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EDITED TRANSCRIPT

AllianceBernstein Holding LP at Bank of America Financial Services Conference

EVENT DATE/TIME: FEBRUARY 21, 2024 / 8:20PM GMT

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PRESENTATION

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

This is Craig Siegenthaler from Bank of America. And I'm pleased to introduce Seth Bernstein, President and CEO of AllianceBernstein. Seth was appointed CEO in 2017, after spending 32 years at JPMorgan, where he held various roles in their Fixed Income, private bank, asset manager and markets business. Seth, thank you for joining us today.

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

I'm delighted. Thank you.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

So a brief background on AllianceBernstein. The firm was formed out of the 2000 merger between the growth equity buy-side firm Alliance and the value equity and research firm, Bernstein. The new firm operated under a unique model combining buy-side private wealth and sell-side research under the same umbrella.

Today, AB's fixed income performance is very strong with more than 70% of its AUM outperforming over all time periods, which we think places AB in a strong position to win the fixed income rebalancing this year.

Seth, any key points you want to highlight in the intro?

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

No, you're doing such a good job.

QUESTIONS AND ANSWERS

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

Not that great, I think. Let's start with the macro. You always have some good perspective here to share. 2024 is shaping up to be a year of inflections. Rates were going up. Now they're stabilizing. We expect they go down, markets have generally been moving higher. What are your thoughts on the macro backdrop? And how do you see this impacting AB overall?

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

So I'm quite a skeptic about the Fed's ability to manage much of anything. And for once I'm wrong, it seems that -- I think this is the soft landing I keep musing about. I've never seen one, but I think if this is -- I mean, we have all the criteria for it. We have GDP growth of 3.1%, you have inflation beginning to settle down into a tighter zone. You have an incredibly strong labor market. And so yes, the economy is slowing down. No, we don't think anymore it's going into a recession. If it is, it will be a very slight one. And so that's kind of a Goldilocks situation for fixed income. Because we're at a rate level, I mean, having been in fixed income for 40 years, I've never seen a setup like this.

As you think about -- well, certainly not for the last 15 years where you see absolute yields and real returns that are really attractive and positive. So I think we are setting up. We've talked about it for a long time, but we're now beginning to see it coming through retail for sure. Notably for us in Asia, where we saw $5.1 billion in net inflows from our American Income Fund. We even saw better flows in global high yield last year. And in the U.S., we saw roughly $5 billion in net inflows in our Muni SMA business.

So we're seeing it for sure. It's much slower on the institutional side, but of course, it's going to be much slower on the institutional side. But we're beginning to see some evidence of it, first by asset owners, so we're seeing, for example, interest in our systematic credit strategy among insurance companies and others, not Equitable. So we're beginning to see people nibble, but they're already out on the duration spectrum. But we are seeing more activity than we have before.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

So there's definitely some green shoots out there. But we haven't seen broad-based flows in the fixed income across the industry just yet. Now there is record cash on the sidelines. If you look at money market fund AUM but the yield curve is still inverted. It's still unattractive to extend duration. So do you have any perspective on timing? When we can see mass reallocations and a large amount of money coming out of money market because we haven't seen that yet?

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

We haven't. And that $6 trillion or whatever it is, is sitting there. And I think the Fed has told you to sit there, and it's paid for you to do that. Remember, you very seldom have extended periods of positive real returns in the front end of the U.S. market. You're getting it right now. And so I think people are acting logically in that regard.

That said, let's just set our minds back to 2022. The worst year in fixed income, certainly in my career. I think -- you'll correct me, I'm sure. But I think the ag was down 9% in 2022. I mean those are numbers, particularly for an investor, a high net worth investor who's invested in munis and is down 8% or change -- and change. I mean those are shocking numbers. So I think people are risk averse. I think we see that more generally. We can see it in equities more profoundly, I think, where even passive flows into equities were much lower last year.

