

Apollo Global Management

April 7, 2026

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Overview

APOLLO

Ticker: APO

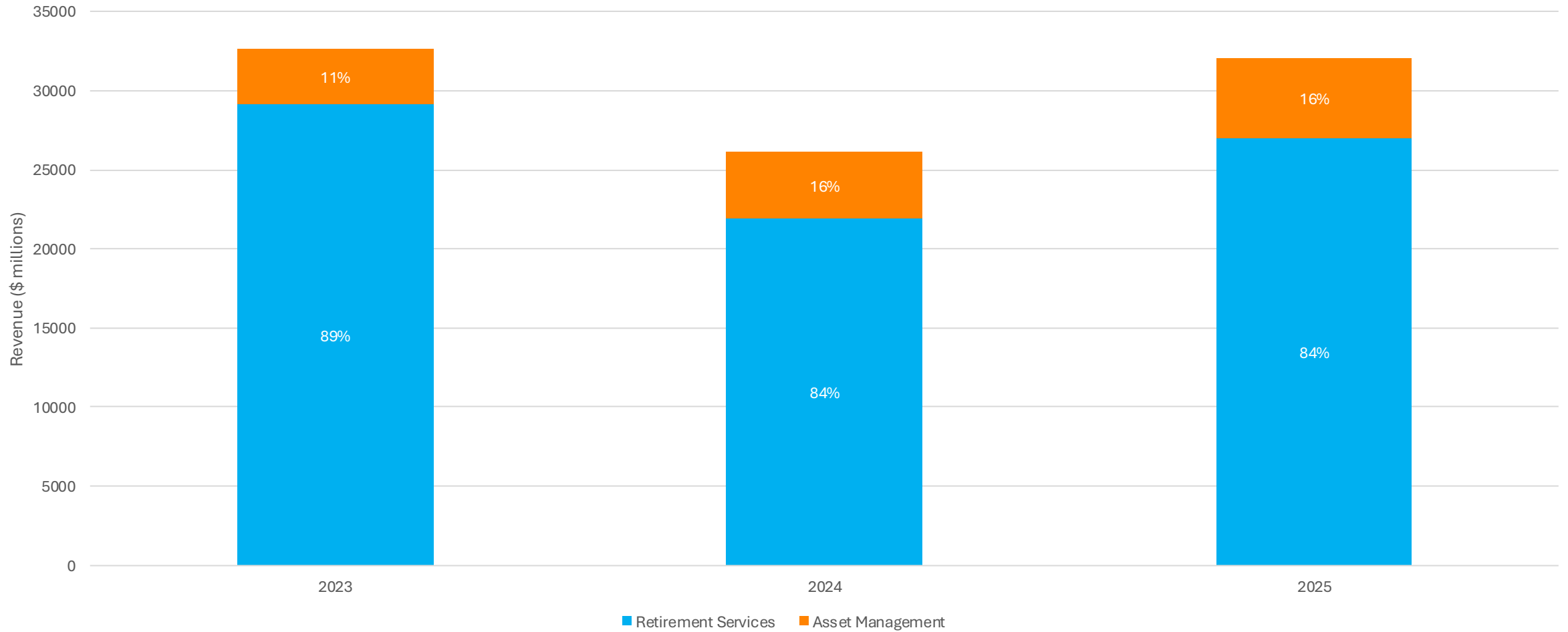
**Stock Price:
\$105.36**

- One of the world's largest alternative asset managers, with an integrated platform spanning private equity, credit, real assets, and retirement services (Athene)
- Founded in 1990 by Black, Harris, and Rowan; IPO March 2011
- \$32 billion in revenue in FY 2025
 - 16% Asset Management; 84% Retirement Services
- Market capitalization of ~60.8 billion
- Mark Rowan has led the firm since Mar 2021

3 Year Stock Performance (since Apr. 2023)



Revenue Breakdown



Industry Overview

Alternative Asset Management Market

- Global alternative AUM has risen from ~\$7.2T in 2014 to \$20T+ today; projected to reach \$27–30T by 2033–35
- Alternatives capture ~54% of global asset management revenue from only 12% of AUM – roughly 4x the profit per \$1B AUM of traditional managers

