

# AllianceBernstein Preferred Limited

## Annual Report

For the year ended 31 December 2014

Registered number: 07095725

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## **Directors' report and financial statements**

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## **Directors and advisers**

<b>Directors</b>	L Mangan MR Manley
<b>Company secretary</b>	A Fowler
<b>Registered office</b>	50 Berkeley Street London United Kingdom W1J 8HA
<b>Bankers</b>	HSBC Bank Plc 79 Piccadilly London W1V 0EU
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

## Strategic report

*For the year ended 31 December 2014*

The directors present their strategic report and the audited financial statements for the year ended 31 December 2014.

### Principal activities

AllianceBernstein Preferred Limited (the "company") was incorporated under the Companies Act 2006 as a private company limited by shares on 4 December 2009. The company's functional currency is United States Dollars and its principal activity is to act as an intermediary holding company.

### Business Review

During the year the company acquired 82% ownership interest in CPH Capital Fondsmæglerselskab A/S ("CPH"), a Danish asset management firm that manages approximately \$3bn in global core equity assets for institutional investors. The company was able to make this acquisition using the issuance of \$65m in intragroup debt. As part of the acquisition agreement the company also recorded redeemable non-controlling interest relating to the fair value of the portion of CPH that it does not own.

In addition the company acquired all the issued share capital of AllianceBernstein Schweiz AG, a newly incorporated Swiss entity engaged in investment distribution services. The company has remained as the holding company of both AllianceBernstein Limited and AllianceBernstein (Luxembourg) S.a.r.l.

### Key Performance Indicators (KPIs)

The directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the company.

### Future developments

The company will continue its normal activities for the foreseeable future including effective use of its capital position.

On behalf of the board



L Mangan  
Director

3 July 2015

Company registered number: 07095725

Registered office:  
50 Berkeley Street  
London  
United Kingdom  
W1J 8HA

## **Directors' report**

*For the year ended 31 December 2014*

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

### **Results and dividends**

The company's profit for the financial year was \$34,238,278 (2013 profit: \$13,928,666).

No dividend was recommended during the year (2013: \$13,938,436).

### **Directors**

The directors who held office during the year and up to the date of signing the financial statements are as follows:

L Mangan  
MR Manley

### **Directors' insurance**

AllianceBernstein L.P. maintains insurance for the Directors in respect of their duties as directors of the company. This was in force in 2014 and up to the date of signing the financial statements.

### **Financial risk management**

Market risk

#### **(i) Interest rate risk**

The company earns interest on cash balances and is not otherwise exposed to interest rate risk.

#### **(ii) Foreign exchange risk**

The company operates internationally and is therefore exposed to foreign exchange risk arising mainly from recognising assets and liabilities in foreign operations.

Credit risk

Credit risk arises from cash deposits with banks and financial institutions. The cash deposits with banks and high-quality financial institutions are a means of minimising credit risk.

### **Independent auditors**

PricewaterhouseCoopers LLP have been appointed as the independent auditors of the company.

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

### **Statement of directors' responsibilities** *(continued)*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

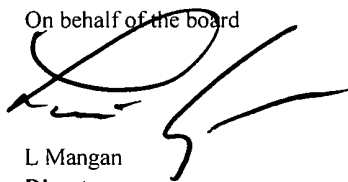
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Disclosure of information to auditors**

In the case of each of the persons who are directors at the time when this report is approved, so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and the directors have taken all steps that they ought to have taken as directors to make themselves aware of any audit information and to establish that the company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

On behalf of the board



L. Mangan

**Director**

3 July 2015

Company registered number: 07095725

Registered office:  
50 Berkeley Street  
London  
United Kingdom  
W1J 8HA

## **Independent auditors' report to the members of AllianceBernstein Preferred Limited**

### **Report on the financial statements**

#### **Our Opinion**

In our opinion, AllianceBernstein Preferred Limited's financial statements (the "financial statements") :

