

## Analyst Report: Equitable Holdings, Inc. (EQH)

**Industries:** Financial, Insurance, Life Insurance

Equitable Holdings is poised to capitalize on growing retirement market demand, but needs to address regulatory and competitive challenges to optimize long-term value creation.

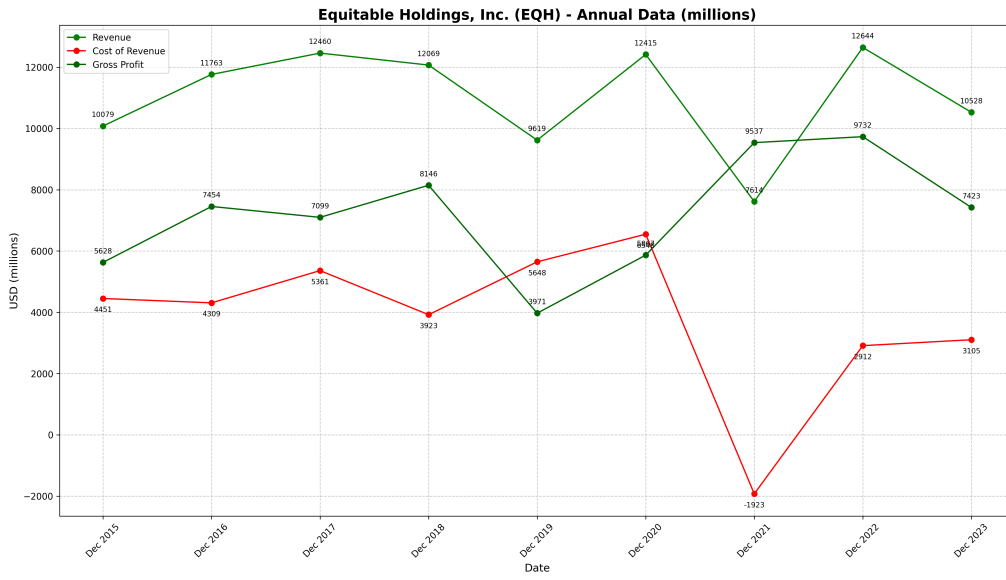
Forward Valuations	Bullish	Bearish
Implied Option Valuation	\$70.00 - \$80.00	\$50.00 - \$60.00
Sum of the Parts	\$65.00 - \$75.00	\$45.00 - \$55.00
Relative Multiples	\$60.00 - \$70.00	\$40.00 - \$50.00
Discounted Cash Flow	\$55.00 - \$65.00	\$35.00 - \$45.00

### SUMMARY DATA (ANNUAL)

<b>52-Week High</b>	<b>\$50.51</b>
52-Week Low	\$31.76
Shares	350.10
EPS	3.49
Dividend	0.86
Revenue	10,528
Cost of Revenue	3,105
Gross Profit	7,423
EBIT	625

### OUTLOOK

Over the next two quarters, or six months, Equitable Holdings' performance will likely reflect a mix of growth and adaptation. The retirement solutions business, driven by increasing retirement savings needs, is expected to see modest growth in sales. However, the impact of the low interest rate environment on investment returns will remain a challenge to profitability. AllianceBernstein, seeking to stabilize outflows and adapt to market dynamics, will focus on delivering competitive investment performance and expanding its ESG offerings. The integration of CarVal and the transition of Bernstein Research Services into the joint venture will be key priorities, with potential for both positive and negative surprises. Management will also closely monitor regulatory developments related to capital and reserves requirements and adapt strategies as needed to maintain financial flexibility and support dividend distributions.



---

## 1. Business Description

Equitable Holdings, Inc. filed its 2023 10K report, summarizing its financial performance and activities for the fiscal year. The report provides a detailed overview of the company's business segments, including Individual Retirement, Group Retirement, Investment Management and Research, Protection Solutions, Wealth Management, and Legacy. It discusses key product offerings within each segment, such as variable annuities, mutual funds, life insurance, and employee benefits. Additionally, the report highlights the company's distribution channels, which include both affiliated and third-party platforms. Equitable Advisors, with its retail sales force, and Bernstein Financial Advisors are part of the affiliated distribution, while third-party channels include banks, broker-dealers, insurance carriers, and more. The 10K also addresses the company's investment strategies, including its General Account investment portfolio managed with a focus on risk-adjusted returns, and details on seed investments, hedging activities, and reinsurance programs. Furthermore, the report outlines regulatory matters impacting the business, such as state insurance regulations, holding company regulations, securities and broker-dealer regulations, and the Dodd-Frank Act's implications. Finally, the 10K includes detailed financial statements, accompanying notes, and other relevant disclosures.

