



INVEST/STAY CONNECTED
 INITIAL REPORT APRIL 26, 2024
 LAST UPDATED APRIL 26, 2024

ALLIANCEBERNSTEIN HOLDING L.P.

- Unique structure creates high yield income for investors
- Rebound in AUM from 2022 lows continues with possible new highs in 2nd quarter
- Cost reduction and margin-accretive Initiatives are driving earnings growth

AllianceBernstein Holding L.P. (AB) is a global asset management company providing investment management and investment products worldwide. The firm is 61% owned by Equitable Holdings (EQH), a diversified financial services company. AB is unique due to its' structure as a limited partnership that pays out a high percentage of its' earnings to the shareholders (unitholders). Due to this, the yield on the units is over 8% and we predict that it will grow to over 9% in 2025. The company is focused on several cost reduction and margin-accretive Initiatives that should continue to drive earnings growth over the next 36 months.

After a difficult 2022 the firm returned to asset growth in 2023 and may surpass previous highs this year. AB's assets under management (AUM) dropped to \$646 billion at the end of 2022 from \$779 billion in 2021 but have since rebounded to \$759 billion as of the end of 1st quarter 2024. AB showed year-over-year revenue growth close to 8% and earnings growth of over 10% for the most recent quarter (1st Q2024). The company also divested its' brokerage division, Bernstein Research Services, in the quarter, through a joint venture with Société Générale. This action will result in a 200-250 basis point improvement in profit margins. Another initiative is focusing on higher fee products, such as actively managed equities and alternatives, as a percentage of AUM. Overall management believes that these efforts will increase margins by 3.5-5% through 2024 and 25.

Due to the market rebound and company initiatives, We expect the company to generate improvements in earnings and dividends in 2024 and 2025. Our buy and price target of \$38 are based on the unique structure, which allows for higher dividends, and the improving financials. The units are an efficient way to access an investment in the financial sector that pays dividends 2-3 X higher than the average financial company.

\$33.56 / Recommendation: BUY, target \$38.00

Company Stats & Estimates \$	in mm
Units Outstanding	289
Equity Market Cap	9,699
Total Assets	9,796
Total Liabilities & PFD	5,254
2024 Net Revenue	4,085
2024 Distributable Earnings	3.35
2024 Projected Div	\$ 2.95
2024 Projected Div Yield	8.80%
2024 Projected Div Yield	9.57%
2025 Projected Div Yield	10.82%
Enterprise Value	10,599
EBITDA (2024 Est.)	1,085
2024 Dividend Coverage	113%
Price to 2023 Dist. Earnings	10.02
2024 YE Book Value / Share	\$15.72

[AB INVESTOR RELATIONS](#)

[RECENT PRESENTATION](#)



AB monthly chart since 2020

SMART YIELD

Income Fund

BROXTON CAPITAL ADVISORS AB as of 3/31/2024

Monday, April 29, 2024

share price \$33.56

PROJECTIONS IN MM fiscal yr 2024 2025 2026

Income Statement			
Net Revenues	4,085	4,240	4,404
Total Expenses	3,170	3,237	3,284
Operating Income	915	1,003	1,120
Net income	857	968	1,080
Net Income / Unit	\$2.95	\$3.21	\$3.63
Distributable Earnings	972	1,053	1,165
Distributable Earnings / Unit	\$3.35	\$3.61	\$3.99

EV / EBITDA Multiple	9.77	9.03	8.22
EBITDA	1,085	1,173	1,290
Cash Flow	1,027	1,108	1,230
Projected Dividend per Unit	2.95	3.21	3.63

Price to Dist Earnings / Share **10.0** **9.3** **8.4**

Valuations			
Distributable Earnings Yield	10.0%	10.7%	11.9%
Dividend Yield	8.8%	9.6%	10.8%
PE ratio	11.4	10.4	9.2
Enterprise Value	10,599		
Equity Market Cap	9,699	9,699	9,699

