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Apollo Global Management, Inc. (APO)

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CORPORATE PARTICIPANTS

Noah R. Gunn
Partner & Global Head-Investor Relations, Apollo Global Management, Inc.

Marc Jeffrey Rowan
Chair, Co-Founder & Chief Executive Officer, Apollo Global Management, Inc.

James Charles Zelter
President & Director, Apollo Global Management, Inc.

Martin Kelly
Chief Financial Officer, Apollo Global Management, Inc.

OTHER PARTICIPANTS

Steven Chubak
Analyst, Wolfe Research LLC

Craig Siegenthaler
Analyst, BofA Securities, Inc.

Alexander Blostein
Analyst, Goldman Sachs & Co. LLC

Glenn Schorr
Analyst, Evercore ISI

Michael C. Brown
Analyst, UBS Securities LLC

Patrick Davitt
Analyst, Autonomous Research LLP

William Katz
Analyst, TD Cowen

Brian Bedell
Analyst, Deutsche Bank Securities, Inc.

Benjamin Budish
Analyst, Barclays Capital, Inc.

Brennan Hawken
Analyst, BMO Capital Markets Corp.

Wilma Burdis
Analyst, Raymond James & Associates, Inc.

Michael J. Cyprys
Analyst, Morgan Stanley & Co. LLC

Crispin Love
Analyst, Piper Sandler & Co.

Bart Dziarski
Analyst, RBC Capital Markets

MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to Apollo Global Management Second Quarter 2026 Earnings Conference Call. During today's discussion, all callers will be placed in listen-only mode. And following management's prepared remarks, the conference call will be open for questions. Please limit yourself to one question and then rejoin the queue. This conference call is being recorded.

This call may include forward-looking statements and projections, which do not guarantee future events or performance. Please refer to Apollo's most recent SEC filings for risk factors related to these statements.

Apollo will be discussing certain non-GAAP measures on this call, which management believes are relevant in assessing the financial performance of the business. These non-GAAP measures are reconciled to GAAP figures in Apollo's earnings presentation, which is available on the company's website. Also, note that nothing on this call constitutes an offer to sell or a solicitation of an offer to purchase an interest in any Apollo fund.

I will now turn the call over to Noah Gunn, Global Head of Investor Relations.

Noah R. Gunn

Partner & Global Head-Investor Relations, Apollo Global Management, Inc.

Great. Thanks, operator, and welcome, again, everyone, to our call. As usual, joining me to discuss our results are Marc Rowan, CEO; Jim Zelter, President; and Martin Kelly, CFO. Earlier this morning, we published our earnings release and financial supplement on the Investor Relations portion of our website.

As you can see, our second quarter results demonstrate the momentum we are seeing across our business. We generated record Fee Related Earnings of $785 million or $1.26 per share and record Spread Related Earnings of $877 million or $1.41 per share. Combined, these core earnings streams drove total earnings or adjusted net income of $1.3 billion or $2.11 per share. Across key business drivers, including investment performance, origination, and capital formation, these results highlight the tangible execution we're delivering against our business plan and the targets we've set.

I'll now turn it over to Marc.

Marc Jeffrey Rowan

Chair, Co-Founder & Chief Executive Officer, Apollo Global Management, Inc.

Thanks, Noah, and good morning. Second quarter was really all about momentum. FRE, as Noah suggested, $785 million, 25% year-over-year, 8% quarter-over-quarter. Management fees, 23% year-over-year, 5% quarter-over-quarter. ACS, $277 million, the fifth straight quarter greater than $200 million and, as you will hear from Jim and Martin, increasingly durable and directly tied to our level of originations. SRE, $877 million on an adjusted basis, 11% – at 11%. It added about $76 million, also a record. The results were 5% up quarter-on-quarter, 11% year-over-year on the same basis. Strong organic growth, in line and slightly improved core spreads. In short, we're seeing momentum across the business.

As you know, we believe that almost everything starts with origination. Origination here was a very strong quarter, $74 billion. Just to give you some perspective, that does not include Broadcom, the largest origination in our sector ever, or a number of others. We account for and record the results when they close, not when they are announced. And so, $50 billion of signed and announced in Q2 will benefit coming quarters. The pipeline has never been stronger, reflecting the global industrial renaissance that we've been speaking about. But most importantly, it's coming at consistent spread, 340 basis points over Treasuries off an average rating of BBB.

At the end of the day, people are in this asset class for excess return per unit of risk, and that is what we need as a principal, that is what our investors need, and that is what we are trying to deliver. The reward for good performance is, of course, more to do. Capital formation record for the quarter at $60 billion of organic inflows, $38 billion in asset management, $22 billion in Athene. In short, we believe that our 2026 growth outlook is on track for FRE and SRE, the trends in the business remain favorable. And it's up to us now to balance the desire for growth, while the vast opportunity to invest in our business.

Talk about our business a little bit. Our industry is in the midst of unprecedented change. Certainly no different than the kind of change we've seen, but coming in a slightly different way. Just for some perspective, Apollo and its peer group, in 2008, roughly $40 billion of AUM. Almost all of us were a $35 billion of private equity and $5 billion of something else. Today, we're closer to $1.050 trillion, led by the growth for a product set that none of us envisioned when we were back in 2008 investment grade. And we have built a dominant IG origination franchise supporting the global industrial renaissance. Our peers are just now discovering that IG is actually a source of growth. We've seen this coming, and we're happy to have led them here.

The growth in our sector continues to be driven by the need for capital to finance the global industrial renaissance, the need for yield from retirees directly and indirectly, and by the need of investors to take – to find diversification from increasingly crowded, uncorrelated, and indexed public markets, recall that some 10 stocks are nearly 50% of the S&P. And when things go poorly, they go poorly all around. Private markets now offer the kind of diversification that investors used to expect in public markets when there were 8,000 public companies versus the 3,800 public companies we have today.

The future for the industry, I also believe, to be increasingly bright. As we've discussed in prior quarters, the entirety of our industry was built from one investor, one source of demand. This was the alternative bucket of our institutional clients. And today, we have fixed sources demand, that first plus individuals, plus insurance companies, plus the debt and equity bucket of our institutional clients, plus traditional asset managers, and plus 401(k) and DC. All of that, I believe, bodes very well for future demand for private assets from a number of new investors, each of which has the opportunity to be the size of the first investor.

I think the thing that we have seen perhaps differently than most of our peer set is we do not believe that that – those five new investors are coming to us in private markets in the structures that exist. If we want to serve them and increasingly have access to the full TAM that should be available to us, we are going to need to go to them. They have grown up as public market investors. The more that we can bring the origination from the private markets, but the packaging that they expect, the more I believe we will grow the asset class and we will be more accepted and have greater sources of demand for our product.

What you see going on in our business today is us pursuing this strategy. The changes we've made in estimated daily value, our ICE joint venture, our focus on settlement mechanics and on market making are all efforts to bring us closer to these five new buyers. It's not to say the rest of the industry is ignoring this. It's just no one is as fully committed to what we see as this big trend that is taking place in our industry and will increasingly shape our future.

