	48.6
Global and Non-US	10.0	-	(0.3)	(0.2)	(0.5)	-	2.0	1.5	11.5
<b>Total Equity Passive<sup>(1)</sup></b>	<b>50.2</b>	<b>0.5</b>	<b>(0.8)</b>	<b>(3.8)</b>	<b>(4.1)</b>	<b>-</b>	<b>14.0</b>	<b>9.9</b>	<b>60.1</b>
<b>Total Equity</b>	<b>186.4</b>	<b>35.2</b>	<b>(27.2)</b>	<b>(8.1)</b>	<b>(0.1)</b>	<b>-</b>	<b>51.0</b>	<b>50.9</b>	<b>237.3</b>
Fixed Income - Taxable									
US	110.9	7.6	(6.9)	4.6	5.3	(0.4)	8.3	13.2	124.1
Global and Non-US	108.8	45.4	(24.6)	(7.4)	13.4	-	12.0	25.4	134.2
<b>Total Fixed Income - Taxable</b>	<b>219.7</b>	<b>53.0</b>	<b>(31.5)</b>	<b>(2.8)</b>	<b>18.7</b>	<b>(0.4)</b>	<b>20.3</b>	<b>38.6</b>	<b>258.3</b>
Fixed Income - Tax-Exempt									
US	41.7	10.0	(6.8)	(0.2)	3.0	(0.5)	2.9	5.4	47.1
Global and Non-US	-	-	-	-	-	-	-	-	-
<b>Total Fixed Income - Tax-Exempt</b>	<b>41.7</b>	<b>10.0</b>	<b>(6.8)</b>	<b>(0.2)</b>	<b>3.0</b>	<b>(0.5)</b>	<b>2.9</b>	<b>5.4</b>	<b>47.1</b>
Fixed Income Passive <sup>(1)</sup>									
US	5.1	-	(0.1)	(0.3)	(0.4)	-	0.4	-	5.1
Global and Non-US	4.3	0.1	(0.3)	(0.3)	(0.5)	-	0.4	(0.1)	4.2
<b>Total Fixed Income Passive<sup>(1)</sup></b>	<b>9.4</b>	<b>0.1</b>	<b>(0.4)</b>	<b>(0.6)</b>	<b>(0.9)</b>	<b>-</b>	<b>0.8</b>	<b>(0.1)</b>	<b>9.3</b>
<b>Total Fixed Income</b>	<b>270.8</b>	<b>63.1</b>	<b>(38.7)</b>	<b>(3.6)</b>	<b>20.8</b>	<b>(0.9)</b>	<b>24.0</b>	<b>43.9</b>	<b>314.7</b>
Other <sup>(2)</sup>									
US	13.2	2.5	(1.6)	0.2	1.1	-	0.5	1.6	14.8
Global and Non-US	46.0	2.9	(0.9)	1.4	3.4	-	6.7	10.1	56.1
<b>Total Other<sup>(2)</sup></b>	<b>59.2</b>	<b>5.4</b>	<b>(2.5)</b>	<b>1.6</b>	<b>4.5</b>	<b>-</b>	<b>7.2</b>	<b>11.7</b>	<b>70.9</b>
Firmwide									
US	284.7	38.4	(29.8)	(1.0)	7.6	(0.9)	46.1	52.8	337.5
Global and Non-US	231.7	65.3	(38.6)	(9.1)	17.6	-	36.1	53.7	285.4
<b>Total Firmwide</b>	<b>516.4</b>	<b>103.7</b>	<b>(68.4)</b>	<b>(10.1)</b>	<b>25.2</b>	<b>(0.9)</b>	<b>82.2</b>	<b>106.5</b>	<b>622.9</b>

(1) Includes index and enhanced index services.

(2) Includes certain multi-asset solutions and services and certain alternative investments.

(3) Approximately \$900 million of non-investment management fee earning taxable and tax-exempt money market assets were removed from assets under management during the second quarter of 2019.