So I do think that we'll continue to see people on the so until Fed begins to ease. And our contention is that the market was too quick to presume back in November, December, December in particular, that inflation was fully under control, and we're continuing to see signs that it's going to be a lot harder to get from 3.1% or 3.2% core to 2%. I just think that's a much tougher call because I think it's embedded in expectations at this point.

And so I think once we begin to see the Fed ease, I don't really see the long end of the curve rallying a lot. So I think you'll see more or less a flat curve as the Fed begins to ease, and that's kind of late second into the third quarter. I suspect absence, some really disappointing strength in consumer or producer prices?

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

If we do get this rotation, how do you think your business is positioned. You have a fixed income business that broadly has very good investment performance, especially 5-year. And you don't have a money market fund business. So you won't get those outflows like some of your peers.

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

We won't -- we have a small money fund business. We had exited that business after the financial crisis. But we're slowly trying to rebuild it. We don't have the natural flow that a bank would, for example, to accumulate huge (inaudible). It's like 2.5% of our total AUM, but we have some interesting products there that we've seen real appetite for whether it's our tax-exempt fixed income ETF for a year, which is a second ETF that we launched, I think, a little more than a year ago. Both of which have accumulated pretty meaningful assets overall.

So I don't think we have the outflow risk respect. I think we do see the upside. I think the transition on the institutional side is going to take longer to show. Why? Because a, I believe that institutional investors are much more programmatic in the way they reallocate over time. And secondly, I do think that as corporate DB plans recognize that they're overfunded, we're going to see an acceleration in efforts to terminate plans, and that will move into fixed income as well. That's between $2 trillion and $3 trillion depending on where you are from an overfunding perspective.

So I think there's really meaningful institutional flow behind it. I don't necessarily think it's going to show up in DB plans per se. I think you'll show in determination and moving to the insurance market and PRTs or otherwise.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

Seth, we spent a lot of time on fixed income. How about equity? Do you have a big active equity business. Do you think we'll see some rerisking trends into equities too?

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

I think we're going to have to wait for people to gain more confidence, not just on the ultimate outlook but also on valuations. Valuations are just not compelling in equities, broadly, particularly in the U.S. And I think the disappointing returns, particularly inactive, that clients have seen over the last couple of years will cause them to be slow in sort of readapting there.

That being said, we added $1 billion in active equity institutional stuff in the fourth quarter, and we continue to see appetite there. So we're seeing kind of the reverse of what we're seeing in retail, we're seeing more interest on the institutional side in equities.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

Got it. And just to hit on that one more time. If you look at the institutional and the retail channel, which one do you expect to kind of move first when you think about reallocating into fixed income or rerisking. It sounds like retail.

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

I think retail is moving much quicker but you would expect that to be the case. And for those institutional investors comfortable in active equities, we're continuing to see demand for it. But we're also seeing wins on the retail side more in the DC space, which is more of an institutional decision. But ultimately, we're seeing quite a bit of appetite in kind of the 401(k) space for replacement.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

So let's talk about SMAs for a minute. You briefly hit on the Muni SMA product in your opening comments. But why is the separately managed account vehicle doing so well? And is this really an important vehicle for active managers in the future given the outflows on the mutual fund vehicle?

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

I think it's a critical product because ultimately, mutual funds are a wrapper that have seen their better days. I think -- I was talking earlier today, we launched a mutual fund earlier -- I'm sorry, late last year for SMid-cap equity strategy. And the reason we did it is because it was targeted to the DC market. And it's tough to actually get ETFs into those sorts of platforms.

So we see it -- we see SMAs, we see ETFs and to a lesser degree, we see CITs as kind of preferred wrappers going forward. And I think that's going to continue to evolve. ETFs -- I'm sorry, SMAs are particularly appealing in muni space for really 3 or 4 reasons. One, the clients like to own and feel like they own outright the bonds, they're holding rather than holding a security where they have an undivided interest in a bunch of bonds. Two, it's a much more efficient tax harvesting vehicle. You're not basically subject to the whims of other people's decisions to buy and sell into your mutual fund. Thirdly, they tend to be cheaper. For those 3 reasons, and the transparency and the ability to customize really 4 reasons.