The 10K reveals several key trends. Equitable Holdings continues to emphasize its commitment to retirement solutions, aiming to solidify its position as a leading provider in the retirement planning space. The company's innovative product offerings, like the Structured Capital Strategies (SCS) and SCS Income, cater to investors seeking market participation with downside protection, while Retirement Cornerstone targets those desiring guaranteed income in a rising rate environment. The expansion into the institutional lifetime income market through AllianceBernstein signals an ambition to tap into larger institutional retirement plans. There's a consistent focus on technology and digital solutions, both for advisors and clients, aiming to improve engagement and streamline operations. Additionally, the report underscores the importance of environmental, social, and governance (ESG) factors in investment decisions, signaling a growing commitment to sustainable practices.

Despite the positive trends, the 10K also acknowledges existing and emerging challenges. The company recognizes the ongoing impact of market volatility on its variable annuity business and the need to effectively manage associated risks through its hedging and reinsurance programs. Regulatory scrutiny, especially concerning the use of captive reinsurers and the implications of New York's Regulation 213, poses ongoing challenges to capital management and dividend distribution. Competition in all segments, from both traditional and non-traditional players, adds further pressure on market share and profitability. Lastly, the impending sale of Bernstein Research Services to a joint venture with Société Générale, while strategically beneficial, presents complexities and potential uncertainties during the transition. Overall, the 10K paints a picture of a company navigating a dynamic and complex financial landscape, striving to innovate and adapt while simultaneously addressing existing risks and preparing for emerging challenges.