# Active vs. Passive Net Flows

## Three Months Ended 12/31/19

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	<b>Actively Managed</b>	<b>Passively Managed <sup>(1)</sup></b>	<b>Total</b>
Equity	\$3.3	(\$1.6)	\$1.7
Fixed Income	4.2	(0.2)	4.0
Other <sup>(2)</sup>	0.6	0.2	0.8
<b>Total</b>	<b>\$8.1</b>	<b>(\$1.6)</b>	<b>\$6.5</b>

## Twelve Months Ended 12/31/19

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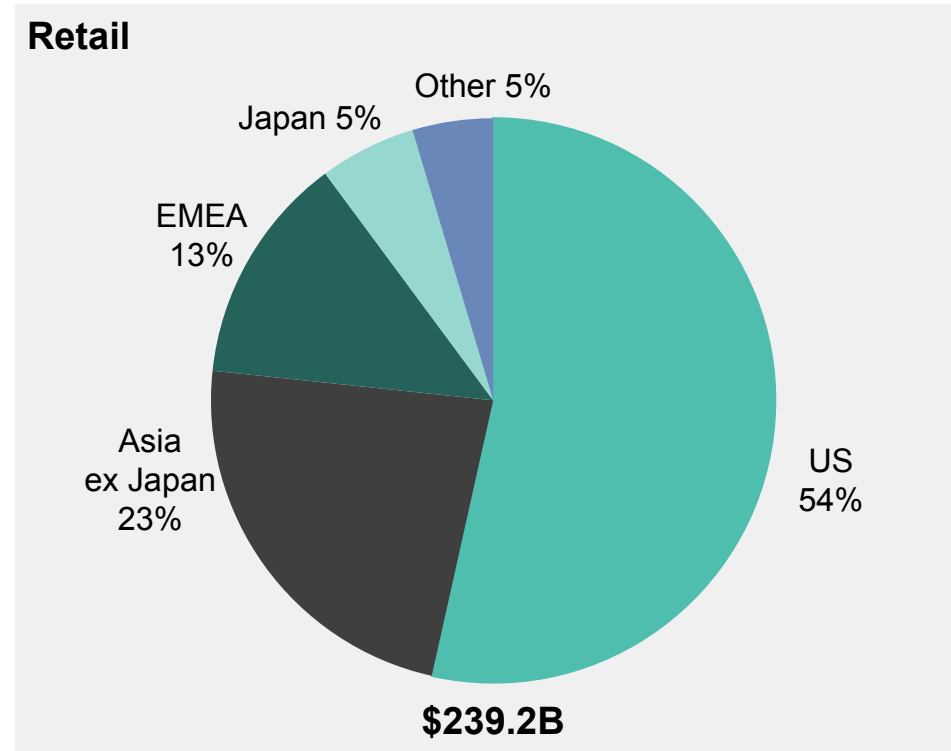
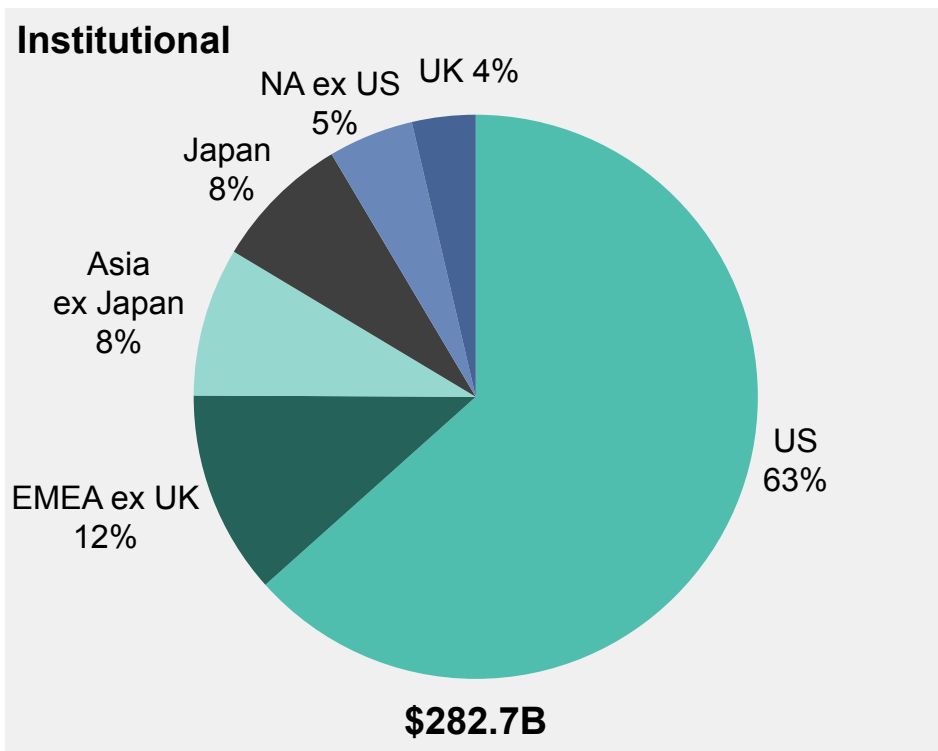
	<b>Actively Managed</b>	<b>Passively Managed <sup>(1)</sup></b>	<b>Total</b>
Equity	\$4.0	(\$4.1)	(\$0.1)
Fixed Income	21.7	(0.9)	20.8
Other <sup>(2)</sup>	4.0	0.5	4.5
<b>Total</b>	<b>\$29.7</b>	<b>(\$4.5)</b>	<b>\$25.2</b>