We're seeing really significant pick up there. I think additionally, while muni credit decay is much slower than corporate decay, I think financial advisers and individuals are more and more aware of how little they really know about underlying municipal credit and to stop doing it themselves and laddering that lets somebody focus on making sure you avoid the landlines because that's where returns really arise from the fixed income. It's particularly in investment-grade fixed income. It's the blowups you avoid rather than the star opportunity you find in a particular bond.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

Seth, you have a pretty large private credit business, especially after the CarVal acquisition, how do you size up the opportunity on the client side given that allocations to private credit are still quite low. And on the other side, on the investing side, banks are pulling back given your funds a greater opportunity to deploy.

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

Look, I think we're -- as I mentioned earlier to somebody, I think we're sort of -- as a market private credit is a young adult. It's not a full adult yet. But I think it has considerably more to run than the private equity market or private real estate markets have for the simple reason that we have a structural change, particularly in the United States underway on who or what segments of the market are going to have preferential ability to hold these assets.

So as levered players, particularly banks become increasingly challenged to do that, it's going to have to rotate to a new owner. Secondly, we have a continuing need to increase the yield to general accounts of insurers. And the search for income continues relentlessly. And older populations, much prefer income over capital appreciation. So I think that market continues to grow. And in the way we focused on it, we don't pretend to be all things to all people, particularly in private we focus almost entirely on private credit as an area; a, because I don't think the world is looking for another private equity provider.

And b, we have a natural alignment with large asset owners like insurance companies. We've designed it to be relevant to Equitable and people like Equitable who are very much concerned not only with yield, but also credit quality and structure. And so I think it plays very well to the acquisition we made in CarVal back in 2022. And as well as the business units we've built up. We absolutely built this with insurance companies in mind, and that's very much our focus.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

Well, speaking of insurance companies, how is your strategic owner EQH been involved in the growth of your privates? And what assets have they been investing in through AllianceBernstein?

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

So we manage approximately $119 billion of their general account -- we are not the only provider, but we're the principal provider across both public and private markets. We don't do venture for them. We don't do private equity for them and some of the other niche asset classes they're in. But we very much designed it, and in fact, marketed to CarVal and others as a partnership because our proposition to carve-out, as it would be to others is we can grow you more quickly than you can grow yourselves by virtue of our entree into large institutional holders.

Equitable, made a $750 million resi mortgage commitment as part of the acquisition of CarVal. So it immediately, essentially commercialized the new product strategy they had great strength in, but had focused in more junior parts of that marketplace. And we're seeing follow-up interest by a number of other insurance companies there.

That was part of an initial $10 billion commitment that Equitable made to support our private alternatives business. They have subsequent -- we're about 90% through that commitment. They've made an addition -- I guess that was last year, they made an additional $10 billion commitment. And as part of that $500 million has been allocated to a new NAV lending strategy we're doing out of our middle market lending business.

So to say they've been pivotal is probably an understatement. When you look at what they have done and before them, AXA, who had a similar role in nurturing these strategies, our goal is to commercialize the strategy by a ratio of 4:1. i.e., for every dollar of Equitable's capital we have, we want to be raising $3 -- I'm sorry, $4 from third parties in order to validate the commercial value of the enterprise. And today, we're between $3 and $4. And so I'm optimistic we'll be able to hit that with the newer stuff under our belt with CarVal.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

Seth, AB is one of the best operating margin stories in financials, because in December, you're going to have your New York City lease expire. That's going to save you about $50 million. You also have the Bernstein Research consolidation, which is another second lever. How should we think about the operating margin trajectory AB over the next few years?

