



ALLIANCEBERNSTEIN®

# CarVal Investors, LP Acquisition

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March 17, 2022

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

**Ali Dibadj**, Chief Financial Officer & Head of Strategy

**Matt Bass**, SVP, Head of Private Alternatives

**Steven M. Joenk**, Chief Investment Officer, Equitable Holdings

# Cautions Regarding Forward-Looking Statements

Various statements provided by management in this presentation are “forward-looking statements” within the meaning of the Private Securities Litigation Act of 1995 and relate to the acquisition by AllianceBernstein LP (“AB”) of CarVal Investors, LP (“CarVal”). These statements, which 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, concern expected growth, client and stockholder benefits, key assumptions, timing of closing of the transaction, revenue realization, financial benefits or returns, accretion and integration costs. The most significant transaction-related and other risk factors that may cause actual results to differ materially from future results expressed or implied by our forward-looking statements include: (i) the occurrence of any event, change or other circumstances that could give rise to the termination of the acquisition agreement; (ii) the transaction closing conditions may not be satisfied in a timely manner or at all, including due to the failure to obtain regulatory and client approvals; (iii) the announcement and pendency of the acquisition may disrupt CarVal’s business operations (including the threatened or actual loss of employees, clients or suppliers); (iv) CarVal could experience financial or other setbacks if the transaction encounters unanticipated problems; and (v) anticipated benefits of the transaction, including the realization of revenue, accretion, and financial benefits or returns, may not be fully realized or may take longer to realize than expected, including if ABH units to be issued after the closing trade at a price below anticipated levels. 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, 2021, and subsequent Forms 10 Q. Any or all of the forward-looking statements made in this news release, Form 10-K, Forms 10 Q, 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 above, could also adversely affect our revenues, financial condition, results of operations and business prospects.

# AB Acquiring CarVal Investors, LP

Progress towards Realizing our Strategic Objectives:

## Meets Client Demand for Private Credit

- Delivers in-demand private credit solutions across our Institutional, Private Wealth Management, and Retail channels
- Diversifies investment opportunities through private credit offerings for a wide array of current and potential clients
- Builds on success of existing AB private credit and fixed income offerings

## Provides Excellent Cultural, Strategic, Product and Financial Fit

- Executes on AB's **growth strategy** of expanding our private alternatives business, with pro forma AUM of nearly \$50B
- Brings **complementary** private markets capabilities to AB's existing Private Alternatives business
- Delivers value for both Clients and Unitholders

## Executes on our Partnership with Equitable

- Enhances investment options for \$10B Permanent Capital from Equitable Holdings, a virtuous cycle
  - \$750 million committed to CarVal Investors
- Meets Equitable's stated strategy of investing for higher yield, while supporting growth of AB's **higher multiple, higher margin, capital light** Private Alternative offering

Pro forma AUM as of December 31, 2021.

Notes: **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.

# Delivering on AB's Alternatives Growth Strategy

AB's acquisition of CarVal is a direct outcome of AB's Alternatives growth strategy in partnership with Equitable Holdings, supported by its recent \$10B permanent capital allocation to private markets

## Organic Growth: Scale Existing Investment Platforms

- Growing the core
  - Scaling existing funds
  - Follow-on funds
  - New funds targeting new client segments
- Extending into adjacencies
  - Leverage existing investment teams and capabilities

## Inorganic Growth: Fill Gaps

- Fill gaps through targeted acquisitions and team lift-outs
  - Geographic
  - Asset class
- Focus on scalable, higher growth markets
- Dedicated M&A program
- Pursue attractive partnerships

## Access to Strategic Capital Sources

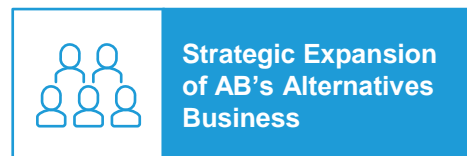
- Permanent capital from Equitable Holdings, a virtuous cycle
- Bernstein Private Wealth Management, overseeing \$115 billion+ in AUM
- Global institutional and retail client base with \$620 billion+ in AUM



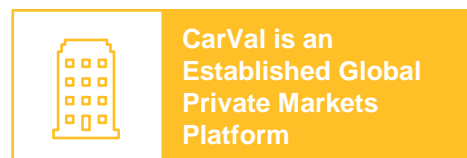
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# Transaction Summary and Rationale

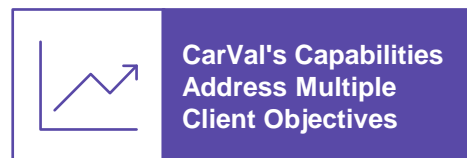
CarVal brings complementary private markets capabilities to AB's existing \$35 billion Private Markets business