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

The financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Other matters on which we are required to report by exception**

Adequacy of accounting records and information and explanations received

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## **Independent auditors' report to the members of AllianceBernstein Preferred Limited** *(continued)*

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **What an audit of financial statements involves**

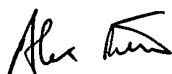
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Alex Bertolotti (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

30/12/2015



## Profit and loss account

*For the year ended 31 December 2014*

	Note	2014 \$	2013 \$
Dividends received	2	35,667,252	13,938,436
Administrative expenses		(168,163)	(24,383)
Other operating income	3	2,487	11,415
<b>Operating loss</b>		<b>35,501,576</b>	<b>(12,968)</b>
Interest receivable and similar income	4	15,832	409
Interest payable and similar charges	5	(1,584,554)	-
<b>Profit on ordinary activities before taxation</b>	6	<b>33,932,854</b>	<b>13,925,877</b>
Tax on profit on ordinary activities	8	305,424	2,789
<b>Profit for the financial year</b>		<b>34,238,278</b>	<b>13,928,666</b>

The company has no recognised gains and losses other than the profit for the years as disclosed in the profit and loss account, and therefore no separate statement of recognised gains and losses has been presented.

There is no material difference between the results as described in the profit and loss account and the profit on an unmodified historical cost basis. Accordingly, a note of the historical cost profits and losses for the years is not given.

All the amounts above are in respect of continuing operations.

The notes on pages 9 to 15 form part of these financial statements.


## Balance sheet

For the year ended 31 December 2014

	Note	2014	2013
		\$	\$
<b>Fixed assets</b>			
Investments	9	110,501,755	19,512,877
<b>Current assets</b>			
Cash at bank	10	1,107,503	97,961
Investments	11	9,101,893	101,805
Debtors	12	25,046,885	563,447
		<u>35,256,281</u>	<u>763,213</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(6,306,139)</u>	<u>(77,314)</u>
<b>Net current assets</b>		<u>28,950,142</u>	<u>685,899</u>
<b>Total assets less current liabilities</b>		<u>139,451,897</u>	<u>20,198,776</u>
<b>Creditors: amounts falling due after more than one year</b>	14	<u>(85,014,843)</u>	<u>-</u>
<b>Net assets</b>		<u><u>54,437,054</u></u>	<u><u>20,198,776</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	19,512,878	19,512,878
Profit and loss account	16	34,924,176	685,898
<b>Total shareholders' funds</b>	17	<u><u>54,437,054</u></u>	<u><u>20,198,776</u></u>

The notes on pages 9 to 15 form part of these financial statements.

These financial statements were approved by the board of directors on 3 July 2015 and were signed on its behalf by:

  
L Mangan  
Director  
3 July 2015

AllianceBernstein Preferred Limited  
Co. Registered number: 07095725

## Notes to the financial statements for the year ending 31 December 2014

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been applied consistently throughout the year are set out below.

#### *Cash flow statement and related party disclosures*

The company is exempt from preparing a cash flow statement under Financial Reporting Standard 1 (revised 1996) as it is a wholly owned subsidiary of an entity which prepares consolidated financial statements which are publicly available. The consolidated financial statements of AllianceBernstein L.P., within which the company is included, can be obtained from the address given in Note 20.

The company is also exempt from the requirements of Financial Reporting Standard 8 to disclose related party transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

#### *Consolidation Exemption*

The financial statements contain information about AllianceBernstein Preferred Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, AllianceBernstein L.P.

#### *Fixed asset investments*

Fixed asset investments are stated at cost less provision for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values of these assets exceed their recoverable amount. The recoverable amount is the greater of net realisable value and value in use, and is determined based on management's assumptions and estimates.

#### *Taxation*

The charge for taxation is based on the results for the year ended 31 December 2014 and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis. As the company is a member of a group for corporation tax purposes, deferred tax assets will not be recognised where losses will be passed between members of the group.