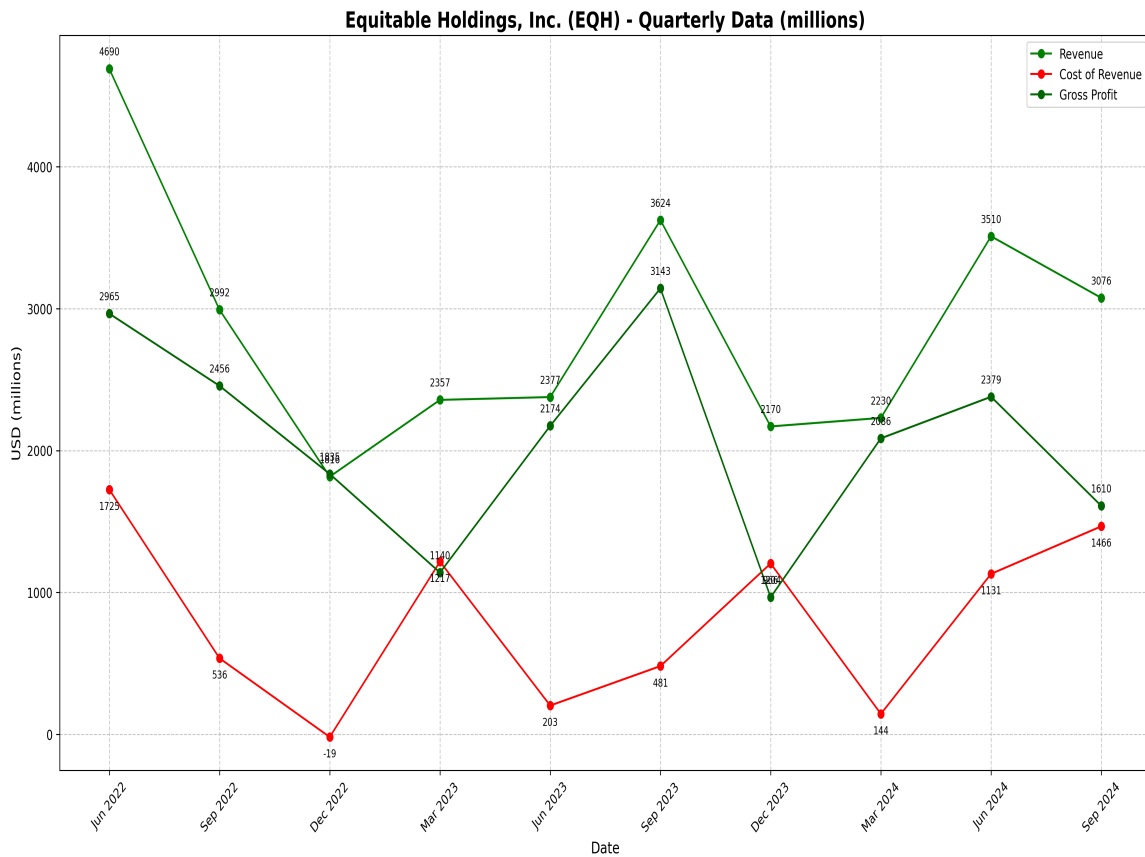
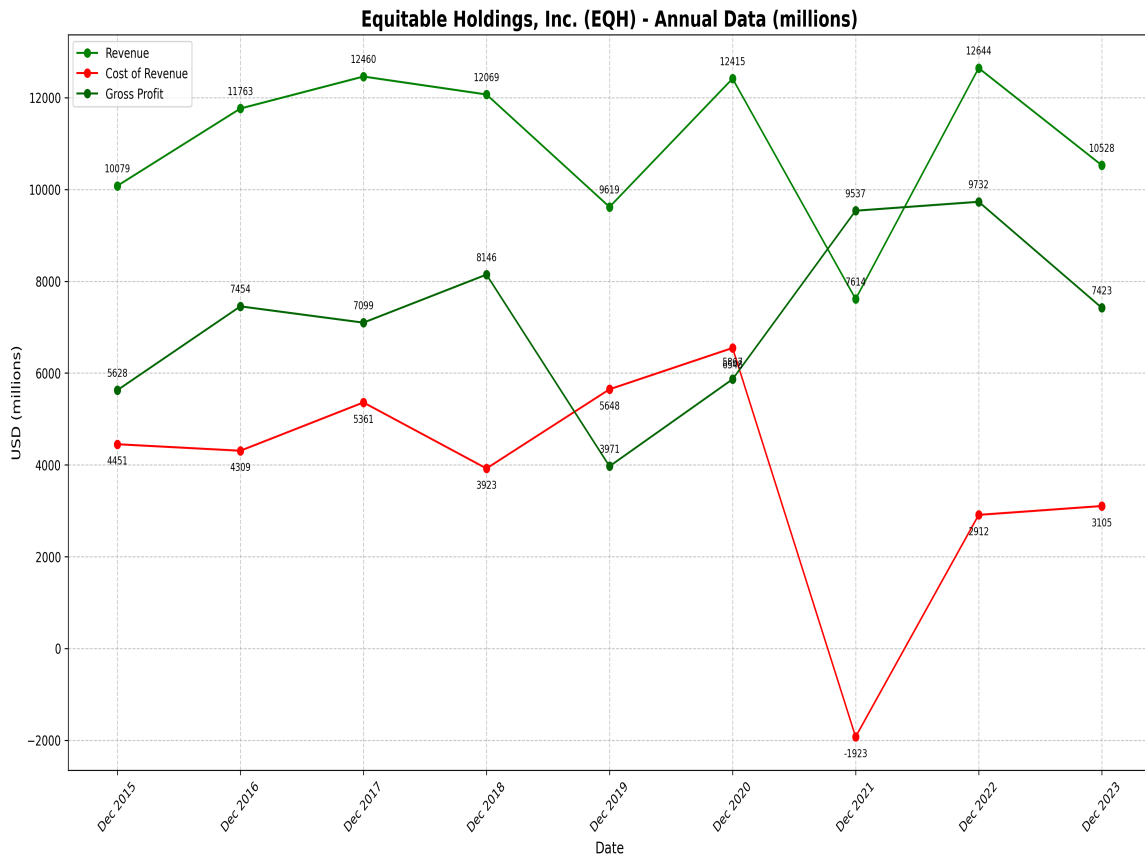
---