Structure and competitive landscape

- Top six managers (Blackstone \$1.2T, Brookfield \$1T+, Apollo \$938B, KKR \$700B+, Ares \$572B, Carlyle \$500B) control the majority of institutional AUM
- Strategies are converging: most large firms now compete across PE, credit, real estate, infrastructure, and insurance
- Consolidation accelerating – top 100 GPs made ~3x more acquisitions of competing GPs in the past five years versus the prior five

Key secular trend: private credit ascendancy

- Private credit now finances ~90% of middle-market buyouts, displacing banks in LBO lending
- Retail/wealth channel opening up as a major growth vector through semi-liquid, interval, and evergreen wrappers

Alt-AM Market Dynamics

Expanding institutional and retail demand

- Dry powder ~\$2.5T globally mid-2025, with ~40% aged 2+ years, creating deployment pressure
- \$65T high-net-worth market largely under allocated to alternatives; 401(k)/DC plans opening up

Structural shift from banks to non-banks

- Post-2008 bank capital rules pushed middle-market lending into direct lenders; regional bank stress in 2023 accelerated the migration
- Insurance-backed asset managers (Apollo/Athene, KKR/Global Atlantic) gaining cost-of-capital advantage of 75–150 bps over PE-backed lenders

Near-term outlook

- 79% of GPs expect PE acquisition activity to rise; 88% cite digital infrastructure as most promising sector
- Private credit spreads compressed ~120 bps in 2024–25; sector facing first real test in a potential downturn
- Semi-liquid and evergreen products gaining traction; AUM projected to reach ~\$161T by end 2026 and \$200T by 2030

The Athene Flywheel

Integrated asset management + retirement services

- Athene (the retirement/annuity business merged in January 2022) accounts for ~44% of Apollo's AUM and 84% of FY 2025 revenue
- Provides permanent capital – long-duration insurance liabilities that decouple Apollo from boom-and-bust fundraising cycles

Proprietary originations at scale

- 16+ origination platforms including MidCap Financial (middle-market lending), ATLAS SP Partners (asset-backed finance from the Credit Suisse SPG acquisition), and AmeriHome (mortgage)
- \$309B of origination in FY 2025 (+40% YoY); 80% of the \$282B debt origination was investment grade

The Reflexive Loop

- Annuity premiums flow in → deployed into Apollo-originated credit → investment returns strengthen the balance sheet → higher ratings attract more policyholders
- Athene maintains A+/A+/A1 ratings; fixed-income portfolio 97% investment grade, credit losses of only 7–9 bps/year (vs. 14 bps industry)

Competitive Standing

Peer AUM Ranking (2025)

- Blackstone ~\$1.2T — scale leader, asset-light, BREIT/BCRED retail pioneer
- Brookfield >\$1T — infrastructure and real assets leader
- Apollo ~\$938B — credit- and retirement-services dominant
- KKR ~\$700B+, Ares ~\$572B (largest direct lender, ~12% share), Carlyle ~\$500B

How Apollo differs

- Only major alt with a fully integrated insurance platform (Athene), providing permanent capital – KKR's acquisition of Global Atlantic is a direct imitation
- Highest origination volume among peers (\$305B+ annually) across 16 platforms
- Heavier balance-sheet model than Blackstone or Ares (earnings include insurance spread, not just fees)

Competitive Advantage

- AUM +25% YoY; wealth channel +85% YoY; \$1.5T target by 2029
- Athene's permanent insurance capital creates a self-reinforcing origination–deployment–ratings flywheel
- Proprietary credit origination (\$305B+ annually across 16 platforms) and 35 years of distressed/value investing experience
- Evidence the moat is widening
 - FY 2025 records across every major metric: AUM, origination, inflows, FRE + SRE
 - Wealth-channel inflows up 85% YoY; Schroders partnership (Feb 2026) and Bridge Investment Group (\$50B real estate AUM) expand distribution
 - Athene's credit loss experience (7–9 bps vs. 14 bps industry) over 5 years validates the underwriting engine
- Insurance-capital model is theoretically replicable (KKR already has Global Atlantic)
- Spread-related earnings volatility introduces balance-sheet risk; model untested through a full, severe credit cycle