Just a couple of milestones. We went live with estimated daily value, estimated daily NAV, on 7/1 for our entirety of our fixed income investment grade suite of asset products. By 10/1, we expect to have daily pricing for all of our credit assets. That will be quite an accomplishment. Understand that the drive to estimated daily value, it's very investor-friendly, it is very transparent, but it also forces massive change internally. It forces us to digitize. It allows us to put our data in a form that increasingly allows us to take advantage of new technologies, new sources of information, new sources of efficiency. So, this is a win-win. This is good for investors, and this is good for us.

The partnership that we have announced with ICE is also driving change. It is now live. There are more than 2,000 ICE IDs. We expect the entirety of our product set, debt and equity, over time to have ICE IDs. We expect ICE IDs will do what CUSIPs have done for public credit. We are increasingly attaching data and data fields to these ICE IDs and, ultimately, this will help in settlement and in market making.

In market making, greater liquidity has expanded the opportunity set for every asset class that we have seen anywhere around the globe. We are now more than $30 billion traded, volume continues to double, and we see really strong growth. People want to trade these assets, but they've never been in a form where liquidity has been available in a fair way, at a fair price, in a reasonable amount of time to settle. Every day this franchise gets better and improves.

The kinds of things that I've talked about in market making, estimated daily value, settlement are a piece of what we need to do to serve these five new asset classes. Regulatory and transparency are another piece of this. Particularly in the insurance industry, we have been leading regulatory change. More disclosure, more transparency, no guesswork required. Full transparency on related party, affiliate, and Apollo-originated assets. Full transparency on top holdings with case studies. Full transparency with credit quality and ratings, granularly dissected. We believe transparency helps all constituents grow.

We have nothing but an amazing opportunity in retirement. The world is getting older. The world is in greater need of retirement income. We, the industry, have an opportunity to serve it and to grow through 2050. Very few industries can look out and see a demographic pattern as positive, and it kind of shaped just the way we see it, and it is our job to maintain and preserve trust.

Increasingly, the industry is of the same mindset. Just this past week, the NAIC has put forward proposals to take meaningful steps to address offshore regulatory arbitrage. We are also seeing increased focus by new governance, particularly in the Caymans, committed to cleaning up this sort of regulatory arbitrage. Caymans has done an unbelievable job for the funds industry and does not want to be thought of as a lesser place when it comes to insurance regulatory. And we will wait and see whether they actually move toward the kinds of steps that would grant them reciprocity and eliminate the regulatory arbitrage, which endangers the trust to the entire insurance industry.

We are unwavering in our desire to see the industry operate on a level-playing field, equal capital for equal risk. I've mentioned previously, we are pushing hard on a AA. We believe we are capitalized for that. It is not that we need it. We want to make the distinction between what we do and many others in our market unmistakable.

In short, the future that we see is incredibly bright. It is, as we suggested, tied toward origination, but it is also tied to meeting our clients, particularly our new clients, where they are, not where we wish they would be. The steps our industry needs to take will cause profound change in the way we do business and in each of the firms, and I welcome it. I think those firms that address this in the right way and the right time are going to separate themselves from the 95% of the firms in our industry who simply want the world to stop changing until the principals can retire.

Part of this commitment to change and commitment to meeting clients where they are is to recognize that we also need to change. We confirmed yesterday that we will be opening a new office in Austin, Texas. And unlike a new office that simply houses more of the same, we are increasingly going to use Austin as a place to really focus on change, to build the businesses of the future, to build the processes of the future, to get access to a workforce that is different than the workforce that is currently the vast majority of our industry. We're excited about what we can achieve there. We're excited about the environment in which we get to operate there. It is also home to some of our strongest LP relationships and one of our largest fundraising ecosystems.

In short, second quarter was about momentum. Incredibly pleased at how the year is shaping up, embracing and leading and changing, and we're playing to win.

With that, I'm going to turn the call over to Jim.

James Charles Zelter

President & Director, Apollo Global Management, Inc.

Thanks, Marc. We spent a lot of time thinking about the future of our industry and the change that we see taking place. Historically, the market looked at scaling in private equity or private credit and, in particular, private direct lending as the sole signpost for success. When you step back and observe what's going on in private markets and where the industry is heading, there is a common thread forming. The opportunity in private IG, ratings, daily pricing, transparency, market making, all of these forces are working in tandem to massively expand our TAM.

To sustain our growth and capture the opportunity ahead, we must remain focused on what's most critical: delivering excess return per unit of risk. Strong investment performance builds that trust and fuels growth over time.

Across our platform, we are delivering. In private equity, our differentiated approach has stood out with Fund X generating a 21% net IRR, well ahead of the index of the industry at 14% for the 2023 vintage. In hybrid, our hybrid value strategy has generated low- to mid-teens returns since inception and is clearly scaling the opportunity set. And our AAA strategy is continuing its exceptional run with positive performance in 45 of the last 46 quarters, including 25 consecutive with low volatility.

Broadly in credit, performance remains strong with all major strategies up 7% to 11% over the last 12 months. And amid heightened investor dialogue, ADS, our non-traded BDC, has continued to perform well with an annualized 8% inception to-date return versus 4% for the high-yield index.

To put the outperformance in perspective, $1 invested in ADS has returned nearly double the safe public high yield and leveraged loan indexes since inception. Simply put, this outperformance is exactly why investors are attracted to private assets.

With respect to origination, activity for the second quarter totaled $74 billion, bringing first half volumes to nearly $150 billion and volume over the last 12 months to nearly $320 billion. Across our activity for the quarter, $68 billion was in debt, comprised basically 75% IG with an average rating of BBB-plus and 25% sub-investment grade with an average rating of B.

Consistent with recent quarters, we observed relatively stable spreads across our platform volumes. On our investment grade origination, we generated excess spread of 280 basis points over Treasuries or approximately 200 basis points over comparably rated corporates. On our sub-IG origination, we generated excess spread of 440 basis points over Treasuries or approximately 150 basis points over comparably rated corporates.

I'll highlight a few examples that demonstrate the breadth and the leadership of the flywheel we built. In health care, we provided a €3 billion minority equity financing for Bayer through a JV, which will manufacture and produce certain core consumer products. This large flexible financing solutions enables Bayer to strengthen its balance sheet while also retaining full operating control over this core business.

In power and infrastructure, we participated in the $5.3 billion financing in support of Williams Companies' development of behind-the-meter, gas-fired power projects, which will supply dedicated power to Meta data centers under a long-term take-or-pay contracts. And alongside co-investors, we also committed over $2 billion of capital to acquire a 40% interest in Pembina Gas infrastructure, the largest independent gas processing platform in Western Canada.

In the sports ecosystem, we led a structured investment in Pickleball Inc., the new parent company of the PPA Tour and Major League Pickleball, creating the largest platform in the fastest-growing sport in the country. This follows recent investments in Atlético Madrid, Wrexham A.F.C., and MARI in collectively driving billions of origination through our Apollo Sports Capital platform.