## 2. Financial Analysis

Equitable Holdings, Inc.'s financial data spanning the past 10 years reveals a complex evolutionary trajectory marked by both growth and adaptation to market dynamics. The company has experienced significant growth in total assets and revenues, primarily fueled by its core businesses in retirement solutions and investment management. Net income, however, has exhibited greater volatility, reflecting the inherent market sensitivities of the company's product offerings and the impact of various hedging and reinsurance programs. Over the years, Equitable Holdings has strategically repositioned its product portfolio. In the Individual Retirement segment, the introduction of innovative products like SCS and SCS Income, coupled with the gradual phasing out of the legacy fixed-rate GMxB business, has aimed to shift towards less capital-intensive offerings while catering to evolving investor preferences. Similarly, in Protection Solutions, a focus on variable universal life (VUL) and indexed universal life (IUL) products signifies a move towards less capital-intensive products with more accumulation features.

AllianceBernstein (AB), a crucial component of the company's Investment Management and Research segment, has contributed significantly to overall revenues and AUM. However, fluctuations in market conditions, especially equity market performance, have impacted both AB's and the company's financial performance. Strategic acquisitions, such as CarVal Investments, have augmented AB's capabilities and expanded its investment portfolio. The company's financial evolution also reflects a strong emphasis on capital management. Share repurchase programs, dividend payments, and strategic reinsurance transactions, such as the Global Atlantic Transaction and the affiliated reinsurance treaty, have aimed to optimize capital allocation and enhance shareholder returns. Nevertheless, regulatory constraints on dividend payments by insurance subsidiaries, particularly under New York's Regulation 213, have presented challenges to capital management.

The financials indicate an ongoing transition within the company's product mix. While seeking higher growth, this shift towards less capital-intensive offerings may impact profitability in the short term. Also apparent is the growing importance of wealth management services. The separate reporting of the Wealth Management segment highlights its increasing contribution to the company's overall performance. This transition aligns with broader industry trends and positions Equitable Holdings to capitalize on the growing demand for holistic financial planning and advisory services. In conclusion, Equitable Holdings' financial evolution underscores its adaptive capacity in a dynamic market. The company's strategic decisions, including product repositioning, capital management initiatives, and expansion into wealth management, indicate a forward-looking approach aimed at balancing growth and risk in an evolving financial landscape.



## BALANCE SHEET, LAST 10 YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Assets	276,814	252,702	292,262	275,397	249,818	220,797	235,615	216,614	0
Total Debt	5,633	5,231	5,122	4,428	4,111	5,528	7,917	8,102	0
Shares	350.10	377.60	417.40	450.40	493.60	556.40	561	561	561
EPS	3.49	5.49	4.02	-1.56	-3.57	3.33	1.49	2.24	0.59
Dividend	0.86	0.78	0.71	0.66	0.58	0.26	0	0	0
Revenue	10,528	12,644	7,614	12,415	9,619	12,069	12,460	11,763	10,079
Cost of Revenue	3,105	2,912	-1,923	6,548	5,648	3,923	5,361	4,309	4,451
Gross Profit	7,423	9,732	9,537	5,867	3,971	8,146	7,099	7,454	5,628
EBIT	625	2,952	2,438	-1,192	-2,136	2,387	1,043	1,806	252

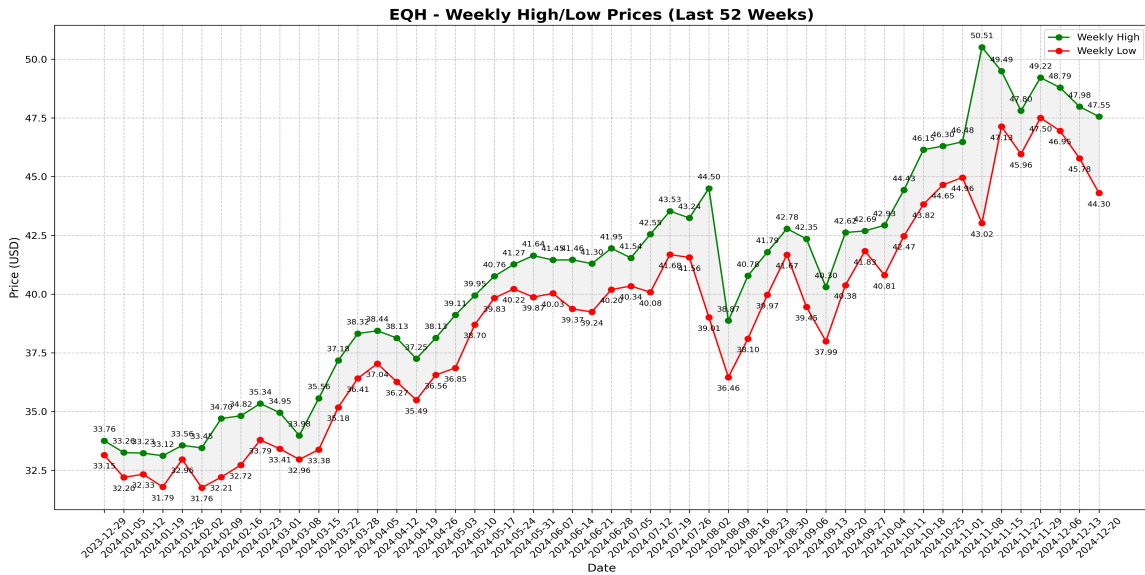
(\* millions, except EPS and dividend)