Upcoming Catalysts

Positive catalysts (next 6-12 months)

- \$1T AUM milestone expected by mid-2026 – meaningful psychological and institutional marker
- Schroders partnership (announced Feb 2026) launches a Collective Investment Trust for the US DC pension market in Q2 2026 – multi-\$B annual inflow potential
- 2026 guidance: FRE growth >20%, SRE growth ~10% (implying combined FRE + SRE of ~\$7B)
- \$4B share-repurchase program authorized February 2026; dividend +10% to \$2.25 annual
- Diego De Giorgi (ex-Standard Chartered) as new Head of EMEA – signals a major European growth push

Negative catalysts

- New NAIC rules in 2026 may increase capital charges on private credit held by Athene
- Continued private-credit stress – further markdowns at MidCap Financial or broader BDC redemption waves would amplify negative sentiment

Why it trades at a deep discount

Epstein-related litigation and governance overhang

- FT (Feb 1) and CNN (Feb 21) reports on CEO Rowan's prior consultations with Epstein on Apollo tax affairs AFT and AAUP (representing ~\$27.5B in commitments) publicly urged SEC investigation; class-action filed March 2, 2026

Private credit sector stress

- MidCap Financial (MFIC) cut its quarterly dividend 18% and marked down its portfolio ~3% on Feb 27, 2026 – reinforced concerns about credit-quality drift
- Industry “bad PIK” up from 2% to 6.4% of loans (Lincoln International); non-traded BDC redemption waves in early 2026 (Blue Owl OTIC 40.7%, BCRED 7.9%)
- Apollo co-President John Zito said private-credit turmoil could endure 12–18 months (March 4)

Regulatory and rate overhangs

- Pending NAIC changes on private credit held by insurers; BoE 2026 exploratory scenario will test private-market resilience
- Barclays cut price target from \$158 to \$131 post-controversy

Private Credit Troubles

- Private credit is the asset class (direct lending, asset-based finance, specialty finance, real estate credit, distressed).
- Direct lending — the sponsor-heavy, middle-market corporate loan strategy — is where most of today's criticism actually lives.

\$2–3.5T

Global private credit AUM (institutional + retail)

IMF / industry estimates

~5×

Growth in U.S. direct-lending AUM since 2009

Federal Reserve / IMF

9.5%

CDLI 20-yr annualized return; only one negative year

Cliffwater

0.75%

CDLI realized annual credit losses (mid-2025)

Cliffwater

The Interlocking Concerns

- Underwriting drift
 - Rapid AUM growth + spread compression weakened standards at the margin, especially 2021–22 vintages
- PIK & deferrals
 - Higher rates exposed coverage; PIK, amendments, and extensions can postpone loss recognition
- Valuation opacity
 - Level-3 marks; smoother returns partly reflect appraisal methodology, not pure economic stability
- Liquidity mismatch
 - Evergreen / interval / non-traded BDCs offer periodic liquidity against illiquid assets