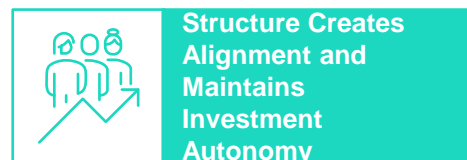
- AB's acquisition of CarVal Investors is consistent with AB's growth strategy of expanding AB's Alternatives business, specifically our private markets capabilities
- CarVal's capabilities are highly complementary and fill key gaps in Opportunistic/Distressed Credit, Renewable Energy Infrastructure, Specialty Finance, and Transportation
- Combined AB Private Markets AUM approaches \$50B with the addition of CarVal



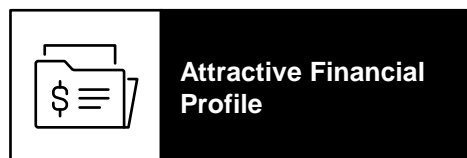
- \$14.3B in AUM\* with a team of approximately 190 employees across 5 global offices
- 35-year global track record in opportunistic and distressed credit, delivering strong returns across market cycles
- Diverse global institutional investor base of over 300 clients
- Historic success of growing the AUM of comingled vintage funds – notably CarVal's latest flagship fund recently raised \$3.6B in investor commitments



- CarVal's global capabilities, including ESG via its renewable infrastructure business, align well with the needs of AB's Institutional, Retail and Private Wealth channels
- CarVal's multiple origination engines combined with AB's extensive distribution reach position the platform for scale, and provide an opportunity to source diversifying investments for Equitable's general account



- AB CarVal will preserve its investment autonomy with no changes to the team, day-to-day operations or business locations
- Transaction includes new long-term management retention and incentive programs



- Long-term locked-up capital, providing recurring management fee revenue visibility
- Expected to be slightly accretive to adjusted earnings per unit in 2023 and improving thereafter
- Transaction-related payments to be made through 2027 subject to the achievement of certain milestones

AUM as of December 31, 2021.

\*Comprised of \$9.9B in fee-earning assets plus an additional \$4.5B in fee-eligible assets, which includes uncalled capital. Figures may not sum due to rounding.

# CarVal Investors

## Global Alternative Investment Manager

- \$14.3 billion in assets under management, inclusive of \$4.5 billion of committed uncalled capital
- 35-year global track record in opportunistic and distressed credit
- Invested \$133 billion in 5,610 transactions in 82 countries
- Diverse and stable global institutional investor base of over 300 institutional investors

## Deep Team Investing Globally

- 190 employees with 68 investment professionals in the US, Europe and Asia
- 30 senior professionals averaging 23 years in investment industry experience and 13 years with CarVal
- 14 nationalities represented on investment team and 24 languages spoken

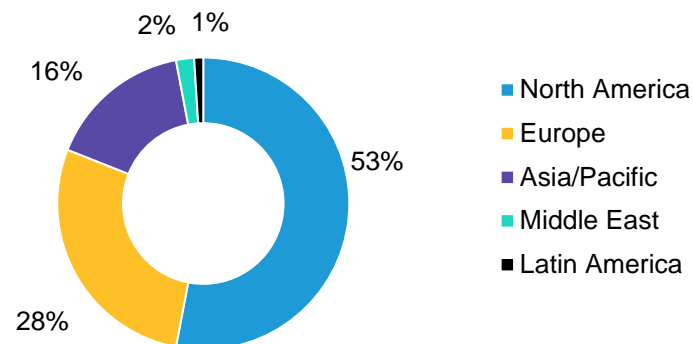
## Broad and Flexible Investment Focus

- Extensive global origination capabilities—opportunistic/distressed credit, renewable energy infrastructure, specialty finance, and transportation
- Ability to invest opportunistically and thematically across an array of private and traded credit assets
- Full credit spectrum capabilities—performing, stressed, distressed

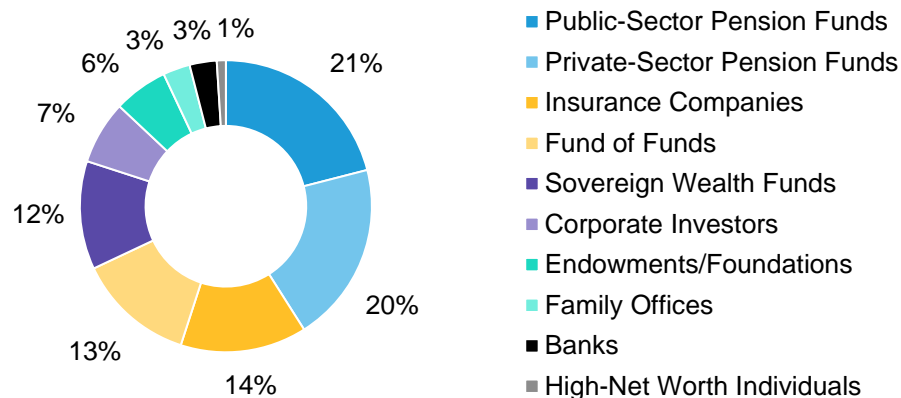
As of December 31, 2021.