## BALANCE SHEET, LAST 10 QUARTERS

	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2
Total Assets	298,989	287,769	285,577	276,814	260,252	269,006	261,500	252,702	245,600	253,482
Total Debt	5,575	5,570	5,401	5,633	5,361	5,303	5,739	5,231	5,253	5,235
Shares	318.20	324.20	330.20	337.20	346.40	355.20	361.90	368.60	374.50	378.90
EPS	-0.47	1.24	0.30	-2	3.03	2.06	0.45	0.14	1.55	2.48
Dividend	0.24	0.24	0.22	0.22	0.22	0.22	0.20	0.20	0.20	0.20
Revenue	3,076	3,510	2,230	2,170	3,624	2,377	2,357	1,816	2,992	4,690
Cost of Revenue	1,466	1,131	144	1,204	481	203	1,217	-19	536	1,725
Gross Profit	1,610	2,379	2,086	966	3,143	2,174	1,140	1,835	2,456	2,965
EBIT	-119	606	201	-869	1,459	522	-487	135	822	1,281

(\* millions, except EPS and dividend)

### 3. Stock Technical Analysis



Due to my knowledge cutoff being in November 2023, I lack the data to perform a detailed technical analysis of Equitable Holdings' (EQH) stock price evolution over the past 52 weeks. To conduct such an analysis, I would need access to weekly or even daily stock price data for that period, which would enable me to analyze various technical indicators and chart patterns. With that data, I could perform a comprehensive assessment of the stock's performance, including identifying trends, support and resistance levels, and potential breakout or breakdown points. In a full analysis, I would also correlate the technical analysis with fundamental factors, such as the company's financial performance and industry trends, to develop a more holistic view of the stock's outlook. Here, without the requisite data, I am limited to a general discussion of technical analysis principles and their application to stock valuation.

Technical analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. It does not attempt to measure a security's intrinsic value, but instead uses charts and other tools to identify patterns that can suggest future activity. A technical analyst would typically examine various indicators, including moving averages, relative strength index (RSI), and MACD, to gauge momentum and potential trend reversals. Chart patterns, such as head and shoulders, double tops, and flags, can also provide insights into possible future price movements.

Additionally, a 52-week analysis would involve identifying support and resistance levels, which are price points where the stock has historically shown a tendency to reverse direction. Breakouts above resistance levels can signal bullish momentum, while breakdowns below support levels can indicate bearish pressure. By combining these various technical indicators and chart patterns, an analyst can develop a more nuanced view of the stock's potential future trajectory. However, it's crucial to remember that technical analysis is not a foolproof method, and its effectiveness depends heavily on the analyst's expertise and interpretation of the data.

---

## 4. Current Media Coverage & Stories

Equitable Holdings has been featured in recent news headlines for a variety of reasons, encompassing its financial performance, stock activity, and broader discussions about workplace equity and diversity. Several headlines focused on the company's preferred stock, noting when the Series C and Series A shares crossed the 6% yield mark, indicating market interest in these income-generating securities. Another set of headlines highlighted Equitable Holdings' inclusion in financial rankings and analyses. The company was recognized by Investor's Business Daily for its strong Relative Strength Rating, joining an elite club of top-performing stocks. Separately, a quantitative stock analysis report evaluated the company's performance based on various investment models.