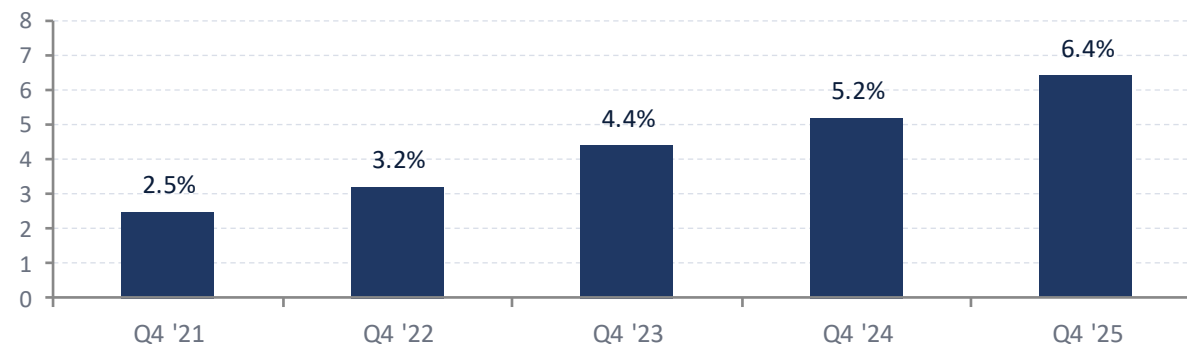
2021-22 Vintage

\$24.1B

of private-credit debt foreclosed in 2025 — nearly 2× the prior three years combined.

~75% tied to 2021–22 vintages / Source: Lincoln International Q4 2025

"Bad PIK" is rising: post-origination distress conversions



VINTAGE CASUALTY

Pluralsight

Vista take-private (2021). \$1.175B ARR loan; interest expense ~\$94M → ~\$159M. Lenders (Blue Owl, Ares, Golub) took ownership June '24; ~75% debt wiped. BDC marks: 47–50¢.

VINTAGE CASUALTY

Medallia

Thoma Bravo \$6.4B acquisition (2021). ~\$3B debt. April '26: Blackstone-led lenders refuse another lifeline; demand equity or control. Marked ~87¢.

VINTAGE CASUALTY

BlackRock TCPC

19% NAV markdown Q4 '25. ~91% of the reduction came from pre-2022 vintage deals — incl. Razor, SellerX, Renovo, Edmentum. Dividend cuts across peer BDCs.

One piece of debt stood out: a slice of the direct loan tied up in Vista Equity Partners-backed tech learning platform Pluralsight, which is currently undergoing a restructuring. **At least some current holders of that debt have marked its value down to about 50 cents,** according to regulatory filings released in the past week.

Lenders on the more than \$1 billion loan used for Vista's buyout of Pluralsight in 2021 included Blue Owl Capital Inc., Ares Management Corp., Golub Capital, Goldman Sachs Asset Management, Oaktree Capital Management, BlackRock Inc. and Benefit Street Partners.

BlackRock Slashed Private Loan Value From 100 to Zero

By Silas Brown and Libby Cherry.

March 5, 2026 at 7:23 AM EST

Updated on March 5, 2026 at 12:31 PM EST

BlackRock Inc. slashed the value of a private loan to zero at the end of 2025, just three months after assessing it at 100 cents on the dollar, marking the second sudden wipeout to recently hit its private-credit division.

Blackstone Squeezes Thoma Bravo and Its Ailing Software Company Medallia

By Davide Scigliuzzo + **Get Alerts**

April 2, 2026 11:33 AM

BlackRock Cuts Value of Private Debt Fund by 19%, Waives Fee



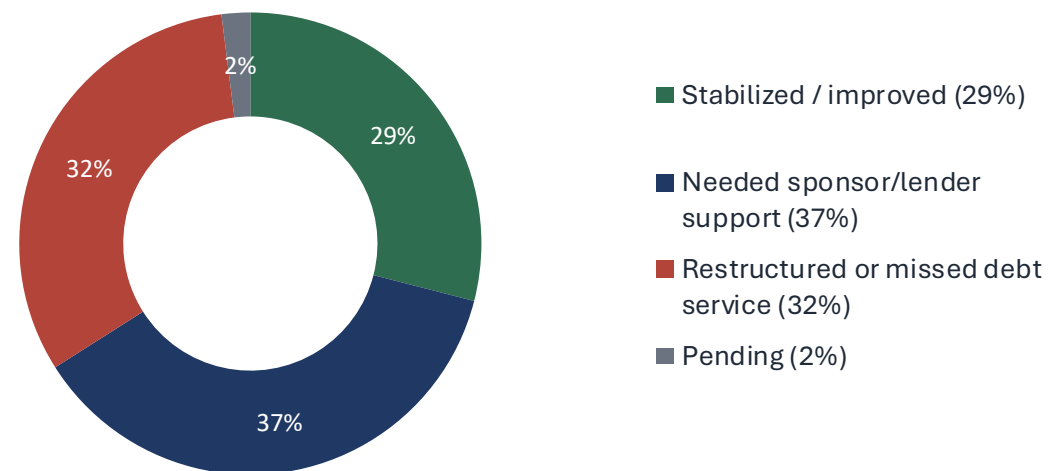
Stress is concentrated by vintage, sector, and manager