(1) Includes index and enhanced index services.

(2) Includes certain multi-asset solutions and services and certain alternative investments.



# AUM by Region



As of December 31, 2019  
By client domicile



## Fourth Quarter and Full Year 2019 Adjusted Advisory Fees

	4Q19	4Q18	% Δ	FY 2019	FY 2018	% Δ
Ending AUM (\$ Billions)	\$623	\$516	21%	\$623	\$516	21%
Average AUM (\$ Billions)	\$607	\$533	14%	\$574	\$544	6%

### By Fee Type (\$ Millions):

Adjusted Base Fees	\$622	\$543	15%	\$2,354	\$2,240	5%
Adjusted Performance Fees	74	35	111%	97	196	(51%)
<b>Total</b>	<b>\$696</b>	<b>\$578</b>	<b>20%</b>	<b>\$2,451</b>	<b>\$2,436</b>	<b>1%</b>

### Adjusted Base Fees By Channel (\$ Millions):

Institutions	\$113	\$106	7%	\$437	\$444	(2%)
Retail	293	240	22%	1,072	988	9%
Private Wealth	216	197	10%	845	808	5%
<b>Total</b>	<b>\$622</b>	<b>\$543</b>	<b>15%</b>	<b>\$2,354</b>	<b>\$2,240</b>	<b>5%</b>

## Fourth Quarter and Full Year 2019 GAAP Income Statement

In US \$ Millions (except EPU)	4Q19	4Q18	% Δ	FY 2019	FY 2018	% Δ
Net Revenues	\$ 987	\$ 804	23%	\$ 3,518	\$ 3,367	4%
Operating Expenses	719	605	19%	2,695	2,542	6%
Operating Income	268	199	35%	823	825	(0%)
Net Income Attributable to AB Unitholders	249	188	32%	752	758	(1%)
<b>AB Holding GAAP Diluted Net Income per Unit</b>	<b>\$0.84</b>	<b>\$0.63</b>	<b>33%</b>	<b>\$ 2.49</b>	<b>\$ 2.50</b>	<b>(0%)</b>
<b>AB Holding Distribution Per Unit</b>	<b>\$0.85</b>	<b>\$0.64</b>	<b>33%</b>	<b>\$2.53</b>	<b>\$2.68</b>	<b>(6%)</b>

Percentages are calculated using amounts rounded to the nearest million.





# Consolidated Balance Sheet

In US \$ Millions

<b>Assets</b>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Cash and cash equivalents	\$ 680	\$ 640
Cash and securities, segregated	1,095	1,170
Receivables, net	2,045	2,261
Investments:		
Long-term incentive compensation-related	51	52
Other	216	662
Assets of consolidated variable interest entities	612	388
Goodwill	3,077	3,067
Intangible assets, net	55	79
Deferred sales commissions, net	36	17
Right-of-use Assets	363	-
Other (incl. furniture & equipment, net)	476	453
<b>Total Assets</b>	<b>\$ 8,706</b>	<b>\$ 8,789</b>
<b>Liabilities, Redeemable Non-Controlling Interest and Capital</b>		
Liabilities:		
Payables	\$ 2,835	\$ 3,470
Accounts payable and accrued expenses	192	412
Lease Liabilities	468	-
Liabilities of consolidated variable interest entities	31	23
Accrued compensation and benefits	277	273
Debt	560	546
<b>Total Liabilities</b>	<b>4,363</b>	<b>4,724</b>
Redeemable non-controlling interest	326	149
Partners' capital attributable to AllianceBernstein Unitholders	4,017	3,915
Non-controlling interests in consolidated entities	-	1
<b>Total Capital</b>	<b>4,017</b>	<b>3,916</b>
<b>Total Liabilities and Capital</b>	<b>\$ 8,706</b>	<b>\$ 8,789</b>



