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Apollo Global Management, Inc. (APO)

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CORPORATE PARTICIPANTS

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

OTHER PARTICIPANTS

Michael C. Brown

Analyst, UBS Securities LLC

MANAGEMENT DISCUSSION SECTION

Michael C. Brown

Analyst, UBS Securities LLC

All right. Hello. I'm Mike Brown, the US Asset Management and Broker Analyst here at UBS. It's my pleasure to introduce you to Martin Kelly, the CFO of Apollo Global Management. Apollo today is one of the world's largest alternative asset managers with AUM totaling \$938 billion. So, Martin, thank you so much for joining us here in Florida.

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

Good morning, Mike, and thanks. Thanks for having us. Appreciate it. I was actually telling Mike I've been coming to this conference for so long that I've stayed in the same room more than once. Yeah.

QUESTION AND ANSWER SECTION

Michael C. Brown

Analyst, UBS Securities LLC

Q

Well, Martin, why don't we start on the macro front? It's certainly been an interesting start to the year, a lot of disruption in the market. But as you think about the path of interest rates, inflation, some of the geopolitical noise, what is kind of Apollo's view on the outlook here?

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

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We're seeing all the same data that you all are. We also have the benefit of what we see at our portfolio companies, which is pretty consistent actually with the broad macro themes that you see and you read about. It is a bit mixed for sure, but the tailwinds certainly would point in the direction, we think, of higher rates, not lower rates, and higher inflation over time.

So I think the K-shaped economy is definitely real. That's we all see that. The fiscal stimulus that is more ahead of us than behind of us, particularly as it relates to the consumer, will probably put some upward pressure on inflation. And then there's a whole series of tailwinds, which create sort of upward pressure on both rates and inflation, we think. So deregulation, the tax bill, which the CapEx deductions, broadly defined sort of the AI spend, cheap dollar, just the need for capital, the amount of government debt that's required and private financing, all puts upward pressure on rates.

So, we're in the camp that rates are a question whether we see further rate cuts from here. There's two in the curve at the short end, question if that will actually happen or if we'll actually see upward short-term rates. And then long-term rates are probably biased to the up, net-net, given all of those dynamics. And so that's the macro picture we see. We see the same in the portfolio companies.

What does it mean for us as a firm? Activity levels are really high. All of the demand for capital is just creating activity levels and pipelines that are really robust. And so we see it as a benefit for the firm.

Michael C. Brown

Analyst, UBS Securities LLC

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Great. So Apollo reported earnings yesterday. And on the call, you affirmed 20% plus FRE regrowth, 10% SRE growth. Can you maybe just summarize a couple of the key kind of takeaways from the earnings print yesterday? What were some of the main headlines there?

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

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Sure. We finished off a really strong year. We came into the year on the asset manager side suggesting mid-teens FRE growth. We printed 23%. And I think the most gratifying part of the results was the breadth of origination across the business. And we effectively achieved our five-year target in year one with an origination of \$300 billion. And that was about 40% driven by what we call our platforms, our lending businesses, about 40% was our credit businesses very broadly defined, and the other 20% was hybrid equity and our high-grade lending businesses.

And so it was broad. It was deep. It was geographic. And I think what was really particularly evident was the connection between that and the impact it has on earnings. So it drove management fee growth higher. It drove syndication flow through our capital solutions business. So we had a very high year. We had an \$800 million year in ACS, which exceeded our expectations. But it's linked. It's linked to origination. And it also created attractive spread assets that got Athene's growth rate up above what we had indicated about six months ago.

So there's lots to like about activity levels at the firm, but I think there's a distinction to our strategy to focus on origination and the benefits that that provides. And I think that that was really clear in the numbers that we printed and announced yesterday.

Michael C. Brown

Analyst, UBS Securities LLC

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Great. And one of the positive surprises from the results yesterday that I wasn't quite expecting was the strength on the realization and the performance income side of the P&L. So there's certainly a lot of optimism in the market about the capital markets' recovery here. How do you think 2026 could really progress for the industry and then for Apollo specifically, as we also kind of take into account some of the recent volatility? And could that have a bit of a cooling effect on capital markets activity?

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

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So it's interesting. Most of the upside in the realizations was actually driven by our credit business. And so PE was a component of that, and I'll talk about that in a minute. But we had a really strong year in credit. And our most of the funds in credit that pay carry have an annual payout. And so it happens in the fourth quarter and so that's what we saw. So, our credit businesses were up between 8% and 12% across the board, really strong. And so the earnings that we reported in our principal investing segment were principally driven by that.