< 10%

of the \$1T+ in private-credit debt that KBRA actively assesses sits in the most stressed sectors.

KBRA Q4 '25 surveillance — "Stability at the median, stress at the margins."

KBRA at-risk cohort (79 flagged borrowers, re-reviewed)



0.75%

CDLI realized annual credit losses (mid-2025)

Below the 20-year average of 1.01%

1.4%

Default rate for \$100M+ EBITDA borrowers

HPS Investment Partners / PGIM data — large-cap segment

Every quarter

Income has exceeded realized losses

in the CDLI since inception in 2005

Valuation opacity: the same loan, different marks

Private-credit's lower reported volatility is partly an accounting result (infrequent marks, Level-3 inputs, and lead-lender information advantages). Recent cross-manager divergences show that the same loan can sit on three different BDC balance sheets at three different prices.

The academic evidence is less damning than the headlines.

76% of BDCs used third-party appraisers in 2022. Only 4% of reported values exceeded the appraiser's range, and just 1.4% exceeded by more than 1pt. The study finds little evidence of deliberate mark inflation to support fundraising.

Jang & Kim (2025), "Information Asymmetry and Valuation Intermediation in Private Credit"

Cross-manager divergence — same loan, different marks

MEDALLIA

YE 2024 / 14-point spread

91¢

FS KKR

82¢

Blackstone

77¢

Apollo

LITHIUM TECHNOLOGIES

mid-2025 / 27-point spread

50

Goldman Sachs BDC

53

Hercules Capital

77

Sixth Street Specialty

The market is already pricing the skepticism: listed BDCs trade at ~17% discount to stated NAV — matching the June 2022 low. After structural factors (~5%), Morningstar implies ~11% of further credit losses are already discounted.

Structural Moat Versus Broadly Syndicated Loans

Covenant Protection

~80%

of direct loans retain maintenance covenants

vs. <10% of BSL

Moody's estimate; corroborated by IMF and BIS framing. Bespoke information rights and concentrated lender groups make covenant-lite drift slower than in syndicated markets.

Recovery Rates

~75%

historical direct-lending recovery on defaults

vs. 40–60% for BSL

S&P, J.P. Morgan, and Fitch data. Recoveries narrowed in 2025 — but first-lien covenant-lite BSL has recovered materially worse. Concentrated groups avoid drawn-out public fights.

Liability Management

LME

"lender-on-lender violence" is rarer

than in syndicated markets

Bespoke docs with tighter basket and incremental-capacity language, plus concentrated creditor groups, make the priming exchanges that have destroyed BSL recoveries (J.Crew, Serta, etc.) harder to execute.

Extend-and-pretend: cures or delayed losses?

THE BEAR DATA

9.2% Fitch record 2025 default rate in monitored private-credit universe — vs. official indices at 2–3%.

6.4% Lincoln "bad PIK" shadow default rate — loans amended to PIK after origination due to borrower distress.

71% KBRA at-risk cohort that further deteriorated on re-review; 51 needed sponsor/lender support to avoid default.

30–40% Share of deals maturing in the next two years that have already extended maturity at least once.

94% Morningstar DBRS finding: share of D/SD downgrades (12m to Feb 2026) that were distressed exchanges.

