

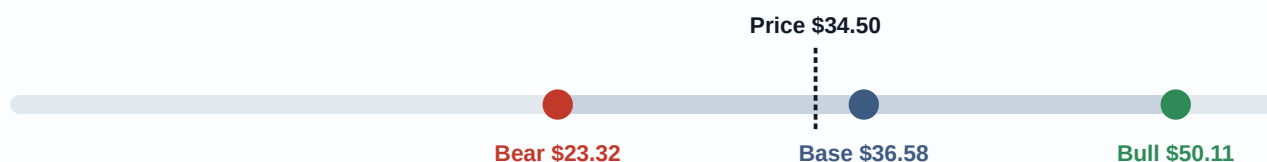
Initiated 2026-10-15 · Price \$34.50 (intraday 2026-10-15 10:06 ET, stockanalysis.com) · Mkt cap \$3.21bn (AB Holding units only); ~\$10.2bn look-through on 294.3mm AB L.P. units · Financials / traditional asset management · Model: verified

Rating: Hold — Conviction: High

AB Holding pays out all of its adjusted earnings, a ~9.9% yield on ~10x trailing adjusted earnings, and the model's Base case values it about where it trades. The yield is fair pay for a business whose fee rate has slipped from 41.6bps to ~39bps in two and a half years. Organic flows are roughly flat, so earnings growth depends on markets. Hold: the upside needs the private-markets and insurance build to turn flows durably positive, and that isn't proven yet.

Conviction tests (3a-v-c): T1 pass (Base +4.0% at +1pp, +8.2% at -1pp; Hold at both) · T2 pass (SOTP +2.0%, DE DCF +10.1%; Hold on either) · T3 pass · T4 pass (no pending deal, ruling or contract loss; Q3 results in late October are routine)

MODEL VALUE RANGE VS PRICE



Business overview

AB Holding's only asset is a 31.3% stake in AllianceBernstein L.P. (ABLP). Equitable Holdings controls ABLP with a ~68% economic interest, and each Holding unit maps to one ABLP unit (10-Q, 6/30/26). ABLP managed \$900bn at 9/30/26 (8-K, 10/12/26). At year-end 2025, AUM was split Institutional \$354bn, Retail \$356bn and Private Wealth \$156bn. Revenue was weighted the other way: Retail \$2.47bn, Private Wealth \$1.28bn, Institutional \$0.68bn. Sell-side research went to the SocGen JV in 2024 (10-K FY2025). Earnings depend on three variables: average AUM (markets plus flows), the base-fee rate (FY2025 \$3,346mm on \$826bn average, 40.5bps), and the adjusted operating margin (33.7% FY2025, 33.0% Q2 2026). Performance fees (\$145–271mm a year in FY2023–25) add volatility on top.

Competition

For fee-paying AUM, AB competes with other active multi-asset managers, chiefly T. Rowe Price, Franklin Templeton and Invesco, and with passive products that take share from active equity. That pressure shows up in AB's own 2025 flows: active equity lost \$22.5bn while tax-exempt fixed income gained \$11.6bn and alternatives/multi-asset \$11.4bn, for -\$11.3bn in total (4Q25 release, February 2026). It shows up first in fee rate and mix. The base-fee yield fell from 41.6bps (FY2023) to 39.05bps annualized in Q2 2026, as lower-fee fixed income and a \$9bn passive sub-advisory mandate grew. The closest listed comparable, T. Rowe Price, trades at 9.89x forward and 10.07x trailing earnings. Franklin trades at 9.94x forward and Invesco at 9.28x forward (stockanalysis, 2026-10-15). Janus Henderson delisted on 2026-07-01 and is excluded.

Bull case

- Organic growth turns positive** — Equitable expects to onboard more than \$10bn of general-account assets by end-2026. The institutional pipeline was ~\$26bn entering H2 2026, and private-markets AUM (\$82bn at YE2025, +18%) is targeted at \$90–100bn by 2027. Together these add 2–3pp of organic growth and earn a higher multiple. Plays out if Q3/Q4 2026 flows stay positive (Q3 preliminary ≈ +\$6.0bn) and private markets reach the target. *Model: fpaum_growth, fre_multiple, terminal_pde*
- Operating leverage** — the adjusted margin rose from 28.2% (FY2023) to 33.7% (FY2025) on flat-to-lower costs after the research deconsolidation. Another 3pp on the fee base is plausible if AUM keeps compounding. Plays out if the compensation ratio holds while revenues grow. *Model: fre_margin*
- Performance fees recover** to the FY2024 level (\$271mm) as private credit and hedge strategies mature. Plays out if 2026–27 crystallizations track 6M 2026 (\$112.7mm). *Model: perf_revenue, pre_multiple*