## Notes to the financial statements for the year ending 31 December 2014

(continued)

### 1 Accounting policies (continued)

#### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. The functional currency of the company is United States Dollars (USD) and this is in line with the functional currency of its parent company, AllianceBernstein Holdings (Cayman) Limited.

#### Current asset investments

Current asset investments are stated at fair value, which is determined by reference to official quoted market bid prices at the close of business on the balance sheet date. Any resulting gain or loss is included in "Other operating income and charges" in the profit and loss account.

#### Financial assets

Financial assets held for trading have been designated as fair value through profit and loss. The company recognises financial assets initially at fair value from the trade date, and continues to recognise them through the profit and loss account until the rights to receive cash flows have expired or the company has transferred substantially all the risks and rewards of ownership.

Financial assets classified as loans and receivables are held at amortised cost using the effective interest method.

#### Impairment of financial assets

Indicators of impairment are reviewed for all financial assets at each reporting date. Such indicators include significant financial difficulties or losses in subsidiary undertakings, or significant decline in net assets of subsidiary undertakings. An impairment loss is recognised in the profit and loss account when there is objective evidence that an asset is impaired.

#### Financial liabilities

The company recognises financial liabilities from the trade date, and continues to recognise them until the liability has been settled, extinguished or has expired. These are held at amortised cost using the effective interest method.

#### Dividends

The company recognises dividends received on an accruals basis from the time a dividend is declared by one of its subsidiaries.

2	Dividends received	2014	2013
		\$	\$
	Dividend received from AllianceBernstein Limited	23,597,647	-
	Dividend received from AllianceBernstein Luxembourg S.a.r.l.	12,069,605	13,938,436
	<b>Total dividends received</b>	<b>35,667,252</b>	<b>13,938,436</b>

3	Other operating income	2014	2013
		\$	\$
	Net exchange gain	2,487	11,415

## Notes to the financial statements for the year ending 31 December 2014

(continued)

<b>4 Interest receivable and similar income</b>	<b>2014</b>	<b>2013</b>
	\$	\$
Interest receivable from group undertakings (note 12)	15,403	-
Bank interest receivable	429	409
	<u>15,832</u>	<u>409</u>

<b>5 Interest payable and similar charges</b>	<b>2014</b>	<b>2013</b>
	\$	\$
Interest payable to group undertakings (note 14)	1,274,054	-
Amortisation of earn out payments (note 14)	310,500	-
	<u>1,584,554</u>	<u>-</u>

<b>6 Profit on ordinary activities before taxation</b>	<b>2014</b>	<b>2013</b>
	\$	\$
This is stated after charging:		
Auditors' remuneration - audit fees	41,936	24,383

## 7 Remuneration of directors

The directors did not receive any emoluments in respect of their services to the company during the financial year (2013: \$nil). There were also no employees during the year (2013: nil).

## 8 Tax on profit on ordinary activities

The taxation credit for the year is set out below.

	<b>2014</b>	<b>2013</b>
	\$	\$
<b>Current Tax:</b>		
Current year	(306,041)	(2,919)
Adjustments in respect of prior years	617	130
UK corporation tax on profits for the year	<u>(305,424)</u>	<u>(2,789)</u>

	<b>2014</b>	<b>2013</b>
Profit on ordinary activities before taxation	<u>33,932,854</u>	<u>13,925,877</u>
UK corporation tax charge on profits for the year at 21.49% (2013: 23.25%)	7,293,239	3,237,290
Effects of disallowable expenditure	66,736	-
Effects of disallowable income	(7,666,016)	(3,240,209)
Adjustments in respect of prior years	617	130
<b>Total current tax</b>	<u>(305,424)</u>	<u>(2,789)</u>

## Notes to the financial statements for the year ending 31 December 2014

(continued)

### 8 Tax on profit on ordinary activities (continued)

The standard rate of corporation tax changed from 23% to 21% with effect from 1 April 2014. Accordingly the company's profits are taxed at an effective rate of 21.49% (2013: 23.25%). No deferred tax charge was recognised during the year.