# Consolidated Statement of Cash Flows

In US \$ Millions

	Twelve Months Ended	
	Dec. 31, 2019	Dec. 31, 2018
Net Income	\$ 782	\$ 779
Non-cash items: Amortization of deferred sales commissions	15	21
Non-cash long-term incentive compensation expense	208	188
Depreciation and other amortization	167	70
Unrealized (gains) losses on investments	(13)	23
Unrealized (gains) on investments of consolidated company-sponsored investment funds	(36)	(14)
Other, net	10	(6)
Changes in assets and liabilities	(305)	248
<b>Net cash provided by operating activities</b>	<b>828</b>	<b>1,309</b>
Purchases of furniture, equipment, and leasehold improvements, net	(28)	(33)
Acquisition of business, net of cash acquired	5	-
<b>Net cash used in investing activities</b>	<b>(23)</b>	<b>(33)</b>
Issuance (repayment) of borrowings, net	2	(25)
(Decrease) increase in overdrafts payable	(60)	3
Distributions to General Partner and Unitholders	(704)	(858)
Purchases (redemptions) of non-controlling interests of consolidated company-sponsored investment funds, net	150	(472)
Additional investments by Holding with proceeds from exercise of compensatory options to buy Holding Units	12	17
Purchases of AB Holding Units to fund long-term incentive compensation plan awards, net	(172)	(268)
Other, net	(3)	(6)
<b>Net cash used in financing activities</b>	<b>(775)</b>	<b>(1,609)</b>
Effect of exchange rate changes on cash and cash equivalents	8	(12)
Net increase (decrease) in cash and cash equivalents	38	(345)
Cash and cash equivalents at the beginning of period	653	998
<b>Cash and cash equivalents at the end of period</b>	<b>\$ 691</b>	<b>\$ 653</b>



# Fourth Quarter and Full Year 2019 AB Holding Financial Results

In US \$ Millions (exclucing per Unit amounts)	4Q19	4Q18	% Δ	FY 2019	FY 2018	% Δ
<b>AB</b>						
Net Income Attributable to AllianceBernstein	\$249	\$188	32%	\$752	\$758	(1%)
Weighted Average Equity Ownership Interest	35.3%	35.5%		35.4%	35.7%	
<b>AB Holding</b>						
Equity in Net Income Attributable to AB	\$88	\$67	31%	\$266	\$270	(1%)
Income Taxes	8	7	14%	28	28	0%
<b>Net Income</b>	<b>\$80</b>	<b>\$60</b>	<b>33%</b>	<b>\$238</b>	<b>\$242</b>	<b>(2%)</b>
<b>Diluted Net Income Per Unit, GAAP basis</b>	<b>\$0.84</b>	<b>\$0.63</b>	<b>33%</b>	<b>\$2.49</b>	<b>\$2.50</b>	<b>(0%)</b>
<b>Distributions Per Unit</b>	<b>\$0.85</b>	<b>\$0.64</b>	<b>33%</b>	<b>\$2.53</b>	<b>\$2.68</b>	<b>(6%)</b>
<b>Adjusted Diluted Net Income Per Unit</b>	<b>\$0.85</b>	<b>\$0.64</b>	<b>33%</b>	<b>\$2.52</b>	<b>\$2.67</b>	<b>(6%)</b>

Please refer to pages 35-39 for additional information on the reconciliation of GAAP financial results to adjusted financial results. Percentages are calculated using amounts rounded in millions.