Bear case

- Active-equity attrition and fee compression** — the fee rate fell ~2.5bps in 2.5 years and active equity is still in outflow. If the rate keeps falling at twice the base pace, revenue shrinks even when AUM is flat. Plays out if active-equity outflows continue at the 2025 pace and growth comes mainly from fixed income and passive mandates. *Model: mgmt_fee_bps, fpaum_growth*
- Sticky costs** — compensation and G&A don't fall as fast as fees, so the FRE margin slides back toward 25%. Plays out in a flat or falling market. *Model: fre_margin*
- A yield unit priced against 5%+ Treasuries** — with the 10Y at 5.19%, a 9.9% distribution yield on market-sensitive earnings could need a higher required return and a lower multiple. Plays out if rates stay above 5% while flows stay flat. *Model: cost_of_equity, fre_multiple, terminal_pde*

Valuation & balance sheet

Metric (definition)	Current	Own history (range or 5y avg)	Peers	Source, as-of
P / adjusted EPU (TTM, company non-GAAP; \$3.42 = Q3'25 \$0.81 derived + \$0.96 + \$0.83 + \$0.82)	10.1x	Adj. EPU \$2.69 / \$3.25 / \$3.33 (FY2023–25)	Fwd P/E: TROW 9.89x · BEN 9.94x · IVZ 9.28x	Company releases; stockanalysis 2026-10-15
Distribution yield (TTM)	9.85%	100% of adjusted EPU paid out	TROW 5.18% · BEN 4.36% · IVZ 3.16%	stockanalysis 2026-10-15
AUM growth (year-end; organic)	+3.8% YTD to \$900bn (9/30/26)	+9.2% (FY2024), +9.4% (FY2025); organic ~1.4% FY2025	n/a	8-K 10/12/26; 4Q25 release
FRE margin (model def.: (adj. op. income – perf. fees) / base fees)	27.6% (6M 2026)	28.5% / 27.4% / 30.0% (FY2023–25)	n/a (definitions differ)	4Q24, 4Q25, 2Q26 releases; 10-Q

Model-implied value range (from `model-summary.json`; alt_manager, SOTP and DE DCF, midpoints): Bear \$23.32 · Base \$36.58 · Bull \$50.11 per share, i.e. implied returns of –32.4% / +6.0% / +45.2% vs \$34.50. *These ranges show how the bull and bear drivers translate into value; they are not price targets.* The price sits just under Base (\$2.08 below) and far from either tail, so the market prices roughly flat organic growth and a slowly falling fee rate. Re-rating: today's multiple is ~10.1x TTM adjusted EPU, or 10.3x the model's Y1 DE/share (\$3.34). The SOTP embeds ~10.5x Y1 DE and the DCF a 10.5x terminal P/DE, a ~2–4% re-rating. The DCF (\$38.00) sits 8% above the SOTP (\$35.17) because it credits five years of fee growth; the gap is within 10%. Tail sensitivity (scratch copy): AUM –10% then –5% and –2%, fee rate down to 33bps, FRE margin 22%, perf fees \$50mm, CoE 12%, FRE 7.5x and terminal 7.0x gives \$15.87 (–54%).

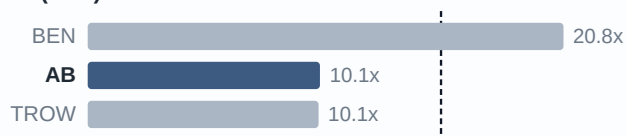
Balance sheet: net leverage not meaningful (net cash: \$896.5mm cash vs \$580mm debt, 6/30/26). Debt is commercial paper and credit-facility borrowings that roll continuously (\$810mm at YE2025, \$230mm repaid in 6M 2026). Model coverage is 42x FY0 FRE over interest, and gross debt is 0.58x FRE. Ratings: Moody's and S&P affirmed with stable outlooks in 2025 (10-K); letter ratings n/a (unverified).

Model note: verified (LibreOffice recalculated 2,896 formula cells, all matched). Unverified inputs: none. Assumptions without basis: none. Scenario consistency: all OK. This is a look-through model: ABLP aggregates over ABLP units. "FRE" is adjusted operating income less performance fees, so pre_margin is 1.0 by definition. The 17.6% tax rate is calibrated to AB Holding's adjusted EPU and carries ABLP entity taxes plus Holding UBT. The debt coupon (4.1%) is derived from 6M interest, and the ladder bucket (≤2026) reflects rolling commercial paper. Base Y1 DE/share of \$3.34 compares with TTM adjusted EPU of \$3.42. The company gives no EPU guidance; the gap reflects Base's lower fee rate.