THE BULL NUANCE

Not every amendment is concealment. Private lenders can restructure earlier, quieter, and cheaper than public markets preserving enterprise value that would leak out through Chapter 11.

● **Out-of-court solutions became standard**

Proskauer's 2025 restructuring review: concentrated creditor groups executed debt-for-equity and change-of-control faster than public syndicates.

● **Not every weak credit defaulted**

KBRA's at-risk cohort: 29% stabilized or improved on re-review.

● **Higher rates raised the loss buffer**

Floating-rate coupons at SOFR+500–600bps mean lenders are earning into coverage — not just waiting.

The retail wrapper is the weakest link

- The structural criticism with the least ambiguity is aimed at fund form, not underlying loans
 - Evergreen, interval, and non-traded BDC vehicles promise periodic redemptions against fundamentally illiquid assets
 - When the wave comes, gates are the intended shock absorber but they also reveal the design tension.
- This is a structure problem not an asset class problem
 - Classic closed-end, drawdown direct-lending funds, which are funded by locked-up institutional capital, are insulated from this dynamic
 - The OFR's 2025 Annual Report concluded private-credit fund vulnerabilities appear low precisely because leverage is modest and financing is long-term locked up.

Why Dispersion Is Apollo's Tailwind

Private credit is becoming a manager-selection market. That is the environment in which scale, origination reach, and match-funded balance-sheet capital are decisive advantages.

- Scale compounds origination advantage
 - As competition for sponsor deals narrows and weaker borrowers concentrate in private hands, platforms with broadest deal flow can be selective rather than price-takers. Selectivity is the moat when adverse selection rises
- Athene = match-funded, patient capital
 - Insurance annuity liabilities create the longest-dated, least redemption-sensitive funding base in private credit. Redemption waves in retail wrappers accelerate a structural share-gift from daily-liquid wrappers to locked-up balance sheets
- Workout capability is a scarce asset
 - Dedicated restructuring teams, sponsor relationships, and in-house operating capability turn out-of-court amendments into value preservation
 - With 30–40% of maturing deals already extended once, this is now priced.
- Less exposed to the weakest structure
 - The sharpest retail-wrapper pain (OTIC, Carlyle) landed at pure-play BDC
 - Apollo's mix of institutional, insurance, and diversified credit platforms is materially less dependent on daily-liquid retail wrappers

In Plain Terms

- The concerns are valid but almost entirely concentrated
- The structural moat is narrower than 2019 but genuinely different from BSL
- This is not a systemic credit event in the making
- The market has already priced monolithic fear
- Stocks are forward looking
 - They don't wait for a cycle recovery; they move ahead of it
 - There's always differentiation after any indiscriminate sell-off

Apollo's Strong Financial Position

Liquidity and dry powder

- \$75B dry powder firm-wide; Athene holds \$53.3B in highly liquid assets plus \$6.9B in cash – defensive positioning Rowan has publicly emphasized
 - “We’re very focused right now on these periods of dislocation. The headlines would tell you that it should be amazing time to put money to work. It’s still a bit early. **The dislocation has not yet hit the marketplace.**” - Jim Zelter, Apollo Global Management President (March 11, 2026)
- \$24B cash/Treasuries buffer specifically built at Athene in 2H 2025 against potential recession

Capital structure and ratings

- HoldCo debt/equity ~0.32x (below Blackstone 0.61x, KKR 0.75x, Carlyle 1.59x)
- Debt heavily weighted toward long maturities; recently issued \$500M of 6.375% Senior Notes due 2033
- Athene A+/A+/A1 across all three rating agencies; 97% investment grade fixed-income portfolio

Capital returned to shareholders

- \$1.5B returned in FY 2025 (dividends + \$1.4B repurchases); new \$4B buyback authorization (Feb 2026)
- Dividend raised 10% to \$2.25/year; management signals ~10% annual dividend growth target
- Cumulative capital returns since the Athene merger tracking to the \$10B/5-year Investor Day target