And, finally, as you know, during the quarter, we announced our marquee partnership with Broadcom where we led a $35 billion financing in support of their new AI XPV platform, which will enable significant compute capacity for leading frontier AI labs. This marks the largest private credit financing ever and demonstrates the core benefit of our flywheel: sourcing, structuring, principal investment, and syndication. Unlike anyone else in our industry, we purposely designed and built our business to lead on large-scale opportunities exactly like this.

As we've all come to realize, the sheer size of the AI infrastructure build-out is unprecedented, cumulate through the cycle, more than $8 trillion of capital is expected to be invested, a staggering sum. We see an enormous opportunity for private capital to finance a portion of this along public capital. And we ourselves – see ourselves playing a critical role in partnering with the leading firms and providing this flexible, scaled solutions to support their needs.

Our market-leading, high-grade capital solutions business has now originated over $130 billion across 190 transactions with the majority of the issuance in the last two years. If you are a CFO, you need to come to 9 West for a conversation.

Having seen several cycles before, we are on the lookout to ensure we are protecting ourselves from underwriting investments with equity-like risk and debt-like returns. This leads us to be highly deliberate in our underwriting, focusing on secured investment-grade credit quality, amortizing structures that seek to eliminate residual value risk, and thoughtful counterparty selection. The opportunities we pursued to-date are emblematic of these important criteria, and we expect that to continue.

Alongside the scaling of our origination ecosystem, our ACS business becomes an increasingly important component of the flywheel. In particular, our ability to provide scaled solution depends on our ability to have strong syndication network as well. ACS is that connective tissue and continues to expand its capabilities. Over the last five years, what was once a small, smart team has grown into a comprehensive coverage model. And in the first half alone, we distributed over $30 billion of syndication opportunities, up 50% versus the full year of 2025, reflecting the engagement with nearly a thousand potential buyers for syndication opportunities.

Turning to capital formation, we generated $60 billion of total inflows in the quarter with asset management delivering $38 billion and Athene contributing $22 billion. Inflows from asset management during the quarter were split approximately 70% from credit-oriented strategies and 30% from equity-oriented strategies, with contributions across client types and geographies.

Our institutional business had an excellent quarter with broad-based strength across hybrid, multi-credit, asset-backed finance, direct lending, performing credit, and flagship private equity.

Institutional demand for our AMAPS product remains very strong. And in the second quarter, we completed two issuances, driving the total AMAPS program to $25 billion in less than 12 months.

In direct lending, we see institutional investors leaning in and, as a result, we pull forward the fundraising of our third vintage we expect – which we expect to be larger than its $5 billion predecessor.

In flagship private equity, we launched Fund XI earlier this year in calendar 2025, and we are pleased with the reception in the market thus far and excited to announce that through July, we have surpassed $12 billion. We are seeing strong support across geographies from both new and existing investors with contributions from the institutional and wealth channels. The investor appetite with Fund XI is indicative of the deeper support we're seeing across our largest institutional relationships.

For example, compared to levels of [indiscernible] (00:32:51) just a few years ago, our penetration has nearly doubled with our top strategic LP relationships around the globe. Supporting by these strong trends, we expect our institutional business to deliver a record fundraising year.

Our global wealth business had a solid quarter as well, with fundraising totaling $3 billion. And despite a softer backdrop, flows continue across semi-liquid and drawdown strategies. While ADS has faced similar redemption dynamics as the industry, and it's still early in the current window period, we're seeing a lower rate of regress thus far in Q3 than we saw at this point in 2Q.

Individual investors remain meaningfully under allocated to private markets, and we believe the longer term tide is moving in our favor. We have high conviction this period of time will drive performance dispersion across managers and, ultimately, provide our franchise with an opportunity to differentiate itself and gain market share.

At Athene, inflows in the quarter totaled $22 billion. In particular, retail and flow insurance had exceptional quarters with inflows of $12 billion and $4 billion, respectively, marking the second highest quarter on record for each segment. With a total of $42 billion in the first half, Athene remains on pace to achieve our $85 billion target for the full year and continues to cement his vision as the leading retirement services platform.

In summary, we had a strong quarter across investment performance, origination, and capital formation, and we're entering the second half with active pipelines and meaningful momentum across all of our businesses.

With that, I'll turn it over to Martin.

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

Great. Good morning, everyone, and thank you, Jim. Our second quarter results reflect the sustained momentum, as you've heard, that we're seeing across the business and disciplined execution across our long-term objectives. I'll briefly walk through the quarter's financials and the key drivers behind them.

In Asset Management, our business delivered another quarter of record earnings, supported by broad-based growth. Fee Related Earnings of $785 million marked a new high, up 25% year-over-year and 8% quarter-over-quarter, with AUM and fee generating AUM up 25% and 34%, respectively. Perpetual capital continues to underpin that durability, representing 60% of total AUM and 70% of fee generating AUM.

Two drivers of the FRE growth stand out. First, management fees grew 23% year-over-year, driven by third-party fundraising across credit and equity strategies, strong capital deployment, and growth at Athene and Athora, as well as last year's acquisition of Bridge. Quarter-over-quarter, management fee growth reflects an initial contribution from PIC and continued strong third-party credit flows, partially offset by lower management fees on ARI, as well as realization activity.

Looking ahead, we're armed with $82 billion of dry powder, the most we've ever had, including $62 billion of future management fee potential, approximately 70% of which is in credit. The earnings impact of this capital, once deployed, is approximately $400 million of annual management fee income.

And, second, capital solutions fees of $277 million, as you heard, reached a new high, with contributions from over 100 discrete transactions across many underlying businesses, underscoring the growing diversity and durability of this revenue stream. Activity was split roughly two-thirds credit and one-third equity, consistent with the mix we've observed in recent years.

Capital solutions revenue is driven by origination activity, which is growing as a result of the increasing scale across our $1 trillion-plus platform. Activity now runs across virtually every part of our credit and equity platform, not concentrated in one or two businesses, and increasingly spans geographies. That breadth is a large part of why we've produced five consecutive quarters above $200 million of fee income, even as the mix of underlying activity shifts from one quarter to another.

And when you look at how this revenue has moved over the past three years, our capital solutions fees have been among the most stable in the industry. Supported by broadened origination across our footprint, capital solutions increasingly behaves like a recurring franchise level revenue stream in its own right, one that we expect to keep broadening and deepening from here.

It's worth noting that we are starting to see financing solutions that fund and recognize fees over multiple quarters or years rather than all up front. In the case of Broadcom, for example, we'll record the originating funding volume and recognize the associated fee revenue as the $35 billion is drawn down over a multi-quarter timeframe, with a weighting toward the fourth quarter of this year and the first three quarters of next year.

Fee Related Expenses grew 19% year-over-year in the quarter, reflecting the addition of Bridge and continued investment in the firm's long-term priorities. Our FRE margin reached 58.5%, up roughly 80 basis points sequentially and 120 basis points year-over-year, positive operating leverage from record fee-related revenue against measured expense investment. Year-to-date margin expansion of about 90 basis points is tracking in line with our baseline expectation of roughly 100 basis points for the full year 2026.