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

In our view, we think we have several levers to play, assuming markets stay flat to where they were at year-end. And specifically, we believe that sort of if you look at our exit 2024 run rate, we can come back to -- I'm sorry, exit '24. So looking at 2025, you're looking at 400 plus 450 basis points of incremental margin that we're able to generate through the combination of 150 to 250 on an annualized basis for Bernstein research. Another 100, 150 for the completion of our transition from New York to Nashville. So exiting the real estate we own on Sixth Avenue, where we lease Sixth Avenue, moving to Hudson Yards.

Additionally, we think we have levers and a mix of products with respect to private alts, ETFs and SMAs, which we think further enhance that because they're quite scalable for us.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

So Seth, excluding that under the surface, have you been reallocating resources from lower growth to high-growth businesses?

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

I think we've been doing that consistently. Within fixed income, we've been moving away from noninsurance institutional, bringing it into our municipal business and moving into our retail business. We've been moving resources from institutional into our retail sales business here in the United States. We've had really strong organic growth for, I think, 5 consecutive years in U.S. retail.

On the back of really strong equity performance and that -- as equity performance became more challenged than there was more risk aversion, fixed income stepped in as a bigger piece of that. So we have been reallocating resources.

Additionally, I think in a business facing relentless fee pressures, which our business is, we're not immune to that, we've been changing the mix of our business. The last year or so has gone -- has reversed a bit because we're seeing more fixed income than equities. But on balance, with private alts and equities, we've had a pattern of improving our fee mix despite the fact that the erosion is sort of a prevalent challenge for the industry as a whole.

So with that, having pretty disciplined expense management, which I think is critical, and we've been doing it for a long time. This is not new to us. I think we've been able to manage compensation, non-comp expenses in a way where we've seen less degradation in our gross -- I'm sorry, in our operating margin than we've seen in a lot of our competitors.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

Seth, let's pivot into Asia. And I know it's not the most profitable or biggest business for you. But in the Chinese market, you just announced a new license for a wholly owned mutual fund company. And have you joined a list of BlackRock, Neuberger and the Fidelity, what are the prospects for this business? And also, how do you think about the current challenges in China?

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

How much time do you got?

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

We got.....

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

Look, all things being equal, it's a less -- I mean, it's a more challenging market for us today than it was 2 years ago. We've been on this journey for several years now to get the license. We think Asia, we have outperformed expectations pretty consistently for a long time because we have really superb local management that helps drive that business forward. We're particularly strong in Taiwan, which is the market that most people in the mainland think is most similar to their own.

When you look at China's own dynamics, nearly $4 trillion, $3.9 trillion of mutual funds versus [$31 trillion(added by company after the call)] ETFs mutual funds in the United States, growing at a 20% compound annual growth rate. An aging population without a social safety and not with a large family anymore because of the one-child policy. Given those dynamics, the need to build up savings are critical. The Chinese Central government recognizes that. They've made it a priority to modernize, reduce the cost and increase the transparency of the investment management industry. Hence, their invitation to ourselves, BlackRock, JPMorgan, Neuberger, Fidelity and others to operate wholly owned businesses there.

We don't anticipate we're going to be making any money there in the next several years. I wouldn't even be shocked if 10 years out, we were at a breakeven level. It's going to be tough to build it. But it's not hard to see China has a $10 trillion asset management marketplace in 10 years, and that's assuming growth continues to slow.

So I don't know a bigger opportunity for us. That being said, relationship between the U.S. and China has deteriorated significantly. Chinese government has embarked upon a number of policies that restrict free flows of markets, particularly in what they deem to be more sensitive industries and sentiment in the local market despite recent improvements in valuations is terrible.

So we recognize that, but I don't think we have the ability to pick our time to enter. They opened it up. They may well close this opportunity once they feel they have enough foreign partners in the marketplace. And so we are prepared to make that investment. And I think it's an appropriate long-term investment for AB to be undertaking.