We also had Fund X, our sort of currently active investing PE flagship, cross over its escrow threshold, which means it was allowed to distribute carry, which was related to prior exits. And so, it was less a function of in-quarter realization activity than it was sort of a catch-up of – an appreciation in value in the fund that allowed us to distribute.

All that said, we had a decent year in realizations in PE. And that's what we see ahead of us. We're cautiously optimistic. It's hard to handicap. But it would feel like activity levels in the market and certainly speaking to all the M&A bankers that we do, everyone's really busy. But whether that comes through a public exit through an IPO process or through it's a sale to a sponsor or a strategic remains to be seen.

But I think if you go back a year, this time last year, enthusiasm was high. Then we hit Liberation Day. And so that sort of set the tone for the rest of the year. I think as we come into this year, I think the knowns and the unknowns about policy are more known and more accepted, and I think people are more inclined to get on with it. And so I would expect an uptick, but it's – as I said on the call yesterday, it's the hardest part of the business to predict, but I think we're coming off of the lows and we should see modestly at least higher activity from here.

Michael C. Brown

Analyst, UBS Securities LLC

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Okay, great.

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

Yeah.

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Michael C. Brown

Analyst, UBS Securities LLC

If we change gears to inflows, so in the fourth quarter, you saw \$42 billion of inflows, \$228 billion for the year. As we look ahead to 2026, it seems to be a bit of a story of continuing broadening out of your – breadth of your inflows. So maybe just talk a little bit about how you think about the channels in 2026 versus 2025 and where the flows will come from?

Q

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

Yeah, it connects back to origination actually. So, everything has a connection point back. But the short answer is we expect it to be higher. We expect wealth to continue to increase. And so we have 12 products, seven above \$1 billion. And we continue to focus on the wealth channels as a really important way to access individuals, and that's with different access points. It's in all geographies. It's building out our team. It's building out the structure that we bring product to market in that's appropriate regulatorily for local markets, wherever that is. And so wealth was \$18 billion of capital raise in 2025. We expect it to be higher in 2026.

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Institutional capital raise, we expect to be meaningfully higher than we raised in 2025, driven by, firstly, we're in market with our new PE flagship, Fund XI. So that will have some closings this year. It won't activate until next year. But by dollar value, it's actually, I think, more driven by credit, credit in all forms, asset-backed, direct lending, investment-grade forms of credit. ADS is a part of that, and then infrastructure and sort of equity adjacent businesses.

So we're pretty optimistic about the environment and it's really being driven by – we started to articulate these six markets that we are attaching origination to third-party insurance, sort of the notion of replacement, fixed income replacement and equity replacement. And partnerships with traditional asset managers is all relevant to the capital raise. And so it's can we originate the right product, can we get it in the right format, including, what we call, building blocks to access the six forms of capital that we raised?

Michael C. Brown

Analyst, UBS Securities LLC

Great, great. Maybe just one quick follow-up there on the third-party insurance opportunity. It seemed like it was a big step forward in 2025. I think you guys have been really telling a very compelling story about the alignment with Athene there and that seems to be really resonating in the market. What's kind of next there? Maybe can you talk about some of the key drivers in 2025 that really allowed you to take that step forward?

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Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

We approached third-party insurance both through managed accounts and through syndicating flow activity to mostly investment-grade debt business to third-party insurance clients. And if it's attractive to Athene, it will most likely be attractive to third-party insurance clients. So, we're very happy to syndicate to what may be considered to be competitors of Athene, and we do that frequently.

A

And then we have strategic relationships with clients that are giving us money to manage and then we manage that money in an account like any other LP. So, it aligns with our principal mindset. If we are prepared to own run the risk ourselves through Athene, then that sets a strong foundation for the underwriting of that risk and it sort of sets a benchmark, I think, against which third-party insurance look at and say it's good quality risk.

So we think – again, coming back to origination, if we can originate the right product with the right risk-return attributes and certainly in the context of an insurance company that has the right capital charges associated with it and earns a right return on equity, then it's attractive business and we will continue to grow that business. And so we have a team focused on that. They've had some great success last year and I expect that to be greater in 2026.

Michael C. Brown

Analyst, UBS Securities LLC

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Great. And then if we switch over to the wealth side of the story there. So the redemptions in the non-traded BDCs was certainly a big theme that we saw play out in the fourth quarter. The ADS fund has a lower level of direct lending exposure. So, is that something that you believe that the broader wealth channel fully kind of understands and appreciates? And is that starting to really resonate in this moment in time? And maybe can you just touch on what you're seeing and hearing from your partners in the wealth channel currently?

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

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Sure. So, flows – as you'd expect, flows were a bit lighter across the whole industry in Q4 and we saw that. And we've seen this in certain times before when flows can temporarily slow down. Redemptions picked up, generally speaking, across the industry, below the gates but sort of into the 3% to 4% annualized area.