Importantly, forward earnings indicators, including our capital formation and origination pipelines, committed capital not yet earning management fees, and signed originations with future syndication fees are all very strong and continue to build, providing confidence that we'll hit our 20%-plus FRE growth outlook for the year, as well as establishing embedded momentum for 2027.

Moving to Retirement Services, a key enabler of the flywheel is Retirement Services where we generated a record $877 million of SRE this quarter. Athene's gross invested assets grew by 14% year-over-year to $414 billion. Year-to-date, inflows have been very strong at $42 billion, and we've continued to originate new organic business in line with our long-term ROE and historical average targets.

The reported net spread was 114 basis points versus 97 basis points last quarter. And adjusting to our 11% long-term return expectation on the alternatives portfolio, net spread would have been 10 basis points higher and in line with our previously communicated full-year outlook of 120 basis points to 125 basis points.

The sequential improvement in the alternatives performance was driven by AAA, along with better results at Athora, where we expect further gains in organic growth and returns as we move deeper into the PIC integration and optimize the asset portfolio.

On a core basis, the improvement in net spread was driven by a rising fixed income yield as we continue to source attractive investment grade assets, including the commercial mortgage portfolio we acquired from ARI, combined with lower expenses and interest costs. These positives were partly offset by lumpier asset roll-off from the previously announced Intel repayment, along with the normal course rising cost of funds as the portfolio continues seasoning. Regarding Intel itself, we recognized an almost $700 million realized gain within Athene's GAAP results, which also benefited capital.

As we head into the back half of 2026, we expect Athene will continue performing as expected, and we are maintaining our full-year target of 10% SRE growth, assuming an 11% alts return.

Finally, turning to capital, our approach remains consistent. We intend to grow our dividend by roughly half the rate of FRE growth over time, and we use share repurchases both to offset equity-based compensation and opportunistically when we see dislocation in our stock price. Consistent with that, we repurchased approximately $100 million of shares this quarter. Over the last 12 months, we've returned $1.6 billion to shareholders through dividends and buybacks combined, while allocating nearly $500 million to strategic growth initiatives, including an investment in Athora earlier this year.

With that, I'll hand the call back to the operator. We appreciate your time, and we welcome your questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. The floor is now open for questions [Operator Instructions] . Our first question is coming from Steven Chubak of Wolfe Research. Please go ahead.

Steven Chubak
Analyst, Wolfe Research LLC

Q

Hi. Good morning, and thanks for taking my question. So, wanted to start just on the transaction fee outlook and was hoping to get your perspective just on the durability of the ACS fees, given the strong momentum to start the year. It looks like for the first half, you're already run-rating above your five-year revenue target that you laid out at Investor Day. So, roughly three years ahead of schedule. And just given a lot of the comments on the call, whether it's a staggering sum of money you needed to finance the global industrial renaissance, the strong origination pipelines, the differentiated hybrid capital solution, how does all of that collectively speak to your confidence level in terms of your ability to continue to grow off the current base? And how do you envisage the revenue potential of this business over the medium to long term?

James Charles Zelter
President & Director, Apollo Global Management, Inc.

A

Good morning. This is Jim. Let me start out real quickly, and then I'll pass over to Martin for more detail. But I think you've hit on something that we think is a theme. We talked about this origination, focus, we've talked about the flywheel, and now we're really seeing it hit in multiple stages. And I think what you're seeing, Broadcom is a good example where I think we've shown the discipline and the strength of our platform and be very thoughtful about the long term – I don't want to say predictability, but the long term durability of that stream.

The other comment that I would make is, the marketplace, I think, in aggregate is making a mistake by just thinking global industrial renaissance is AI and data centers. As we're sitting here in August of 2026, I suspect 12 to 24 months from now, we will be talking about the onshoring – re-onshoring of industrial bases of the US, defense, more energy transition.

And so, yes, I think what we're seeing is the durability, the breadth, and the power of incumbency in this business, which are all themes we've talked about before. But you've hit on a very critical point. It was an idea six, seven years ago. Came into – become a – became a robust business. And now it's really certainly durable and sustainable over time.

Martin Kelly
Chief Financial Officer, Apollo Global Management, Inc.

A

Yeah. And I'll just – I'll add, Steven. Look, we believe that this earnings stream has more value than is generally appreciated. And so, we are very focused on making sure we can build a durable base of origination that supports it. And if you step back, origination fuels all forms of revenue growth. And so, a consequence of origination is management fee growth for the asset manager, it's spread earnings growth for Athene, and it's ACS earnings growth. And so, it's all connected.

And so, we are – every business within the firm is now contributing to the growth of this business by producing origination, which is, in part, syndicated to third parties. And every new business that we look at is expected to do the same. And then I would combine that with partnerships with other banks and other asset managers where we are also sort of creating channels by which we can create origination. So, we do think there's upside. At the same time, we're mindful of creating a base that we can invest against, which has high conviction. And so, that's sort of how we think about this.

James Charles Zelter
President & Director, Apollo Global Management, Inc.

A

The other two points I'd add, just to pound on is that if you look at the equity research analysis of the breadth of counterparty sales that these companies need to do, whether it's ships or otherwise, there is success of financing going to occur in several years from now. The second is, we believe in open architecture and the economics of sharing of fees across the ecosystem is going to continue.

And, finally, I do think that when Marc talks about one ecosystem of clients turning into five, ACS touches all of those as well. So, there's a massive multiplier effect, which you're touching on. And we see – and, again, I think the mistake that folks are making are really thinking this is really only an AI data center opportunity. If you look at our pipeline, it would tell you a very different story.

Operator: Thank you. The next question is coming from Craig Siegenthaler of Bank of America. Please go ahead.

Craig Siegenthaler
Analyst, BofA Securities, Inc.

Q

Thanks. Good morning, everyone. Our question is on M&A. Can you update us on the M&A outlook, both at the Apollo corporate level and also at Athene and Athora post the PIC and Bridge deals? PIC is helping you accelerate your growth in the retirement business in the UK. Do you see other potential targets like this one that could help expand the retirement business in Europe and Asia? Thank you.

Marc Jeffrey Rowan
Chair, Co-Founder & Chief Executive Officer, Apollo Global Management, Inc.

A

It's Marc. I'll take a shot, and then I'll turn it to Jim. As you know, from prior quarters, we have not been big proponents of asset manager M&A. When you look at some of the businesses we've built and, for instance, take sports, the magnitude of what we're doing in sports, if you look at what we've announced and the pipeline versus buying, for instance, a sports-focused firm, we just didn't see the mileage we would get. Every one of these asset manager purchases is, yes, it can be accretive. Yes, you probably have to pay twice, both to the equity owners and then to the employees. But most importantly, it gets you more of the same.