## Investors by Region



## Investors by Type



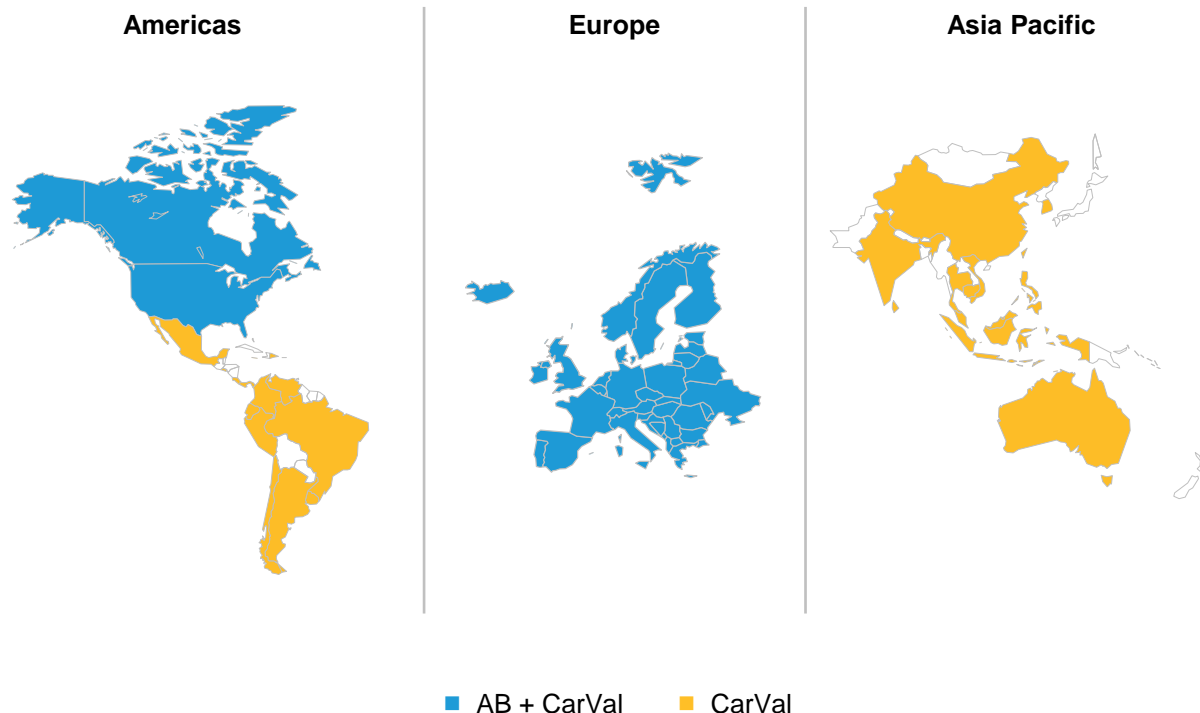
# CarVal Is Highly Complementary to AB from a Capability Perspective

Fulfills multiple key capability and geographic gaps, adds “origination platforms” highly relevant to diverse client types, and adds ESG (portfolio with purpose) capability via renewable energy business

## Private Markets Investment Capabilities

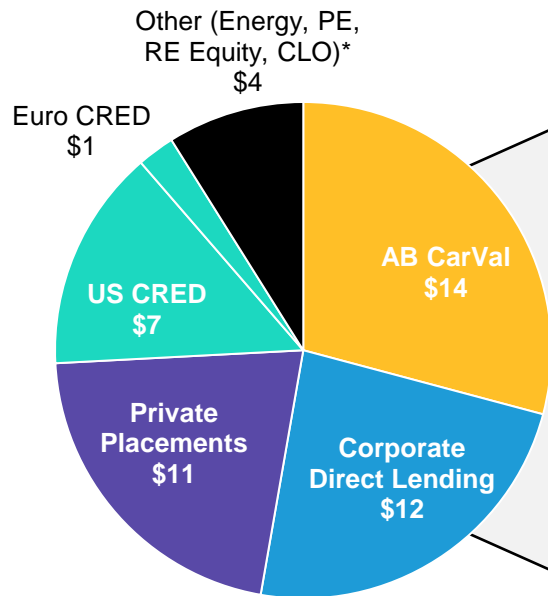
	AB	CarVal
<b>Private Credit</b>		
Private Placements	✓	—
Direct Lending	✓	—
Mezzanine/Structured Equity	✓	—
Specialty Finance	—	✓
Real Estate Debt*	✓	✓
Renewable Energy Infrastructure	—	✓
Opportunistic/Distressed	—	✓
Transportation	—	✓
<b>Private Equity</b>		
Multi-Manager†	✓	—
Direct PE/VC	—	—
Co-invest	✓	—
Secondaries†	✓	—
Specialty Finance	—	✓
Real Estate Equity†	✓	—
Renewable Energy Infrastructure	—	✓
Transportation	—	✓