And so I do think we've been very clear about the risk profile of our BDC, ADS relative to the peer set. And so I do think that this is really an opportunity, which we're lending into, as you'd expect, for that to differentiate itself. So, it has a very attractive return on a comparable basis, but has lower everything that you care about. Lower leverage, lower PIC, lower software, lower ARR software, lower pick software. And so I think this is a moment when the risk – the return to the risk profile of that vehicle really should differentiate itself. And so we should start to see a pickup in market share. So I'm optimistic, but the – what you're seeing in the industry tends to be washing over the whole industry at the moment.

Michael C. Brown

Analyst, UBS Securities LLC

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Okay, great. And then the growth of the wealth platform was certainly a standout in 2025. And so certainly, the industry could face some pressures near term. But as you continue to monitor the health and strength of the Apollo wealth business, what are some of the key KPIs that you track there and what are some of the impediments to the growth of the wealth business? Near term, what are some of the key constraints there?

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

A

The most important KPI is the return that investors earn over a period of time. So it – I'd anchor back to the prior question and the comments around ADS. So, ultimately, you have to have a trusted product. You have to have reputation and credibility that you can deliver a product which is valuable to individual clients that's accepted by whatever the distribution point is. And so if you can't deliver on that, then you're not going to do well over time.

So it all comes back to origination and underwriting and making sure that the risk-return is we think appropriate for the customer. Assuming that is the case, then it's a really interesting, but also really complicated ecosystem. And so we continue to build out the teams. It's one of the less than a handful of areas where we continue to make really significant investments. That will again be the case in 2026.

And it's not just having the product. We have 12 products, but it's a question of getting the product in the right format for the jurisdiction it's being sold into. Retail investors in different jurisdictions have different requirements. That's the LTIFs in Europe, as an example, but it's different in Asia and it's different in other jurisdictions.

So it's products, it's relationships with the wirehouses, the private banks, the RIAs to get access points. It's the structure of the products. It's the technology to support all of that, and it's people. It's teams on the ground who are doing the work and building out the network. That's in the US. It's been building out in Europe and parts of Asia. And it's increasingly now in Canada and in Latin America.

So we have the markets covered that we want to cover. We're continuing to build out the teams. But this is a long-term – at the end of the day, individual investors need alpha in their portfolios, and so private assets are the way to deliver that. And so the thesis remains intact. It's just – it's a complicated ecosystem to build out, but one that we think has enormous runway ahead of us. And that's why we continue to invest and prioritize that.

Michael C. Brown

Analyst, UBS Securities LLC

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Can you maybe just touch on what the next chapter of growth here will be? So you talked about the fact that there's an opportunity to continue to invest in people, continue to add more maybe wrappers for kind of the international markets. But as you think about really what's the next growth path here, is it – it doesn't sound like it's necessarily launching new product, but is it continuing to expand geographically? Is it continuing to deepen with the wires? Is it new channels, like the 401(k) market? Do you think perhaps that's kind of the next frontier here?

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

A

I do. I think we have the right product lineup more or less. We have 12 products. There may be one or two more, but we have different forms of credits covered. We have infrastructure secondaries. We have AAA as a really interesting equity replacement product. There's one or two other things that are sort of in the lab, if you call it that, which may be relevant. But for the most part, I think we're covered. And so it's doing everything that we're doing. I think asset-backed as a fund is the most likely next products to get real traction and it's been increasing quarter-by-quarter.

It's really attractive. It's a high-quality product, meaning investment grade with a good excess spread. And so it has a home in people's portfolios. But as we've seen from some of our competitors, you don't need – you need – you can have one or two products that just take off. And so we'll see. So we continue to do everything I just described.

The DC 401(k) is also really interesting. It's – we have – we had the guidance. We have a process that's sort of working its way through right now. It's iterative. I think we're optimistic that that will provide more clarity. And so that will give more sort of comfort to the plan sponsors that private assets have a home.

But again, it comes back to, you have to get it in a format which is easy for plan sponsors to take. And so it's not obviously asset by asset, but you have to have a building block of – that goes into a fund that is understandable.

So it could be short duration IG as an example or it could be an asset-backed fund. But it needs to be something that's sort of comprehensible. And then it needs to be in a format, like a CIT, which is acceptable to a plan sponsor. And then it needs – ideally, it needs to be a – become a default allocation through a model versus it being a choice that individual investors in 401(k)s make because that won't get the traction that's needed.

So all of that is playing out, all of it has, we think, massive potential, but it will continue to take a bit more time.