We're growing so fast from originating good transactions that we debate in a negative way the utility of just more of the same as opposed to using excess capital in our business to diversify the business in adjacencies that will provide recurring fee revenue, whether that is in market making, whether that is in growth in our equity business, whether that is a reinvention of retirement, whether that is a real expansion of lending against private assets, I think you are more likely to see us go in adjacent directions than you are to see us go buying another asset manager simply to consolidate in, given the brain damage associated with people businesses.

James Charles Zelter
President & Director, Apollo Global Management, Inc.

A

The only thing I would add is, consistent with that, what Marc laid out, is we find ourselves when we have grown, you can go two ways in your business. You can become more siloed or you can be more integrated. We're clearly going the more integrated approach. That's when you see the results of ACS. That provides that example. And by buying something, universally, they'll want to get siloed. They'll want to control their destiny. So, as Marc said, I think anything you see us do will be expanding the sandbox, not just taking more space within the existing envelope in sandbox.

Operator: Thank you. The next question is coming from Alex Blostein of Goldman Sachs. Please go ahead.

Alexander Blostein
Analyst, Goldman Sachs & Co. LLC

Q

Hi. Good morning. Thank you for the question, everyone. A little bit of a bigger picture question, Marc, back to the daily values sort of discussion. All of what you're describing makes a lot of sense. I'm just curious what pools of investing capital do you think this will open up for Apollo and perhaps some of the others that is not already available, as you and maybe some of the others move closer to providing daily NAVs on private credit.

Marc Jeffrey Rowan
Chair, Co-Founder & Chief Executive Officer, Apollo Global Management, Inc.

A

So, if you segment the – look , Alex, I'll give you my view, and Jim and Martin will weigh in. Go back to the way this industry started, drawdown funds out of institutional alternative buckets, generally closed-end product, no one cared how things were marked. It was all about what you were getting in the beginning and what you ended up at the end. And as long as the end result was good, everyone was fine. And there was no prejudice to an investor because everyone was entering and leaving at the same time.

Now you – within that same investor, you move to their debt and equity buckets. Let's start with their debt bucket. A fixed income manager at a large institutional client does not think of fixed income as a locked-up investment. They think of fixed income as securities. So, when they have the opportunity to buy the Intel public and we offer them the opportunity to buy the Intel private, we're not talking to them about coming into a fund. We're talking to them about buying the security. They are making an explicit trade off in – whatever view they have is to the secured private or the unsecured public. The negative of it is, they have historically had less liquidity and less ability to see daily valuation.

So, the fact that Apollo market makes on that and that there are trades in that, and that Intel itself public bonds trade give us a proxy by which to price these things. So, all of a sudden, they are making a much better trade-off. They no longer need to demand as much excess spread for holding the private instrument versus the public instrument.

Further, from a settlement point of view, they are used to buying CUSIPs. They don't want to hear about documentation and long form and other types of things. Giving them an ICE ID is very similar to a CUSIP. Today, if you are an investor in our investment-grade fixed income product, every single day, you can call up and find out where your holdings are trading. Every single day, you can get a NAV. You get it actually as a – you log into your connection with Apollo when you do that. You want to see a run of where things are trading in the morning. You get that run.

This is building transparency. You could see, for instance, all of the work that's been done with traditional asset managers. Most of the announcements that our industry has made with traditional asset managers have focused on unique product that are not necessarily a regular way.

But why can't – in a fixed income public product, why can't there be a 10% or 15% private bucket as a return enhancer? Look at what we've done so far with State Street. The State Street ETF, PRIV, which involves public and private, is top decile performer. It has season now. It's, I believe, crossed the billion-dollar threshold. And we now have opportunities to show proof of concept that we can not only give you daily pricing, but we can actually create and redeem in line with public funds.

The more we do this, the more we will make ourselves acceptable to 401(k), to DC, to traditional asset managers, to individuals and otherwise. The most recent discussion that's had across our industry on liquidity has been in a negative context, so the gating of direct lending funds over the past few months. And I think what Jim and I have taken away from this, the desire for these assets has never been stronger. And you see that in the statistic Jim gave, which is you simply get twice the return.

However, not everyone loves the wrapper. Some, the highest net worth clients, will come in to a wrapper that is restricted in its liquidity and will continue to come into a wrapper that's restricted in its liquidity. But imagine if they had access to private markets without restriction in liquidity and in ways that did not create mismatches of the funds. That is what we're trying to do. That's what's happening in market making. That's what daily NAV is about. It's even what the beginnings of AMAPS are about, and more to come.

I think you will see our industry move toward the indicia of public markets while retaining the private market origination. That doesn't mean they're going to be the same. But the closer we get at providing the tools and the surrounding atmosphere of how things settle, how things trade, how things are priced, how much transparency, how much disclosure, the less the risk premium, the greater the acceptance.

Operator: Thank you. The next question is coming from Glenn Schorr of Evercore ISI. Please go ahead.

Glenn Schorr
Analyst, Evercore ISI

Q

Hi. Thanks very much. To squeeze two very short ones together because it's the same concept. Monetizations were slow, but markets at all-time highs, M&A and IPO picking up. I'm curious if you could drill down on your slowish comment there.

And at the same time, you've recently been talking about a lot of competition in the retail annuity space, yet your production – your annuity generation was great. So, just curious, both of those kind of sounded the same to me as a little bit different than what were expected. Thanks.

Marc Jeffrey Rowan
Chair, Co-Founder & Chief Executive Officer, Apollo Global Management, Inc.

A

Well, why don't we divide and conquer that? Why don't I take – Jim, I'll take the retail annuity side.

James Charles Zelter
President & Director, Apollo Global Management, Inc.

A

Yeah.

Marc Jeffrey Rowan
Chair, Co-Founder & Chief Executive Officer, Apollo Global Management, Inc.

A

So, if you step back, we have an intense amount of competition that has come into the retail annuity business. I believe by latest count, there are 36 now asset management entries into retail annuities. And I remind you that the basis of competition in this business so far has been, can you find assets that generate a spread and are acceptable from a capital return? Can you generate liabilities organically or inorganically that allow you to invest against in a stable way? Do you have an overhead structure that allows you to do the business in a cost competitive way, and then capital and management?

Almost everyone who's come to this marketplace does not have anything other than capital. And so, they don't have a mature origination machine to generate ID risk. They do not have a liability structure or a liability registration queue that allows them to generate stable liabilities to invest against. They do not have sufficient OpEx. And, generally, the management teams are untested and unseasoned. Yes, they have capital.

And so, what we've seen take place is, in the absence of any of those competitive advantages, we've seen new entrants in particular use jurisdictions like Cayman to not put up as much capital, to hold other types of assets that allow them to try and build a bridge into their business.

I think that's getting harder and harder because the NAIC regulatory body understands that that's an existential risk to trust in the entirety of the industry. And the proposals we've seen this week go a long way to indicating to the industry that that is not going to stand.

For us, it has been about competing in channels in which many of these new entrants do not have a significant presence. Most of the institutional channels, away from independent advisors, are very ratings conscious, are very domicile conscious. And, yes, we compete, and we have really tough competitors of the traditional companies. But you eventually have to earn a spread.