Now 4 years from now, 3 years, 4 years, if we're not seeing progress, we're going to have to reevaluate that. But we're not a bank. We don't have big capital positions stuck in the country. We have the ability to cut costs and to reconfigure what we're doing. But I'm hopeful that we'll be able to make this a much larger version of what we have in Taiwan, which is arguably one of our most profitable businesses.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

Seth, in 10 years, if there's $10 trillion of AUM, how do you think about the slice of the pie that goes to foreign investors like AllianceBernstein and BlackRock?

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

I think it's going to be terribly small in domestic equities and bonds, and I think we'll own it in global. We, non-Chinese managers, because they want the credibility, they want the long-term track records. And now we happen to have a really strong China-A share value fund and that will be our first launch. But no, we don't expect it to be in the domestic market, but it will be in global.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

So I think we're done with China. Let's talk about your other businesses in Asia. So you have a really strong distribution network across Asia, especially in the retail channel. What flow trends are you seeing in the major markets today, Japan, Hong Kong, Singapore, Taiwan, which is -- you're also very large in Taiwan.

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

We are seeing continued interest in global equities and even some Japanese equities in Japan. But principally global equities. It's been a very big market for our large cap growth service, for example. We're beginning to see on the institutional perspective, more interest in fixed income, which is interesting to me. And we know that with changes in Japanese insurance regulations, we're going to see much more private credit opportunities institutionally or we anticipate seeing that.

When we move over to Taiwan -- the broader China offshore market, Mainland -- excluding the Mainland, but Taiwan, Singapore and Hong Kong. We're seeing different little spins in each very strong fixed income flows into credit. We're seeing multi-asset flows both in Taiwan and Hong Kong. And we are seeing some more equity appetite, but it's much smaller, but we never saw equity appetite there. So it's becoming more balanced over time.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

So I also wanted to dive into the private client channel. What are you seeing in terms of both recruiting in the way out and retention -- recruiting on the way in and retention way out.

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

This year, we -- sorry, in 2023, we brought in about 5%, which is pretty good for us. Our hit rate is pretty high, call it, 40% but that means you're really netting 3% over 5 years. And building organically, that's about what we're able to do right now. Now maybe technology can help us do that more. But at the moment, that's where we are.

Now from a turnover perspective, it's pretty low. It's well below 5%. And we had, had more challenges a few years back where we saw significant poaching from big wire-houses who we're looking to build share quickly. We've seen much less of that of late.

We continue to think about how do we accelerate growth in that private wealth business without breaking it. And we're open to experimenting with it. But look, our reason to be in there is that we're able to -- we have a value proposition that our clients like, which were wealth management focused, we're advice-driven rather than product-driven. And secondly, that we captured the manufacturing margin for much of what we sell them.

That doesn't mean we don't sell third-party particularly in alts we do because we think our clients want to balance diet there, particularly where they're taking a lot of active manager risk. But I'd like to see us be able to accelerate the growth beyond 1% or 2%, which is kind of an industry average, but I think we can do better.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

So I want to move next on to net flows. What was your view of your 4Q net flows? And also how did January trend? And I'm wondering also, have you seen any green shoots with respect to specific funds and strategies and a few of the larger funds are outflowing, is there potential to get a reversal there at some point that would help.

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

Let me start with performance because I think performance really adversely impacted us on 2 strategies. Our U.S. based -- well to global -- it can be a global strategy as well, but our concentrated growth strategy, the old W.P. Stewart strategy, where we lost in 2023, approximately $2.3 billion on what is a $16 billion or $17 billion business. That was, I think, almost entirely performance-driven and had been a good flower for us for a long time.

Now we continue to have accounts at risk. It's principally institutional, where we see that. But when we look at the other fund that was struggling, the team that was struggling, which was our global core strategy, which we manage out of Europe, we saw about $1.3 billion, and that's slightly smaller, maybe $15 billion -- $14 billion or $15 billion total AUM. Performance in that strategy has stabilized and begun to return. That was also principally institutional in its outflows.