# Fourth Quarter 2019 GAAP to Non-GAAP Reconciliation

In US \$ Thousands

	GAAP	Adjustments						Non-GAAP
		Distribution Related Payments (A)	Pass Through Expenses (B)	Deferred Comp. Inv. (C)	NCI/ Consol VIE (D)	Real Estate Credits (Charges) (E)	Contingent Payment Adjust. (F)	
Investment advisory and services fees	\$ 702,701		(6,717)		(93)			\$ 695,891
Bernstein research services	109,671							109,671
Distribution revenues	127,553	(142,673)			177			(14,943)
Dividend and interest income	24,539			(997)	(4,425)			19,117
Investment gains (losses)	7,541			(1,457)	(3,544)			2,540
Other revenues	26,061		(9,436)		(682)			15,943
<b>Total revenues</b>	<b>998,066</b>	<b>(142,673)</b>	<b>(16,153)</b>	<b>(2,454)</b>	<b>(8,567)</b>	<b>-</b>	<b>-</b>	<b>828,219</b>
Less: interest expense	10,762							10,762
<b>Net revenues</b>	<b>987,304</b>	<b>(142,673)</b>	<b>(16,153)</b>	<b>(2,454)</b>	<b>(8,567)</b>	<b>-</b>	<b>-</b>	<b>817,457</b>
Employee compensation and benefits	377,951			(2,737)			(294)	374,920
Promotion and servicing	201,521	(142,673)	(9,265)					49,583
General and administrative	132,289		(6,888)		(944)	(2,623)	(3,165)	118,669
Contingent payment arrangements	(2,222)						3,051	829
Interest on borrowings	2,259							2,259
Amortization of intangible assets	7,223							7,223
Net income (loss) of consolidated entities attributable to non-controlling interests	-							-
<b>Total expenses</b>	<b>719,021</b>	<b>(142,673)</b>	<b>(16,153)</b>	<b>(2,737)</b>	<b>(944)</b>	<b>(2,623)</b>	<b>3,051</b>	<b>553,483</b>
<b>Operating income</b>	<b>268,283</b>	<b>-</b>	<b>-</b>	<b>283</b>	<b>(7,623)</b>	<b>2,623</b>	<b>(3,051)</b>	<b>263,974</b>
Income taxes	11,795	-	-	12	(331)	117	(132)	11,615
Net income	256,488	-	-	271	(7,292)	2,506	(2,919)	252,359
Net income (loss) of consolidated entities attributable to non-controlling interests	7,623				(7,623)			-
<b>Net income attributable to AB Unitholders</b>	<b>\$ 248,865</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 271</b>	<b>\$ 331</b>	<b>\$ 2,506</b>	<b>\$ (2,919)</b>	<b>\$ 252,359</b>

Please refer to page 39 for notes describing the adjustments.



# Fourth Quarter 2018 GAAP to Non-GAAP Reconciliation

In US \$ Thousands

GAAP	Adjustments								Non-GAAP
	Distribution Related Payments (A)	Pass Through Expenses (B)	Deferred Comp. Inv. (C)	NCI/ Consol VIE (D)	Real Estate Credits (Charges) (E)	Contingent Payment Adjust. (F)	Acquisition-Related Expenses (G)	Other (H)	
Investment advisory and services fees	\$ 579,924	(1,099)		(298)				-	\$ 578,527
Bernstein research services	115,240								115,240
Distribution revenues	100,952	(108,340)		43					(7,345)
Dividend and interest income	26,875		(1,631)	(202)					25,042
Investment gains (losses)	(24,207)		7,104	1,615				2,733	(12,755)
Other revenues	22,128	(7,940)		(227)					13,961
Total revenues	820,912	(108,340)	5,473	931	-	-	-	2,733	712,670
Less: interest expense	16,252								16,252
<b>Net revenues</b>	<b>804,660</b>	<b>(108,340)</b>	<b>5,473</b>	<b>931</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,733</b>	<b>696,418</b>
Employee compensation and benefits	319,297		5,232					-	324,529
Promotion and servicing	166,875	(108,340)	(7,777)						50,758
General and administrative	112,071	(1,262)		(680)	(670)		(1,924)		107,535
Contingent payment arrangements	(2,376)					2,429			53
Interest on borrowings	2,407								2,407
Amortization of intangible assets	7,027								7,027
Net income (loss) of consolidated entities attributable to non-controlling interests	-			(116)					(116)
<b>Total expenses</b>	<b>605,301</b>	<b>(108,340)</b>	<b>5,232</b>	<b>(796)</b>	<b>(670)</b>	<b>2,429</b>	<b>(1,924)</b>	<b>-</b>	<b>492,193</b>
<b>Operating income</b>	<b>199,359</b>	<b>-</b>	<b>243</b>	<b>1,727</b>	<b>670</b>	<b>(2,429)</b>	<b>1,924</b>	<b>2,733</b>	<b>204,227</b>
Income taxes	13,033	-	17	114	45	(158)	127	180	13,357
Net income	186,326	-	226	1,613	625	(2,271)	1,797	2,553	190,870
Net income (loss) of consolidated entities attributable to non-controlling interests	(1,727)			1,727				-	-
<b>Net income attributable to AB Unitholders</b>	<b>\$ 188,053</b>	<b>\$ -</b>	<b>\$ 226</b>	<b>\$ (114)</b>	<b>\$ 625</b>	<b>\$ (2,271)</b>	<b>\$ 1,797</b>	<b>\$ 2,553</b>	<b>\$ 190,870</b>

Please refer to page 39 for notes describing the adjustments.