And sometimes we use more FABNs or more FABRs or more MYGAs or more FIAs or more of this or more of that. And you'll see the mix of product in this quarter actually reflects the markets and the products where we felt in this quarter we could earn the right amount of spread.

Now, I would be less than fully transparent if I didn't say the origination pipeline and the strength of the origination pipeline is allowing us to create the kinds of – to create the kinds of spread and return in a competitive market.

And while we are not ceding the independent channel to new entrants, the independent channel is less focused on ratings and area of domicile and much more focused on just price. It is still an important channel, and we come in and out of that channel as we think we can earn spread. We are here to earn spread. Sometimes spread is abundant and will grow even faster, sometimes not so much. Right now, management feels that it can deliver the plan at the spread, at the returns. And if that changes, they'll do less business externally and they'll bring more of the existing business in-house to meet their 10% SRE target. If it widens, the company is well-positioned to capture that.

We are one of the few companies in the industry that, at this point in time, has been building a treasury and an agency portfolio as a means of future earnings growth against competitive or opportunistic marketplaces. Almost everyone else has had to go all out to kind earn spread in a tight market. Origination, origination, origination, Glenn.

James Charles Zelter
President & Director, Apollo Global Management, Inc.
A

Yeah. I'll just quickly comment on the monetization. We would say that of all of our numbers, the most volatile in returns is the PI number from our business. I guess I would hang my hat on the fact that over any 12- to 14-month period or 16-month period, we feel pretty good about the aggregate numbers, not quarter to quarter. Monetization is one litmus test of success. The other is your investor response when you offer a new product. I mentioned the Fund XI demand that we've captured so far, over $12 billion.

So, as a value investor over many decades, that has suited us well. I would say that the – if you look at the monetization of the equity IPO market in the last quarter year-to-date, a lot of it has been on a lot of growth versus value, but we're not concerned on a quarter to quarter. And, really, from us, we feel the strength and breadth of our business is what's outstanding.

Operator: Thank you. The next question is coming from Mike Brown of UBS. Please go ahead.

Michael C. Brown
Analyst, UBS Securities LLC

Q

Great. Good morning, Marc, Jim, and Martin. I wanted to ask on expenses here. So, probably you guys continue to really generate good operating leverage here. But you continue to invest in tech, daily pricing infrastructure, market making, new distribution capabilities, another headquarters. So, just wanted to touch base on how's the expense outlook from here. Can you still deliver continued margin expansion as you continue to invest in the business? Any color there would be helpful. Thank you.

Martin Kelly
Chief Financial Officer, Apollo Global Management, Inc.

A

Hey, Mike. Yeah. I mean, the quick answer is yes. The way we are planning the period ahead of us is really no different from what we've been doing. And that is, you should expect that we will create 20% FRE growth over the cycle, anchored by some mid- to high-teens revenue growth and double-digit – low-double-digit, low-teens expense growth. And so, everything we do as we prioritize our investment spending is anchored around that.

So, I wouldn't look at the quarter as indicative of a trend, which is different on a long term basis. There's some nuances in there, which we can get into. But think about it in the same rubric. And we are – we're very mindful of funding new talent, new people, new businesses, and then sort of the infrastructure to support all of that, plus the pricing, plus anything else that we do.

And so, AI is a part of it. Cost efficiencies are part of it. We're mindful of sort of extracting efficiency where we can. But that all goes into how we plan our expense load against the growing revenue base.

James Charles Zelter
President & Director, Apollo Global Management, Inc.

A

And I would just add. What we've been saying, the excitement that you're hearing about our business and the breadth of the growth opportunities, we want to make our numbers, plus some, but also invest in this bright future. I mean, it's never been so exciting from our perspective. So, if you think – if you have that principal mindset, this is what you would like us to do as shareholders.

Operator: Thank you. The next question is coming from Patrick Davitt of Autonomous Research. Please go ahead.

Patrick Davitt
Analyst, Autonomous Research LLP

Q

Good morning, everyone. Marc, a follow-up on the regulatory arbitrage point you made earlier. Good to hear there's movement there. So, I'd be curious to get any updated thoughts on how meaningful you think cleaning up these disconnects could be for the competitive environment. And to what extent you've actually tried to peg specifically how much spread pressure has been driven by those players that are taking advantage of that arbitrage to more aggressively write new business? Thank you.

Marc Jeffrey Rowan
Chair, Co-Founder & Chief Executive Officer, Apollo Global Management, Inc.

A

So, no, it's – I always look at my calendar to – as to whether I'm having impact. This year, I was the invited guest at the NAIC conference in DC. And they kind of knew what I was going to say, so they clearly wanted me to say it. And what we've seen come out over the past few weeks and from the conversations I've had with other CEOs, everyone understands that we have, as an industry, an amazing opportunity. The world is short, guaranteed lifetime income. The populations are aging. Almost no one else offers guarantees. The global investor renaissance is giving us long-dated fixed income to support these guarantees. We should be giants straddling the financial world.

And instead, we as an industry have not, in my opinion, gotten our rightful share. Part of that is product modernization. And the products right now are hopelessly complex, and you will hear over quarters that we will simplify this product base, and I believe others in the industry will as well.

But part of it is about trust. How many institutions are you going to give your retirement savings to? One of the reasons we're very focused on AA, on credit quality, and we're also focused on the industry because we are only as good as the perception of the industry. We push the industry in terms of disclosure and transparency, and now we're pushing the industry in terms of regulatory. We do not want bad outcomes of competitors in any jurisdiction because, ultimately, that's negative for the trust of consumers. But it also is a financial penalty to us, the most successful company in the industry, because we operate an industry-funded, on-the-margin guarantee association, and we are just tired of making good on guarantees for a visible risk.

So, what we've seen over the past period of time is, business has gone to primarily Cayman. Cayman has grown very, very fast. And that has not only put pressure on the companies who are there, but if you are a US-based company that otherwise would be inclined to do the right thing, you are going to your local regulator and you're saying, it's really hard to compete with these companies in Cayman. And we've seen a number of US regulatory jurisdictions that have given special dispensation to allow some of the Cayman rule creep to come into the US. That is a very early warning sign to the regulatory body that they need to do their job and clean this up and to maintain trust because, otherwise, they risk a race to the bottom.

What we saw over the past week is a series of proposals that really talk about non-reciprocal jurisdictions. It is not all about the competition. You have to be onshore. You have to be this. You just have to live with a set of rules that are reciprocal with the US. That is not a lot to ask.

So, I believe this growth phase that we've seen in offshore regulatory arbitrage is coming to an end, and that companies are going to be really unhappy with the bill they're going to get from capital – additional capital that they will likely be required to post.

In terms of spread pressure, I don't have the stats in front of me, but the easiest way to look at this – and we can certainly do this, and Noah has the information – is to look at the differential in funding cost in the broker channel versus some of the other channels, and just how much people are paying for money. It will surprise you as to how little spread companies are willing to take to try and enter a business without any of the fundamentals that will allow them to succeed on a long term, which is asset origination franchise, liability origination franchise, and OpEx.