Management

2021 Investor Day plan – scorecard through YE 2025

- AUM target ~\$1T by 2026 → \$938B already, on track to exceed 1 year ahead of schedule
- Origination target \$150B/year → \$309B actual in 2025 (exceeded by 2x)
- Capital-solutions revenue target \$500M by 2026 → >\$800M in 2025 (exceeded in year 2)
- FRE margin target 60%+ by 2026 → 56.8% in Q3 2025 (approaching, on trajectory)
- \$10B capital-return target over 5 years → ~\$8B cumulative through 2025, on track

Overview

- 2021 plan substantially achieved by 2024; management raised targets at October 2024 Investor Day
- New 2029 targets: \$1.5T AUM, ~\$10B combined FRE+SRE, ~\$15 ANI/share, \$275B+ annual origination, \$150B+ global wealth AUM

Notable shortfall

- Fund X closed at ~\$20B vs. aspirational \$25B
 - Against the backdrop of the toughest PE fundraising environment in a decade

Management

Crisis response record

- CEO transition (Q1 2021): Leon Black departure handled in ~2 months; Rowan in seat by March 22, board moved to 2/3 independent within months
- UK gilt/LDI crisis (Q3 2022): Apollo deployed \$1.1B of AAA/AA CLO paper – providing ~one-third of aggregate market liquidity over three weeks
- Regional banking crisis (Q1 2023): framed the SVB failure as validation of private credit; launched ATLAS SP Partners from Credit Suisse SPG a success or notable achievement. Delete this block if unused.]

Leadership bench and depth

- Rowan: signed 5-year CEO extension in 2025; Jim Zelter named President (Jan 2025); John Zito Co-President of AAM alongside Scott Kleinman
- Bert Crouch (Real Estate Equity), Eiji Ueda (Asia-Pacific), Diego De Giorgi (EMEA) recently appointed – deepens regional and asset-class leadership

Management has shown that they operate as owners and understand what drives business value.

Risks

Apollo Specific Risks

- Private-credit stress showing up in the portfolio: MFIC cut dividend 18% and marked portfolio down ~3% on Feb 27; several software loans on non-accrual
- Private-credit cycle turning: bad PIK up from 2% to 6.4% of loans; \$771B of stressed debt (ICR <1.5x); 27-40% of borrowers have ICR below 1.0x
- Concentration: Credit ~77% of AUM, Athene ~84% of revenue, North America ~80% of origination

Regulatory tightening

- NAIC 2026 rules may raise capital charges on insurer-held private credit
- SEC scrutiny of PE-insurance linkages intensifying

Spread compression

- Private-credit spreads down ~120 bps in 2024 to ~550 bps
- Competition from insurance-backed lenders (75-150 bps below PE-backed)

Recession risk

- Apollo chief economist estimates 30% probability for 2026; untested at current scale through a severe downturn

Defensive positioning in place

- \$75B dry powder + \$24B cash/Treasury buffer at Athene; \$53B highly-liquid assets + \$6.9B cash at Athene
- \$4B share-repurchase authorization (Feb 2026); Athene A+/A+/A1 ratings maintained; 97% of Athene fixed-income portfolio is investment grade

Apollo: Summary Investment Thesis

- ✓ Management delivered on nearly every 2021 Investor Day target ahead of schedule; Fed stress tests show systemic private-credit risk is contained today
- ✓ Athene permanent-capital flywheel – \$286B of match-funded insurance liabilities; 44% of AUM
- ✓ 16+ origination platforms generating \$309B in 2025 – scale that lets Apollo earn spread, originate for Athene, and syndicate to third parties
- ✓ Distressed-to-control DNA from 35 years of cycle experience – positioned to acquire stressed private-credit assets at a discount
- ✓ Capital solutions + wealth channel – two growth vectors already 2-3x ahead of 2021 plan; Schroders / Citi / retail distribution still scaling
- ✓ \$1T AUM milestone expected mid-2026; Q1 earnings ~April 29; Schroders CIT launch Q2 2026; \$4B buyback providing support

Apollo is a good business, in a not so bad industry, with good management, at a good price.