# Full Year 2019 GAAP to Non-GAAP Reconciliation

In US \$ Thousands

GAAP	Adjustments							Non-GAAP
	Distribution Related Payments (A)	Pass Through Expenses (B)	Deferred Comp. Inv. (C)	NCI/ Consol VIE (D)	Real Estate Credits (Charges) (E)	Contingent Payment Adjust. (F)	Acquisition- Related Expenses (G)	
Investment advisory and services fees	\$ 2,472,044	(20,914)		(883)				\$ 2,450,247
Bernstein research services	407,911							407,911
Distribution revenues	455,043	(502,994)		364				(47,587)
Dividend and interest income	104,421		(1,408)	(15,662)				87,351
Investment gains (losses)	38,659		(7,531)	(15,267)				15,861
Other revenues	97,559	(35,926)		(1,596)				60,037
<b>Total revenues</b>	<b>3,575,637</b>	<b>(502,994)</b>	<b>(8,939)</b>	<b>(33,044)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,973,820</b>
Less: interest expense	57,205							57,205
<b>Net revenues</b>	<b>3,518,432</b>	<b>(502,994)</b>	<b>(8,939)</b>	<b>(33,044)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,916,615</b>
Employee compensation and benefits	1,442,783		(11,281)				(1,261)	1,430,241
Promotion and servicing	722,854	(502,994)	(35,387)					184,473
General and administrative	488,074		(21,453)	(3,494)	(2,623)		(5,473)	455,031
Contingent payment arrangements	(510)					3,051		2,541
Interest on borrowings	13,035							13,035
Amortization of intangible assets	28,759							28,759
Net income (loss) of consolidated entities attributable to non-controlling interests	-			91				91
<b>Total expenses</b>	<b>2,694,995</b>	<b>(502,994)</b>	<b>(11,281)</b>	<b>(3,403)</b>	<b>(2,623)</b>	<b>3,051</b>	<b>(6,734)</b>	<b>2,114,171</b>
<b>Operating income</b>	<b>823,437</b>	<b>-</b>	<b>-</b>	<b>2,342</b>	<b>(29,641)</b>	<b>2,623</b>	<b>(3,051)</b>	<b>802,444</b>
Income taxes	41,754	-	-	119	(1,506)	132	(156)	40,684
Net income	781,683	-	-	2,223	(28,135)	2,491	(2,895)	761,760
Net income (loss) of consolidated entities attributable to non-controlling interests	29,641			(29,641)				-
<b>Net income attributable to AB Unitholders</b>	<b>\$ 752,042</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,223</b>	<b>\$ 1,506</b>	<b>\$ 2,491</b>	<b>\$ (2,895)</b>	<b>\$ 761,760</b>

Please refer to page 39 for notes describing the adjustments.