So, look, we live in a competitive world. We have all the things we need to compete. Some of the things we see are warning signs, not just for us, but for the whole industry, which is why it's getting good industry support. And I think the industry has woken up and is acting.

Operator: Thank you. The next question is coming from Bill Katz of TD Cowen. Please go ahead.

William Katz
Analyst, TD Cowen

Q

Great. Thank you very much. I just want to come back to the opportunity to sort of achieve the 11% return for the alternative sleeve within Athene. Can you maybe give us an update on the opportunity with PIK (sic) [PIC] in the European footprint, if you will, and how you might sort of see the trajectory of improvement there, particularly given your comments, Marc, around just sort of the evolving regulatory landscape and the capital arbitrage? Thank you.

Marc Jeffrey Rowan
Chair, Co-Founder & Chief Executive Officer, Apollo Global Management, Inc.

A

So, we – as you know, we just closed – or very recently closed on PIC. And PIC involved a very substantial new fundraise into Athora. And that new fundraise would not have happened without investor belief and our belief that we will achieve mid-teens rates of return for Athora on a go-forward basis. We have – if you look at the trajectory of Athora, very good early returns, stagnant for a period of time, and now set up for other returns. And some of this, it's just the nature of the growth cycle of these companies.

We at Athora incurred a decent amount of overhead, building up the business to be able to support the next level of acquisition. We had thought we were going to make that acquisition on the continent, and we ended up delayed in doing that. So, we basically carried excess overhead for about 18 months. That overhead has now been folded back down and into the operating subsidiaries of the two – the largest are the Netherlands, which operates a holistic business; and PIC, which operates a holistic business.

And so, the holding company and expense at Athora is increasingly minimized as we review our participation in some of the smaller markets like Germany, which have been the subject of rumor.

So, I am – it is not guaranteed, but I am optimistic that we are now set up for mid-teens rates of return on our Athora investment. And that's the basis on which we raised the dough successfully in pretty large quantity.

The other large investment is in AAA. AAA has been really close. I agree, it should be returning more into 10%, not 11%. As Jim suggested, we're 45 or 46 quarters – or 44 or 45 quarters positive results in nearly 25 quarters. We have made a decision there. If you look at how we run the business, we run the business in AAA in a leveraged share class and an unlevered share class. Athene owns the unlevered share class. And for the most part, the AAA structure is not levered like PE. It's a very likely levered structure.

To make it comparable to PE or more comparable to PE, we also offer a levered share class. That levered share class is now $0.75 billion and has produced mid-teens rates of return on a much more consistent basis than PE.

And so, for us, our belief is that we can, on an unlevered basis, without the volatility, introduce magnifying leverage. We believe we can get there. It may take us another quarter or two to get there, but this is all very, very long-term investment. We've been doing this for 17, 18 years. The returns have met our benchmark over that long period of time. But we've been through a little bit of a desert of return here, and I think we're getting close.

Operator: Thank you. The next question...

Martin Kelly
Chief Financial Officer, Apollo Global Management, Inc.
A

The one thing I'd add, Bill, is the contract with PIC – the acquisition and the integration has been really well done. It's been a very smooth process. The construct for buying PIC was to create an organically growing business within Athora. And we've seen just in July a $6 billion pension transaction with a UK blue-chip company, so – and a healthy pipeline. So, the thesis is starting to play out that this will become a growing business that we can add to over time.

Operator: Thank you. The next question is coming from Brian Bedell of Deutsche Bank. Please go ahead.

Brian Bedell
Analyst, Deutsche Bank Securities, Inc.
Q

Great. Thanks. Thanks. Good morning. Thanks for taking my question. Maybe just come back to the ICE JV and the private credit trading. Can you talk about what you see as the sort of realistic intermediate to longer term addressable market in terms of what type of entities are trading this? The momentum sounds good. It sounds like you're $30 billion traded since you started this. I think – and I think 2026 – or, sorry, 2025, I think, was $10 billion. So, good to see the momentum. Maybe just sort of comment on how you see that momentum improving. And how important is the acquisition proposal of market access for ICE in terms of actually trading this? I assume all of this comes into ACS, but please let me know if there's other areas that impacts the P&L.

James Charles Zelter
President & Director, Apollo Global Management, Inc.
A

I would say, it's – you've tied a lot of the threads together, but it's early days. As I said, all the things that we've talked about on this call today and when market talks about the one market going to six, this is just a tool. We're a pioneer. It's been a fivefold increase in the last couple of years in trading volumes. And if you're one of these big banks, you look at the number we've thrown out and they'd say, that's a nice week or a nice couple of days.

But this is very early. It's pioneering activity. The good thing is, we're well-above ahead of everybody else. And I suspect that this will be a broad utility, this part of the ecosystem of transparency and daily pricing and industrial liquidity and investor confidence.

So, again, I feel like when we look back at these activities in 2028, 2029, and 2030, we will – I'll be talking about the revenue that's been created and the robust nature of that. But we have very, very high expectations. If you look at what goes on in the municipal market and you look at the activity by some of the public companies, and they have 15%, 20%, 25% market shares in the technology behind those. These are hundreds of millions of revenue.

So, again, early days. It's not going to move the needle on our 2026 FRE and SRE numbers, but I suspect if we're here in two or three years, you will have a more meaningful number.

Operator: Thank you. The next question is coming from Ben Budish of Barclays. Please go ahead.

Benjamin Budish
Analyst, Barclays Capital, Inc.
Q

Hi. Good morning, and thank you for taking my question. Maybe following up on some of the spread discussion at Athene, sounds like a lot of good momentum. You talked about maybe with the Intel piece coming out, there's a bit of a headwind removed. But you talked about improvements at Athora, the introduction of the ARI portfolio. So, I guess, just putting it all together, you've maintained the SRE guide for the year. What's the sort of implied expectation for your normalized net spread? And how should we think about that going into 2027? Thank you.

Martin Kelly
Chief Financial Officer, Apollo Global Management, Inc.

A

Ben, I'd assume the same. I think the – in the quarter, besides what I mentioned, there's nothing to call out. I think it's sort of normal portfolio behavior, if you like, in terms of the impact on the gross returns and gross cost of funds. And so, we're in the zip code of the range. I would expect that that will be maintained as we look into next year, and that's sort of informed by where we're writing new business, which is above that and behavior of the in-force business. So, stick to the range until we advise otherwise.

Operator: Thank you. The next question is coming from Brennan Hawken of BMO Capital Markets. Please go ahead.

Brennan Hawken
Analyst, BMO Capital Markets Corp.

Q

Good morning. Thanks for taking my question. Jim spoke to the institutional and wealth management reception on Fund XI. Could you maybe give us an updated expectations for timing of the first close and when we should think about management fee activization? Pardon me. And are you – we're hearing about some headwinds to fundraising for equity. Are you seeing any of that? And does that impact any of your expectations? Thanks.

Martin Kelly
Chief Financial Officer, Apollo Global Management, Inc.