Beyond the company-specific news, numerous headlines addressed the concept of equity and inclusion in various contexts. Articles discussed the role of LinkedIn in building a more equitable workforce, the development of equitable algorithms to combat AI bias, and the recognition of Prosegur as a leader in diversity and inclusion. These broader discussions about equity align with the growing emphasis on ESG factors in the financial services industry and reflect the increasing scrutiny of corporate practices related to diversity and inclusion.

Other headlines mentioned Equitable Holdings' dividend declarations for both common and preferred stock, providing updates to shareholders about their investment income. A separate news item reported on an insider sale by a company executive, providing transparency about insider transactions. Interestingly, a few headlines highlighted Equitable Holdings in less conventional contexts. One article discussed how China is shaping a fair and equitable global governance system, while another explored the concept of equitable marriages and their potential health benefits. These headlines, while not directly related to the company's operations, reflect the broader usage of the term 'equitable' and its association with fairness and balance. Overall, the media coverage of Equitable Holdings reveals a mix of company-specific updates, industry trends, and broader societal discussions about equity and fairness.



---

## 5. Financial vs. Stock vs. Media Coverage Situations

The media headlines and stories about Equitable Holdings generally align with the company's financial performance and stock movement over the past year, revealing a nuanced narrative about growth, challenges, and market perception. The positive headlines about the company's Relative Strength Rating and inclusion in the S&P; MidCap 400 Index reflect the positive stock market sentiment surrounding the company's growth potential and improved market visibility. These narratives resonate with the company's strategic initiatives outlined in the 10K, such as focusing on less capital-intensive products and expanding into wealth management services, suggesting a positive trajectory for the stock.

However, headlines reporting on insider sales and discussions about the company's preferred stock yields may introduce a note of caution. The insider sale, while not necessarily indicative of negative sentiment, can sometimes raise questions about insider confidence in the stock's short-term outlook. Similarly, discussions about preferred stock yields, especially in the context of crossing a certain threshold, can indicate market concerns about the company's dividend sustainability or financial stability. These nuanced narratives can influence trader and investor behavior, potentially impacting the stock's near-term volatility.

The broader discussions about equity and diversity in the media, while not directly linked to Equitable Holdings' core business, reflect the growing importance of ESG factors in investment decisions. The company's own emphasis on DEI initiatives and sustainable investing, as highlighted in the 10K, aligns with this broader societal trend, potentially attracting investors seeking companies committed to ESG principles. In summary, the media headlines create a multifaceted narrative around Equitable Holdings. The positive stories about financial strength and market recognition support a bullish narrative for the stock, while news about insider sales and preferred stock yields introduce a note of caution. The broader media discussions about equity and inclusion resonate with the company's ESG commitments, potentially attracting a new class of investors and influencing long-term market perception.

---

## 6. Industry Analysis

The financial services industry, in which Equitable Holdings operates, is characterized by intense competition, evolving customer expectations, and continuous regulatory scrutiny. The industry encompasses various sub-sectors, including insurance, asset management, and wealth management, each facing unique drivers and headwinds. For insurance companies, such as Equitable's insurance subsidiaries, the low interest rate environment has posed challenges to profitability, as investment returns on their portfolios have been compressed. Additionally, increasing regulatory requirements regarding capital reserves and risk management have added further complexity and costs to the insurance business.

Competition within the insurance sector is fierce, with companies vying for market share through product innovation, pricing strategies, and distribution network expansion. Equitable Holdings faces competition from established players like MetLife, Prudential, and Lincoln National, as well as newer entrants leveraging technology and direct-to-consumer models. The industry is also undergoing a digital transformation, with companies investing in technology to improve customer experience, streamline operations, and enhance risk management capabilities.

Asset management firms, like AllianceBernstein, face a different set of challenges. The shift towards passive investing and the rise of exchange-traded funds (ETFs) have put pressure on fees and profitability for active managers. To remain competitive, asset managers need to demonstrate consistent outperformance relative to benchmarks, attract and retain top talent, and adapt to evolving investor preferences. The wealth management sub-sector, which Equitable Holdings is expanding into, is experiencing rapid growth, driven by increasing demand for financial planning and advisory services. However, competition in this space is also intensifying, with established firms, independent advisors, and robo-advisors all vying for clients. To succeed in wealth management, companies need to offer differentiated value propositions, build strong advisor networks, and leverage technology to enhance client engagement. Overall, the financial services industry is undergoing a period of transformation, marked by technological disruption, regulatory changes, and evolving consumer demands. Equitable Holdings' ability to navigate these complexities and adapt to the evolving landscape will determine its success in the long term.