# Full Year 2018 GAAP to Non-GAAP Reconciliation

In US \$ Thousands

GAAP	Adjustments								Non-GAAP
	Distribution Related Payments (A)	Pass Through Expenses (B)	Deferred Comp. Inv. (C)	NCI/ Consol VIE (D)	Real Estate Credits (Charges) (E)	Contingent Payment Adjust. (F)	Acquisition-Related Expenses (G)	Other (H)	
Investment advisory and services fees	\$ 2,362,211	(4,395)		540				77,844	\$ 2,436,200
Bernstein research services	439,432								439,432
Distribution revenues	418,562	(448,529)		193					(29,774)
Dividend and interest income	98,226		(2,011)	(18,183)					78,032
Investment gains (losses)	2,653		5,520	(18,479)			3,780		(6,526)
Other revenues	98,676	(35,824)		(2,213)					60,639
Total revenues	3,419,760	(448,529)	3,509	(38,142)	-	-	-	81,624	2,978,003
Less: interest expense	52,399								52,399
<b>Net revenues</b>	<b>3,367,361</b>	<b>(448,529)</b>	<b>3,509</b>	<b>(38,142)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,624</b>	<b>2,925,604</b>
Employee compensation and benefits	1,378,811		445					42,688	1,421,944
Promotion and servicing	671,159	(448,529)	(35,235)						187,395
General and administrative	456,156	(4,984)		(16,351)	(7,160)		(1,924)		425,737
Contingent payment arrangements	(2,219)					2,429			210
Interest on borrowings	10,359								10,359
Amortization of intangible assets	27,781								27,781
Net income (loss) of consolidated entities attributable to non-controlling interests	-			119					119
<b>Total expenses</b>	<b>2,542,047</b>	<b>(448,529)</b>	<b>445</b>	<b>(16,232)</b>	<b>(7,160)</b>	<b>2,429</b>	<b>(1,924)</b>	<b>42,688</b>	<b>2,073,545</b>
<b>Operating income</b>	<b>825,314</b>	<b>-</b>	<b>3,064</b>	<b>(21,910)</b>	<b>7,160</b>	<b>(2,429)</b>	<b>1,924</b>	<b>38,936</b>	<b>852,059</b>
Income taxes	45,816	-	169	(1,219)	395	(136)	106	2,158	47,289
Net income	779,498	-	2,895	(20,691)	6,765	(2,293)	1,818	36,778	804,770
Net income (loss) of consolidated entities attributable to non-controlling interests	21,910			(21,910)				-	-
<b>Net income attributable to AB Unitholders</b>	<b>\$ 757,588</b>	<b>\$ -</b>	<b>\$ 2,895</b>	<b>\$ 1,219</b>	<b>\$ 6,765</b>	<b>\$ (2,293)</b>	<b>\$ 1,818</b>	<b>\$ 36,778</b>	<b>\$ 804,770</b>

Please refer to page 39 for notes describing the adjustments.



# AB Adjusted Financial Results Reconciliation

## Notes to Consolidated Statements of Income and Supplemental Information (Unaudited)

- A. We offset distribution-related payments to third parties as well as amortization of deferred sales commissions against distribution revenues. Such presentation appropriately reflects the nature of these costs as pass-through payments to third parties that perform functions on behalf of our sponsored mutual funds and/or shareholders of these funds. Amortization of deferred sales commissions is offset against net revenues because such costs, over time, essentially offset distribution revenues earned by the company.
- B. We exclude additional pass-through expenses we incur (primarily through our transfer agency) that are reimbursed and recorded as fees in revenues. These fees have no impact on operating income, but they do have an impact on our operating margin. As such, we exclude these fees from adjusted net revenues.
- C. We exclude the impact on net revenues and compensation expense of the mark-to-market gains and losses (as well as the dividends and interest) associated with employee long-term incentive compensation-related investments. In addition, we exclude any EQH-related equity compensation expense as the awards are non-cash and are based on EQH's and not AB's financial performance.
- D. We adjust for the impact of consolidating certain company-sponsored investment funds by eliminating the consolidated company-sponsored investment funds revenues and expenses and including AB's revenues and expenses that were eliminated in consolidation. In addition, the net income of joint ventures attributable to non-controlling interests is excluded because it does not reflect the economic interest attributable to AB.
- E. Real estate credits are excluded because they are not considered part of our core ongoing operations. However, beginning in the fourth quarter of 2019, real estate charges (credits) are excluded in the period in which the charges (credits) are recorded, but are included ratably over the remaining applicable lease term.
- F. The recording of a change in estimate of the contingent consideration payable relating to our acquisitions is not considered part of our core operating results.
- G. Acquisition-related expenses have been excluded because they are not considered part of our core operating results when comparing financial results from period to period and to industry peers. During 2019, these expenses included an intangible asset impairment charge of \$3.1 million relating to our 2016 acquisition.
- H. For third quarter 2018, Other reflects a loss on the sale of software technology that has been excluded due to its non-recurring nature and because it is not part of our core operating results.

### Adjusted Operating Margin

Adjusted operating margin allows us to monitor our financial performance and efficiency from period to period without the volatility noted above in our discussion of adjusted operating income and to compare our performance to industry peers on a basis that better reflects our performance in our core business. Adjusted operating margin is derived by dividing adjusted operating income by adjusted net revenues.





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