A

We've been very pleased with the fundraise. So, Jim mentioned the number, $12 billion. That's a very healthy first close for the fund, and that will continue. The timing of the fund sort of quote, "turning" on fees ultimately depends on when Fund X is fully invested. And so, that is – that's a variable.

I would currently – we're assuming it's first half, sort of back part of first half, for planning purposes, and we will obviously know more as we get closer to that date. But I would assume it's back – the back part of the first half, and the fundraising is going well and it's anchored off strong performance of its predecessors in terms of returns and DPR metrics.

James Charles Zelter
President & Director, Apollo Global Management, Inc.

A

Yeah. I would say this is a continued view of dispersion. It is a tough fundraising environment. We're fortunate that if you look at our institutional business, we're basically – have almost double last year's production through six months. So, if you produce for investors and you've had a consistent dialogue, you're garnering share and you're garnering dialogue and confidence with the largest, most sophisticated folks around the globe. That's not every GP.

And so, what we're seeing is the folks that have had the track record, have the innovation, and have the success of investing, you're going to get a larger share as the largest LPs around the globe really want to concentrate their activities. So, we feel great about the momentum of our aggregate institutional business. We feel great about the momentum of our equity franchise in aggregate. We feel great about things going on in hybrid and others. So, we're a winner, but we recognize that not everybody has had that same experience.

Operator: Thank you. The next question is coming from Wilma Burdis of Raymond James. Please go ahead.

Wilma Burdis
Analyst, Raymond James & Associates, Inc.

Q

Oh, hey. Good morning.

Operator: Wilma, please ensure your phone is not on mute.

Wilma Burdis
Analyst, Raymond James & Associates, Inc.

Q

Yeah. Sure. Are there any time constraints on assets held in conservative securities such as Treasury before you may deploy some of those assets? Depending on the duration of matching liabilities, just trying to ask about, I guess, the ability to deploy additional funds from here to generate further uplift. Thanks.

Marc Jeffrey Rowan
Chair, Co-Founder & Chief Executive Officer, Apollo Global Management, Inc.

A

No. There are no constraints. We don't use it as part of ALM.

Operator: Thank you. The next question is coming from Michael Cyprys of Morgan Stanley. Please go ahead.

Michael J. Cyprys
Analyst, Morgan Stanley & Co. LLC

Q

Hey. Good morning. Thanks for taking the question. Just wanted to ask about evergreen funds and tokenization, just given some of your experiments with tokenization. Just curious what learnings you've had, where you're seeing greatest utility. And, ultimately, could tokenization prove as important for private markets as ETFs were to public markets? And if so, what is the next generation of evergreen and semi-liquid products look like? And what might some of the innovation look like in the years ahead?

James Charles Zelter
President & Director, Apollo Global Management, Inc.

A

Well, Mike, listen, it's safe to say that a lot of work is going in the lab. And I don't think we have enough evidence right now to have a clear pathway of the future. Other than the themes we've talked about this morning, it would lead all of you to take away that we're not going to be tied explicitly to exactly how the rails have worked in the past.

We want to continue to reinvent. Obviously, things like the ICE identifier make a lot of other activities in the future very, very – of great potential act activity. I think there is a lot of operational and regulatory limitations that you have to be very careful about. We want to make sure we're working within this system of the regulatory dialogue and work within the system of the transfer agents and trustees and such. But I don't think this is the – it's a longer conversation. I think we have learned a lot, but it's still very early days.

And, yes, we share the same view that if you think long term about the delivery mechanism, what's going on with ETFs, there's a lot of disruption going on in the ETF world in the last few weeks with some folks around the globe, in particular, with just the last couple of days. So, we believe and we see the potential opportunity, but I don't think we have enough evidence that clearly say what the path may look like. We respect it, however.

Operator: Thank you. The next question is coming from Crispin Love of Piper Sandler. Please go ahead.

Crispin Love
Analyst, Piper Sandler & Co.

Q

Thank you. Good morning, and share the latest on your wealth flows. And some others in the space, the most recent quarter, saw redemptions improve, but ADS did increase and still remains somewhat elevated. So, what are the most recent trends you're seeing? And then also, how are conversations with financial advisors, and then also just financial advisors and their end clients, just given much of the noise that we've seen so far this year? Thank you.

James Charles Zelter
President & Director, Apollo Global Management, Inc.

A

Well, I will answer. Like Marc already said, let's just start with performance. The last 11 quarters in the non-traded BDC space, the dispersion of managers was about 1% from top to bottom. The last two quarters, 4% and 2.5%, and we were in the top quartile. And so, our view is, we're just going to keep doing what we've been doing, thoughtful, diversified, high-quality portfolio. That's going to pick up share over time. That's what happens in every other asset class.

So, again, I think we've seen – it's early when we think about our onshore and offshore redemption windows, when we look at what we were last quarter versus this quarter, acknowledging that it is a bit early in the Q. We're seeing half the redemption we saw last time. So, I think you're going to see a dissipation.

Again, we go with the view that if you can – $1 in the ADS at the beginning has turned to $1.40. High yield on leveraged loans would be $1.20. The performance works. So, I think that's what the thoughtful investors and thoughtful FAs were seeing. Certainly, there's regional hotspots that had a different objective, and we've appropriately dialogued with those. So, we feel very good about the breadth of the overall momentum and the product set and the education that we bring to the equation.

Operator: Thank you. The next question is coming from Brian (sic) [Bart] Dziarski of RBC Capital Markets. Please go ahead.

Bart Dziarski
Analyst, RBC Capital Markets

Q

Great. Thanks for taking the questions, and good morning, everyone. Just wanted to follow up on the Athene organic and flow discussion. So, thanks for the color on retail annuities. I was wondering if you could unpack a bit what you're seeing in flow reinsurance, funding agreements, how it overall ties into your outlook for the $85 billion origination – sorry, inflow target this year, and maybe get an early look into how you're thinking about 2027. Thanks.

Martin Kelly
Chief Financial Officer, Apollo Global Management, Inc.

A

We're right on track for the $42 billion for the half, $85 billion for the full year. That's what we expect to hit. We've messaged through cycle over a five-year period $85 billion. So, just use that, use it as an anchor point for next year.

And the mix of business this quarter was reflective of where we saw pricing in the marketplace. So, we issue – I mean, Marc spoke to this. We issued about $12 billion of annuities in different flavors, MYGAs and FIAs principally, and then we're able to access the funding agreement market in different ways, and then we had a healthy flow deal in the quarter.

So, it all contributed to the $22 billion that we printed for the quarter, pretty much in line with, in aggregate, what we did in Q1, but the mix was different. And I'd expect a similar type of pacing from here on out for the balance of the year.

Operator: Thank you. That concludes the Q&A portion of today's call. I will now turn the call over to Noah Gunn for closing comments.

Noah R. Gunn

Partner & Global Head-Investor Relations, Apollo Global Management, Inc.

Great. Thanks, again, to everyone who joined the call this morning and for your interest. As usual, if you have any questions regarding what we discussed on the call, please feel free to reach out to us, and we look forward to speaking with you again next quarter. Thank you.