## Geographic Origination Capabilities



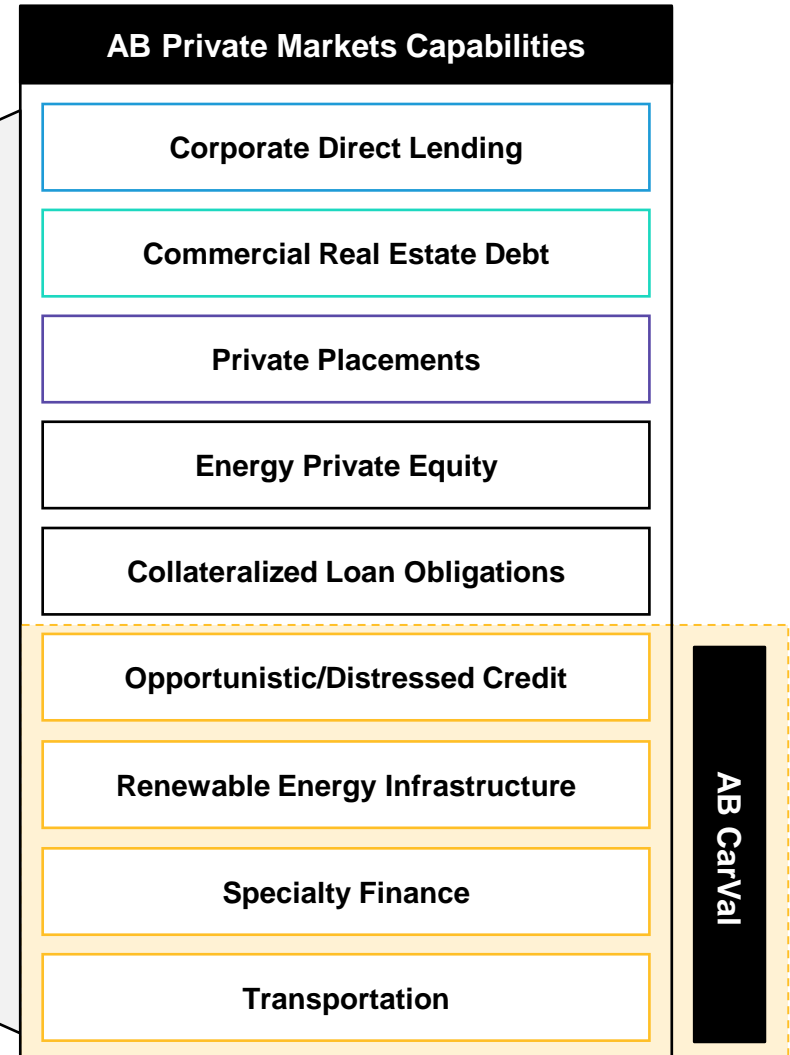
\*CarVal’s Real Estate Debt capabilities focus on opportunistic investments in Development/Construction and Transitional Lending. †AB Capabilities include a Multi-Manager Private Equity partnership with Abbott Capital Management, Real Estate Equity partnership with Prospect Ridge, and Secondaries Private Equity partnership with LSV.

# AB and CarVal Combine as a Leading Private Markets Business



**~\$49 Bil.  
Private Markets  
Total AUM**

**\$37 Bil. fee-earning  
\$12 Bil fee-eligible**



AUM as of December 31, 2021.

\*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.



# Transaction Structure & Financial Impact

- **Purchase Price:** AB has announced a definitive agreement to purchase 100% of CarVal for an upfront purchase price of \$750 million at a low-teens EBITDA multiple, and a multi-year earnout if certain targets are reached.
- **Employee Alignment:**
  - CarVal will continue to be led by its Managing Principals, with all employees expected to continue employment at AB
  - CarVal employees will continue to participate in the CarVal fund performance fees and carried interest and receive meaningful retention bonuses funded out of a portion of the upfront purchase price
- **Financial Impact:** The transaction is expected to be slightly accretive to ABH's adjusted EPU in 2023 and improving thereafter.
- **Funding:** Upfront purchase price to be funded approximately 20% in cash and 80% in ABH units, subject to certain adjustments at closing. AB will fund the cash portion of the transaction through the EQH credit facility.
- **Equitable Commitment:** Expected to make commitment of \$750 million to CarVal strategies providing an opportunity to further capture illiquidity premium in Equitable's general account.
- **Closing:** Expected to close in late Q2 2022 or early Q3 2022, pending regulatory approvals and customary closing conditions

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