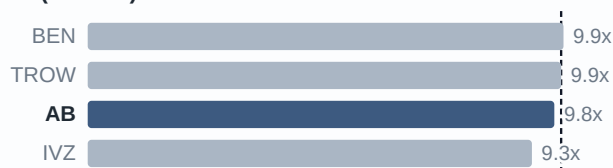
RELATIVE VALUE VS PEERS

Metric	AB	TROW	BEN	IVZ	Peer median	vs median
P/E (TTM)	10.1x	10.1x	20.8x	n/a	15.4x	-34%
P/E (forward)	9.8x	9.9x	9.9x	9.3x	9.9x	-1%
PEG	1.1x	4.3x	0.6x	0.4x	0.6x	+96%
P/B	2.6x	1.9x	1.3x	1.2x	1.3x	+95%
FCF yield	9.8%	7.9%	1.5%	15.6%	7.9%	+1.9pp
Dividend / distribution yield	9.8%	5.2%	4.4%	3.2%	4.4%	+5.5pp

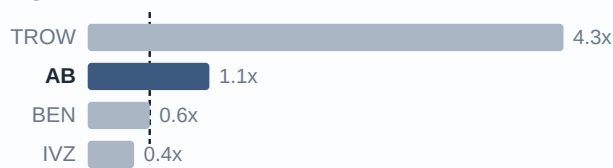
P/E (TTM)



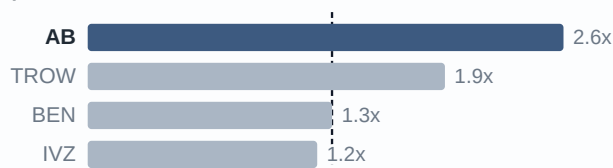
P/E (forward)



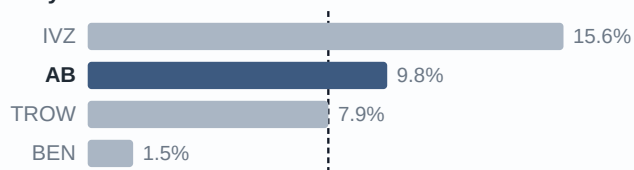
PEG



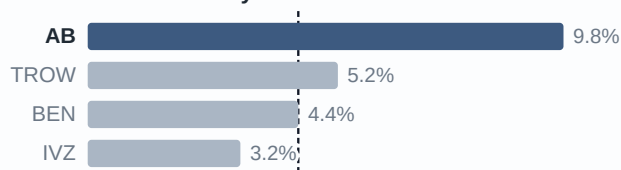
P/B



FCF yield



Dividend / distribution yield



As of 2026-10-15. One source and one definition for every company: aggregator TTM and consensus-forward multiples on GAAP earnings; AB's figures are per AB Holding unit. Not the model's adjusted-earnings basis (see the report's valuation table). Quotes taken intraday 2026-10-15 between 10:06 and 10:21 AM ET, market open. Dashed line = peer median. Source: stockanalysis.com/stocks/<ticker>/statistics/, fetched 2026-10-15.

Notes. The source's PEG figures, based on its analyst growth estimates; not computed here. IVZ reported a TTM net loss (source shows n/a). BEN's 20.76x trailing P/E is inflated by depressed GAAP earnings; its forward 9.94x is the cleaner comparison. Omitted: the source shows no EV/EBITDA or EV/Sales for AB, a holding partnership that owns a stake rather than consolidating the operating business.