Capital Structure	
Units outstanding *	289
Debt	900

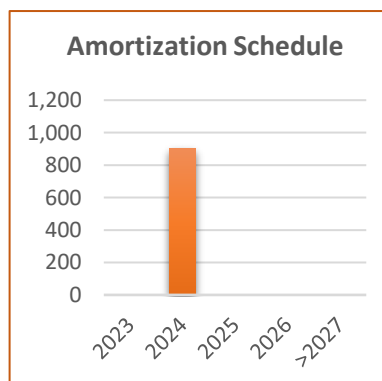
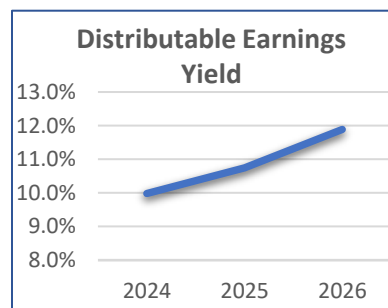
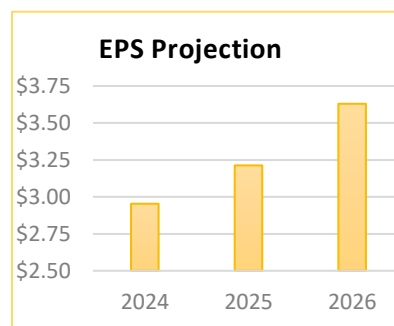
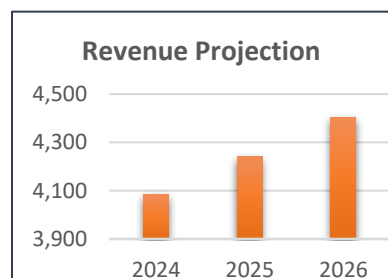
Liquidity		Dec. 31 2023
Cash		894
Borrowing Availability est.		800+
Total Assets		9,796
Total Liabilities		5,254

Ratio 186%

Book Value	
Estimated BV / Unit	\$15.72
Book Value	\$4,542

NOTES:

Includes Equitable Holding's Units. Amortization Schedule includes one loan facility from EQH. Distributable earnings include non-cash expenses added back to earnings.



Disclosures

Previous reports are available upon request. Smart Yield Fund targets a mix of different security classes that contain the risk of loss. Investors should carefully consider the Fund's investment objectives and risk factors before investing. Investing involves risk, including possible loss of principal. Investors should consider the loss of principle and targeted returns are not guaranteed. Individual investors in Smart Yield are generally required to be accredited investors. Smart Yield is a fund operated through individual accounts creating the composite. Smart Yield Fund is a new product with an inception date of September 30, 2020, and as such does not have historical data. Asset Mix Projections on page 2 and 6, Smart Yield Portfolio Metrics on page 5 are estimated or targets of the fund. Asset class mix and targets may change based on the direction of the managers. Portfolio allocation projected annual return and beta assumption for each asset class on pages 7-10 are estimated. Beta for the fund and each asset class is estimated versus the S&P 500. The average beta for the entire fund is projected to be .32. Beta is a measure of the fund's volatility in relation to S&P 500 Index. This index has a beta of 1.0. The fund targets a total gross return before fees and expenses of 9.24%. The fund projects a blended return based on income securities and capital gains. Smart Yield attempts to continuously improve the value of investment portfolios by investing in corporate bonds, convertible bonds, other types of bonds (investment grade and sub-investment grade, [which may also have limited liquidity]), dividend paying equities, non-dividend paying equities, ETFs, including leveraged ETFs, and other securities. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. All securities types mentioned in this brochure have the risk of loss. Long term strategies purchase securities which are underpriced according to our appraisal methodologies. Broxton uses regression analysis to obtain an average appraisal value for an individual company and places a priority on the securities of companies with improving financial performance and or additional catalysts that provide for increases in earnings and valuation. We use financial modeling, technical analysis, proprietary and third-party research. Smart Yield does not have any capitalization (market size), sector or industry allocation mandates. Asset class allocation percentages may be changed without notice. Broxton deploys technical analysis and momentum as indicators of movement for shorter term strategies, that may not involve deep fundamental analysis. Shorting (selling and then buying) of securities can be used for hedging and as a long term or short-term strategy. We exit positions in accordance with our discipline, this includes when valuation targets are clearly exceeded, or financial performance falls below our projections. Since Smart Yield returns will be calculated using a composite of accounts, the average account will not match the composite return and the return could be higher or lower. Broxton offers Smart Yield for other investment managers. Any commentary is solely the opinion of the Broxton Capital Advisors. It refers to securities we hold in our portfolio and sometimes ones we are considering but does not represent a complete list of positions held at Broxton Capital Advisors. A complete list covering the last twelve months will be furnished upon request. Price targets are mentioned for information purposes only. Nothing contained herein constitutes a recommendation to purchase or sell securities at any designated price or time. Targeted performance does not guarantee future results. 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Broxton Capital Advisors 151 Calle San Francisco
San Juan PR, 00901 broxtoncapital.com
310-208-2191

Allen Cooke Portfolio Manager 310-208-2151
Cell 310-279-3338
allen@broxtoncapital.com

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