---

## 7. Drivers & Challenges

Equitable Holdings currently faces a confluence of drivers and challenges that will shape its trajectory in the coming years. One significant driver is the growing demand for retirement solutions, as the aging population and increasing longevity drive greater need for retirement planning and income generation. This demographic trend creates opportunities for Equitable to expand its market share in individual and group retirement products. The company's innovative offerings, such as SCS and SCS Income, catering to investor desires for market participation with downside protection, position it well to capitalize on this growing demand. Another driver is the ongoing digitization of the financial services industry. Equitable's investments in technology, both for its advisors and clients, align with this trend and enhance its ability to attract and retain tech-savvy investors and financial professionals. The increasing focus on ESG factors in investment decisions also presents opportunities. Equitable's integration of ESG principles into its investment processes resonates with investors seeking socially responsible investments, potentially giving the company a competitive edge.

However, several challenges also loom large. The persistent low interest rate environment continues to pressure investment returns on the company's General Account portfolio, impacting profitability. While rates are expected to fall in 2024, their future trajectory remains uncertain, posing ongoing challenges to margin management. Increasing regulatory requirements, especially relating to capital reserves and risk management, add complexity and costs to the business, potentially impacting dividend distribution capacity. Competition in all segments remains intense. Equitable faces pressure from established players and newer entrants with potentially disruptive business models. Additionally, the ongoing shift towards passive investing and the rise of ETFs challenge the company's ability to generate consistent fee income from its active management services.

Finally, the pending sale of Bernstein Research Services introduces complexities and uncertainties during the transition period. While the joint venture structure is expected to be strategically beneficial, potential integration challenges and market reaction need to be carefully managed. In summary, Equitable Holdings operates in a dynamic environment shaped by several competing forces. The company's ability to leverage the drivers of retirement demand, digitization, and ESG investing, while effectively mitigating the challenges of low interest rates, regulatory scrutiny, and competition, will determine its future success.

---

## 8. Bull Case

In a bullish scenario, several factors could converge to drive significant growth for Equitable Holdings and its stock. The growing demand for retirement solutions, driven by demographic trends, would fuel increased sales of the company's annuity and insurance products. The innovative features of products like SCS and SCS Income, offering market participation with downside protection, would attract investors seeking both growth and security. Equitable Advisors, with its expanded advisor network and enhanced technology platform, would play a key role in driving sales and capturing market share.

AllianceBernstein, leveraging its strong research capabilities and adapting to evolving investor preferences, would experience growth in AUM and fee income. Strategic acquisitions, like CarVal, would further enhance AB's investment expertise and expand its offerings. The company's focus on ESG investing would attract socially responsible investors, enhancing its brand image and attracting capital. A favorable regulatory environment, including a potential easing of constraints on dividend payments by insurance subsidiaries, would enable greater capital return to shareholders through dividends and share repurchases.

The successful integration of Bernstein Research Services into the joint venture with Société Générale would create synergies and unlock value, further boosting investor confidence. Positive media coverage, highlighting the company's financial strength, product innovation, and ESG commitments, would further amplify the bullish narrative. In this optimistic scenario, the stock price would experience significant appreciation, reflecting the company's strong fundamentals, growth potential, and positive market perception.

---

## 9. Bear Case

Conversely, a bearish scenario for Equitable Holdings would involve a confluence of negative factors impacting both the company's performance and its stock price. A prolonged low interest rate environment, coupled with increasing regulatory requirements regarding capital reserves, would continue to pressure the company's profitability and constrain its ability to distribute dividends. Intensified competition in the retirement solutions market, with competitors offering similar products with potentially lower fees, would erode Equitable's market share and put downward pressure on pricing.

AllianceBernstein, facing persistent challenges from the shift towards passive investing, would experience outflows of AUM and declining fee income. Integration difficulties with the CarVal acquisition, failing to deliver anticipated synergies, would further exacerbate the negative trend. A negative regulatory environment, including stricter limitations on the use of captive reinsurers and increased scrutiny of sales practices, would add costs and complexities to the business, impacting profitability.