When we look at our assets outperforming in equities, we were very close to flat the benchmark net of fees on that example, because from December to January, if you look at our weighted AUM outperforming, we basically in 3 years, shifted from 45% to 65% in January. Now that could flip back this month. Now, it hasn't. We've done pretty well so far in doing that.

So we're very mindful of it. We also have pretty exciting performance and value strategies, which we haven't seen in a long time. Now value hasn't caught a bid and it continues to underperform growth as a factor. But we're more balanced than we've been before, which I'm excited about in terms of what the capabilities. And we continue to see appetite in core, where we're moving in the large cap growth, which we talked about, of course.

In terms of flows, in up to sort of mid-February, short answer is retail remains pretty good. Institutional is more mixed as we saw in January. But so far, and it's only -- it's the 20th or whatever it is 21st in the month, it's looking like a pretty good month, but that could turn with a redemption. So I don't institutional redemption. So it's too early to declare it, but it's better. It's certainly feeling better.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

Great. Seth, at this moment, let's just look at the crowd and see if anybody has a question. So please raise your hand. We can get you a mic.

One up here in the second row.

Unidentified Analyst

Could you talk a bit about what product gaps you see in your private alts lineup? And what funds will also be raising over the near term?

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

What gaps we see in our private alts lineup? I think if there's a particular area, I think there's a gap, it may be an infrastructure. That would be an area that I think would also be attractive to big liability managers like insurance companies. Look, we've done some tailoring of that. You may recall, we had a very successful private real estate equity business, which we spun out. We did that because ultimately, it wasn't at the size that we could make any real money on it. And so we don't have any real interest in moving into private equity as another category. So we want to be very tightly focused on the end-user market that we think we have a right to win, and we think it's insurance.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

Seth, was that Infrastructure equity? Infrastructure credit. It was credit, right?

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

Well, actually, it could be both. But we would -- we do a little infrastructure in CarVal, for example, in our clean energy funds. And we also -- from an infrastructure perspective, we do a lot of leasing, aircraft leasing, for example, which defends what your definition of infrastructure is, but for some people, I think that actually is in that remit.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

And maybe just a follow-up on that. When you think of private credit, there's a lot of buckets now, direct lending, corporate, ABF, real estate infrastructure, any other specific gaps inside of credit where you guys would be looking to be above.

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

There may be some areas in securitized. I mean we do some good stuff in securitize, but there may be receivables and elsewhere that we would be looking. But we're very much focused in the U.S. and maybe a little bit in Europe where we could see some potential. Direct origination in Europe lending could be interesting corporate lending, but that's becoming a pretty mature market in its own right.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

Great. Any other questions? One up here in front row.

Unidentified Analyst

Bernstein and Autonomous are interesting firms, doing good job.

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

Well, thank you.

Unidentified Analyst

And we do business with one of them. I mean, Autonomous is a too bit expensive for us. But I mean, what is ultimately the logic of being part of AllianceBernstein of a broker research company?

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

Well, I guess my honest answer if you -- the logic isn't that compelling. Hence, our desire and our decision to contribute into a joint venture with SocGen. Historically, very much part of the culture and identity of the firm, indeed, it was the brand. I mean, if you ask -- I don't know, I bet you if I ask 200 people in this conference 190 of them would mention research first, maybe I'm wrong, but I think that's how we're mostly known.

Look, almost everybody, including Merrill subsidizes it, its equity research capabilities, don't be offended, but they do. We don't have those revenue streams to do that. And I got -- we got to run it at a profit. And we think we have better uses of that capital elsewhere. So we're hoping to close that joint venture in the first half of this year.

Craig William Siegenthaler ***BofA Securities, Research Division - MD & Head of the North American Asset Managers, Brokers & Exchanges Team***

And I think with that, we are out of questions. So Seth, on behalf of all of us at Bank of America, thank you very much.

Seth Perry Bernstein ***AllianceBernstein Holding L.P. - CEO, President & Director***

Thank you. Thank you for having.