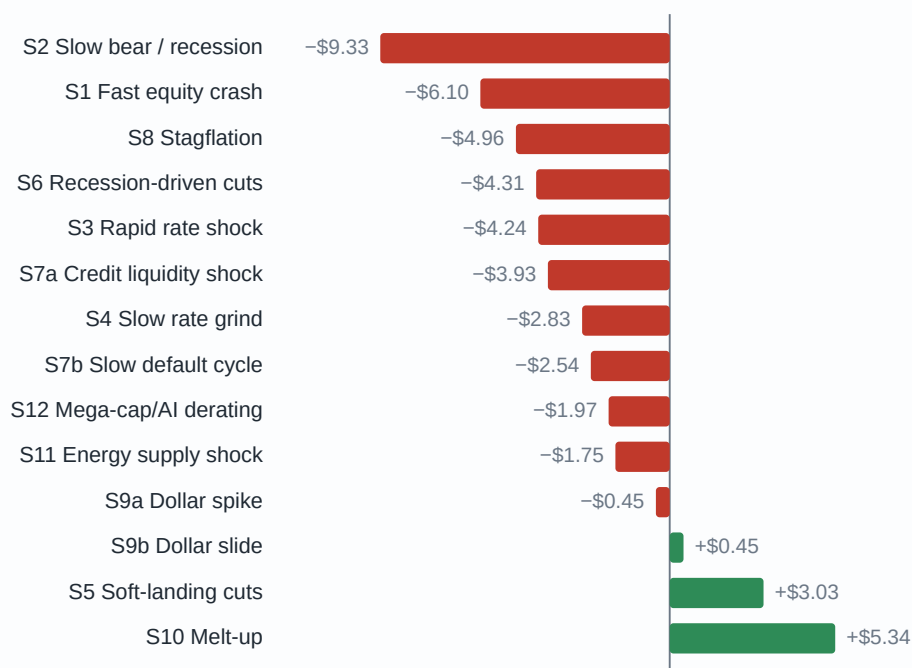
Scenario stress test

Reasoned from the bull/bear drivers above. The model column comes from the scenario overlays (Base case + shock).

Scenario	Effect	Mechanism	Magnitude	Model Δ value vs Base (\$/sh)
S1 Fast equity crash	–	AUM marks down ~12%; fees follow with a lag; perf fees stall; a market-beta yield unit de-rates	High	–\$6.10
S2 Slow bear / recession	–	Two years of lower AUM plus outflows against sticky costs; perf fees halve. About 70% of Base–Bear because it is transitory, while Bear is permanent fee erosion	High	–\$9.33
S3 Rapid rate shock	–	Bond and equity marks fall together; higher CoE; the 9.9% yield competes with 5%+ Treasuries	Med	–\$4.24
S4 Slow rate grind	–	Duration losses slow AUM growth; gradual de-rating	Med	–\$2.83
S5 Soft-landing cuts	+	Rising markets and fixed-income inflows; yield vehicles re-rate	Med	+\$3.03
S6 Recession-driven cuts	–	Equity AUM and margin fall; cuts help fixed income and the discount rate only partly	Med	–\$4.31
S7a Credit liquidity shock	–	Credit and private-credit AUM marked down with redemptions; credit perf fees slip	Med	–\$3.93
S7b Slow default cycle	–	Private-credit losses hit perf fees and the private-markets growth leg	Med	–\$2.54
S8 Stagflation	–	Stocks and bonds fall together while compensation inflation squeezes margin	Med	–\$4.96
S9a Dollar spike	–	~37% of Investment Services AUM is non-US; translation loss	Low	–\$0.45
S9b Dollar slide	+	Translation gain on non-US AUM	Low	+\$0.45
S10 Melt-up	+	Equity AUM, perf fees and the multiple all rise with momentum	High	+\$5.34
S11 Energy supply shock	–	Lower asset marks; no direct operating channel	Low	–\$1.75
S12 Mega-cap/AI derating	–	~40% equity AUM with US growth/large-cap exposure; AUM marks down	Low	–\$1.97

Currently active/on watch per the playbook: S3 partially active per state.md (the 2026-10-14 macro log reads it as active); S8, S10 and S11 on watch.

MODEL VALUE CHANGE VS BASE, BY SCENARIO



What would change the call

Upgrades if: the base-fee rate holds at or above ~39bps for two quarters while organic flows stay positive (Q3 preliminary +\$6.0bn is a start), private-markets AUM tracks toward \$90–100bn, or the units de-rate below ~9x adjusted earnings with flows intact. **Downgrades if:** active-equity outflows re-accelerate (another year near ~\$20bn), the fee rate falls below ~38bps, or the adjusted margin drops below 32% in a flat market.

Watch items

- **W1:** Fee rate and margin — annualized base-fee rate ≥ 38.5 bps and adjusted operating margin $\geq 32\%$ — Q3 2026 release/10-Q — late October 2026 (date n/a) — *Model: mgmt_fee_bps, fre_margin*
- **W2:** Organic flows — Q3 final net flows positive (preliminary $\approx +\$6.0$ bn) and FY2026 active-equity outflows below \$15bn — Q3 release and FY2026 10-K — Oct 2026 / Feb 2027 — *Model: fpaum_growth*
- **W3:** Private markets — AUM disclosed at YE2026 at or above ~\$86bn, on track for the \$90–100bn 2027 target — 4Q26 release — Feb 2027 — *Model: fpaum_growth*
- **W4:** Performance fees — FY2026 total $\geq \$200$ mm (6M: \$112.7mm) — FY2026 10-K — Feb 2027 — *Model: perf_revenue*

Sources

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- Daily macro log, 2026-10-14 (10Y 5.19%) — [logs/macro-2026-10.md](https://www.stockanalysis.com/logs/macro-2026-10.md) — accessed 2026-10-15

Independent single-name research. Directional characterization, not a price target, execution instruction, or portfolio recommendation.