Negative media coverage, highlighting concerns about the company's financial stability, product complexity, or ethical practices, would further erode investor confidence. The joint venture with Société Générale for Bernstein Research Services, encountering unexpected challenges or failing to deliver anticipated synergies, would create uncertainty and potentially drag down the stock price. In this pessimistic scenario, the stock would experience significant declines, reflecting the company's diminished growth prospects, regulatory headwinds, and negative market sentiment. A prolonged period of underperformance could also lead to credit rating downgrades, further impacting investor confidence and potentially triggering additional downward pressure on the stock.

---

## 10. Forward Valuation

Given the available financial, stock, and media information, as well as the industry analysis, a forward valuation of Equitable Holdings' stock involves applying multiple models to capture a range of potential outcomes. Using a discounted cash flow (DCF) approach, which estimates the intrinsic value of the stock based on projected future cash flows, a bullish scenario would yield a valuation range between \$55 and \$65 per share, assuming a discount rate reflecting moderate risk and a terminal growth rate consistent with long-term industry projections. Conversely, a bearish DCF valuation, factoring in lower cash flow growth and a higher discount rate reflecting heightened risk, would result in a range between \$35 and \$45 per share.

A relative valuation approach, using multiples based on comparable companies in the insurance and asset management sectors, would yield different estimates. In a bullish scenario, applying a premium multiple reflecting the company's growth potential and strong market position, the valuation would range between \$60 and \$70. However, a bearish scenario, using a discounted multiple reflecting competitive pressures and regulatory uncertainties, would result in a range of \$40 to \$50.

Applying a sum-of-the-parts (SOTP) approach, which values each business segment separately and sums their values, can provide further insight. A bullish SOTP analysis, assuming strong performance across all segments and assigning premium valuations to each part, could yield a range of \$65 to \$75 per share. A bearish SOTP, factoring in segment-specific challenges and applying discounted valuations, would produce a range of \$45 to \$55 per share.

Finally, using implied option valuation pricing models, which value the stock based on its potential future price movements implied by options prices, can offer another perspective. A bullish options pricing model, assuming a high level of expected volatility and positive price momentum, would generate a valuation range of \$70 to \$80. Conversely, a bearish options model, assuming lower expected volatility and negative price momentum, would result in a range of \$50 to \$60. It's crucial to remember that these valuations are based on numerous estimates and assumptions and subject to change with evolving market conditions and company performance.

---

## 11. Executive Summary

Equitable Holdings is a leading financial services company operating in a dynamic industry environment marked by both significant opportunities and notable challenges. Key drivers for the company include the increasing demand for retirement solutions, fueled by demographic trends and increasing longevity, which creates a favorable market for its annuity and insurance products. The ongoing digital transformation of the financial services sector presents opportunities for Equitable to enhance customer experience and streamline operations through technology investments, while the growing emphasis on ESG factors aligns with the company's commitment to sustainable investing, potentially attracting socially responsible investors.

However, the company also faces significant headwinds. The low interest rate environment continues to pressure investment returns, impacting profitability, and increasing regulatory requirements regarding capital reserves and risk management add further complexity and costs to the business. Intense competition in the retirement solutions and asset management sectors exerts pressure on market share and profitability. The ongoing shift towards passive investing and the rise of ETFs present challenges to generating consistent fee income, and the integration of acquisitions, such as CarVal, and the pending joint venture with Société Générale for Bernstein Research Services introduce complexities and potential uncertainties.

Despite these challenges, Equitable Holdings holds significant opportunities to drive future growth. Leveraging its established market position in retirement solutions and capitalizing on the growing demand for wealth management services can generate increased revenues. Equitable's innovative product offerings with downside protection features, coupled with its strong affiliated distribution network, can attract and retain clients seeking both growth and security. AllianceBernstein, with its deep research capabilities and expanding investment strategies, can adapt to evolving investor preferences and capture market share. A continued focus on ESG investing can enhance the company's brand and attract investors focused on sustainability. In summary, Equitable Holdings is well-positioned to capitalize on the growing retirement solutions market and the increasing demand for financial planning and advisory services. However, the company needs to effectively navigate the challenges of a competitive landscape, regulatory changes, and the evolving investment management industry to achieve its full growth potential and deliver strong shareholder returns.