In the March 2014 UK Budget Statement a resolution was passed by Parliament to reduce the main rate of corporation tax from 21% to 20% from 1 April 2015.

### 9 Fixed asset investments

	2014 \$	2013 \$
<b>Shares in subsidiaries and associates</b>		
CPH Capital Fondsmæglerselskab A/S - ordinary shares	90,879,690	-
AllianceBernstein Limited - preference shares	15,031,543	15,031,543
AllianceBernstein (Luxembourg) S.a.r.l - preference shares	4,481,334	4,481,334
AllianceBernstein Schweiz AG - ordinary shares	109,188	-
	<u>110,501,755</u>	<u>19,512,877</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

On 20 June 2014 the company entered into a purchase agreement with CPH, whereby the company purchased 81.71% of the issued share capital for an initial price of \$64,370,796. The agreement also included contingent consideration for the remaining share capital payable over a number of years (see notes 13 and 14).

On 19 September the company entered into a subscription agreement with AllianceBernstein Schweiz AG, whereby the company subscribed to all of its initial 10,000 ordinary shares for an aggregate subscription price of CHF100,000.

AllianceBernstein Limited preference shares confer the right to the company of a fixed cumulative preferential dividend out of the distributable profits at the annual rate equal to seventy three and a half pence per preference share.

AllianceBernstein (Luxembourg) S.a.r.l preference shares confer the right to the company of a fixed cumulative preferential dividend out of the distributable profits at the annual rate equal to two hundred and eighty nine euros and twenty cents per preference share.

Name of undertaking	% ownership of issued shares	Country of incorporation	Principal activity
CPH Capital Fondsmæglerselskab A/S	81.71	Denmark	Investment management services
AllianceBernstein Limited	50.05	United Kingdom	Investment management services
AllianceBernstein (Luxembourg) S.a.r.l	20.25	Luxembourg	Administration and management of collective investments
AllianceBernstein Schweiz AG	100.00	Switzerland	Investment distribution services

## Notes to the financial statements for the year ending 31 December 2014

(continued)

<b>10</b>	<b>Cash at bank</b>	<b>2014</b>	<b>2013</b>
		\$	\$
Cash at bank		<u>1,107,503</u>	<u>97,961</u>

<b>11</b>	<b>Current asset investments</b>	<b>2014</b>	<b>2013</b>
		\$	\$
Government Short Term Investment Fund		<u>9,101,893</u>	<u>101,805</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

During the year the company retained an investment in a government short term investment fund which as described below is categorised as a level 1 investment.

Fair values are measured using the following fair value hierarchy:

Level 1: reflects financial instruments quoted in the market.

Level 2: reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Level 3: reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not on observable data.

<b>12</b>	<b>Debtors</b>	<b>2014</b>	<b>2013</b>
		\$	\$
Amounts falling due within one year			
Amounts owed by group undertakings		<u>25,046,885</u>	<u>563,447</u>

During the year the company entered into a short term loan agreement with Sanford C. Bernstein Limited an intragroup company. The principal loan amount of \$25m carries an interest rate of 0.35%, and a maturity date of 31 March 2015.

On 31 March 2015 this loan agreement was renewed with the same principal loan amount and interest rate, and a maturity date of 30 June 2015.

<b>13</b>	<b>Creditors: amounts falling due within one year</b>	<b>2014</b>	<b>2013</b>
		\$	\$
Amounts falling due within one year			
Redeemable non-controlling interest		3,300,812	-
Other payables		2,863,907	-
Amounts owed to group undertakings		105,546	44,097
Accruals and deferred income		35,874	33,217
		<u>6,306,139</u>	<u>77,314</u>

The amounts owed to group undertakings are interest free and repayable on demand.

## Notes to the financial statements for the year ending 31 December 2014

(continued)

### 14 Creditors: amounts falling due after more than one year

	2014	2013
	\$	\$
Amounts falling due after more than one year		
3.98% unsecured loan notes	65,000,000	-
Redeemable non-controlling interest	13,203,250	-
Other payables	6,811,593	-
	<u>85,014,843</u>	<u>-</u>

Unsecured loan notes - On 18 June 2014 the company issued loan notes to its parent company AllianceBernstein Holdings (Cayman) Limited with an aggregate nominal value of \$65m and an interest rate of 3.98%. The maturity date is 18 June 2024.

Redeemable non-controlling interest - Under the terms of the CPH share purchase agreement it is probable the company will purchase the remaining share capital over the next five years.

Other payables - conditional on certain levels of assets under management being maintained under the management of CPH, the company will be liable for three annual earn out payments as part of the original share purchase agreement. These payments have been accrued at a discounted present value.

According to the hierarchy of fair value measurements described in note 11 both the redeemable non-controlling interest and other payables above are level three financial instruments. As such they could be significantly affected by changes in the profitability of CPH as well as changes to underlying discount rate assumptions.

### 15 Called up share capital

	2014	2013
	\$	\$
<i>Allotted and fully paid</i>		
12,466,895 (2013: 12,466,895) ordinary shares of £1 each	<u>19,512,878</u>	<u>19,512,878</u>

### 16 Profit and loss account

	2014	2013
	\$	\$
At beginning of year	685,898	695,668
Profit for the financial year	34,238,278	13,928,666
Dividends paid	-	(13,938,436)
At end of year	<u>34,924,176</u>	<u>685,898</u>

### 17 Reconciliation of movement in shareholders' funds

	2014	2013
	\$	\$
At beginning of the year	20,198,776	20,208,546
Profit for the financial year	34,238,278	13,928,666
Dividends paid	-	(13,938,436)
At end of the year	<u>54,437,054</u>	<u>20,198,776</u>



## Notes to the financial statements for the year ending 31 December 2014

(continued)

### 18 Commitments & Contingencies

	2014	2013
	\$	\$
<b>Maturity of financial liabilities</b>		
Due within one year	6,164,719	-
1-2 years	6,046,939	-
2-5 years	13,967,904	-
More than 5 years	65,000,000	-
	<u>91,179,562</u>	<u>-</u>

### 19 Financial risks

#### *Credit risk*

The company does not hold any collateral as security. For the purposes of the company's disclosures regarding credit quality, all financial assets subject to credit risk fall into the category "Financial assets neither past due nor impaired".

#### *Interest rate risk*

The only impact on income from interest rate fluctuations is on interest earned on cash balances. The loan notes issued by the company to AllianceBernstein Holdings (Cayman) Limited, and the short term loan agreement with Sanford C. Bernstein Limited, are both at fixed rates of interest and not exposed to interest rate fluctuations.

#### *Capital Risk Management*

The company's objectives when managing capital are:

- to safeguard the company's ability to continue as a going concern;
- to provide returns for shareholders and benefits for other stakeholders;
- to maintain an optimal capital structure to reduce the cost of capital;
- to maintain financial strength to support new business growth; and
- to satisfy the requirements of its clients.

The board has a dividend payment policy in place which assesses the distributable reserves of the company and its cash flow position in its decision to pay dividends. The company is not subject to any base capital resources requirement.

The company's cash balances are held by HSBC which is an independently rated party with an AA rating.

### 20 Immediate and ultimate parent company

The company's immediate holding company is AllianceBernstein Holdings (Cayman) Limited, a company established in Cayman Islands. AllianceBernstein L.P. (established in the State of Delaware, USA) is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2013. The consolidated financial statements can be obtained from AllianceBernstein L.P., 1345 Avenue of the Americas, New York, N.Y., USA.

The ultimate holding company and controlling party is AXA, S.A., a French holding company for an international group of companies.