Michael C. Brown

Analyst, UBS Securities LLC

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Great. Why don't we come back to the discussion on private credit? That's, obviously, continues to be a very topical focus for investors these days and it really kind of picked up in terms of the focus back in the fall and it continues to kind of pop up in conversations now.

We talked a little bit about the wealth angle, but I wanted to hear maybe the perspective from the institutional side. Have you seen any slowdown from your institutional investors or LPs there in terms of their continued allocations to private credit? And what have some of the conversations been from that cohort?

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

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So this gets back to the definition of private credit, which is – which requires you to be careful about how you define it. So private credit sort of typically defined is below investment grade. That's been the focus of the non-traded BDC space. And that has been a sort of a wealth-oriented product.

Our definition, as you know, is investment grade in a much, much larger marketplace. And that's been the focus of all our origination efforts. And that is where we've continued to grow the sort of the topline originations up to now \$300 billion in the last year. The demand for investment grade private credit continues to increase. We saw that again in the most recent quarter. We certainly saw that last year.

And it all comes down to where can you originate product and how does that compare with what you could buy alternatively. And if you look at, we gave some stats on the call yesterday, we originated in the most recent quarter and it was similar for the last year investment grade credit at 290 basis points over treasuries. And so if you look at where the BBB index is, that's a 200 basis point pickup relative to where you could buy an equivalent bond.

And so that's obviously a huge differential. And in the non-investment grade space, it's more pronounced. It's 490 over a comparable high-yield bond index. And so it's more than a 200 basis point pickup. So if you're able to create products that has that return outperformance and it's appropriately structured and it's diversified and it's rated. And it's, therefore, appropriate for not just insurance company buyers, but all forms of investment grade buyers, then it's a very attractive asset to own. And so that's I think our edge. Our edge is our ability to create volume like origination in real size, most of it's investment grade. And most of it is what we call private credit, but it's investment grade private credit and it's inherently attractive given its return profile.

So we see demand increasing. That's what we saw last year, and we see that looking ahead. And if you come back to the question you asked on capital formation and where do we expect to raise money this year? That's a key driver of money that we expect to accumulate this year, driven by that origination capability.

Michael C. Brown

Analyst, UBS Securities LLC



So let's go to origination. That was kind of where you led with in the beginning of our discussion here. And Apollo has really built a very differentiated ecosystem. You have 16 origination platforms. I think nearly 4,000 employees across that space. What's really the next phase of expansion there? What origination engines do you expect to maybe be bigger drivers of asset growth in 2026 and 2027, and maybe just touch on Atlas specifically?

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.



Yeah, Atlas has been a terrific platform and still has, we think, a lot of potential to grow. So I'll talk about the platforms and then I'll talk more broadly, because I think it's both relevant. So platforms are about 40% of our origination. Atlas is, by volume, the largest originator. To date, the majority of that has been US-based business. And so for most of our platforms, the potential exists, certainly within the case of Atlas, to grow its footprint outside the US. And so Atlas originates in Australia, for example, has some origination in Europe, but the potential to grow that business more geographically is real. And so could Atlas sort of grow from a \$40 billion, \$50 billion a year business to \$100 million business? Quite conceivably, hopefully, quite easily.

So that's one piece of it. There are other platforms that are as important, MidCap, Redding Ridge and then you go down through the asset classes that we have. And so they're all – and so they're all relevant and I think many of them can grow outside their current sort of mostly domestic footprint.

So then you move into, okay, when we set up a new business, and I think this is where the market will go, this is certainly how we're thinking about the market. The business of raising a fund in a particular area and having the size of the opportunity being attached to the size of the fund, maybe with some spillover for large co-invest, we think is sort of behind us. And if you take infrastructure or sports as two examples, they are both businesses that, in one case, we're in infrastructure, in one case, we're raising a sports fund. But the scale of the opportunity around origination for both those businesses is much greater than the size of the fund. And so – and we're seeing that in infrastructure. Infrastructure, which is sort of the data center power supply, ecosystem and all of the financing that's required around that is much more than just the infrastructure business that we have today, represented by our fund.

So we originate a lot of infrastructure assets. They go in different places. They go to the six different channels that require supply. And you'll see the same in sports. Sports is a really interesting ecosystem that's sort of underpenetrated in terms of financing. And you'll see us, over time, create an origination capability in sports that's much greater than just the size of the fund.

And so I think as we continue to grow parts of our business, hybrid is actually another example of that. We have a hybrid value fund. It's \$4 billion or \$5 billion. We originate much more than that in hybrid origination. It's in that \$300 billion number, and that product goes into managed accounts and others that want that type of product.

So that's the evolution in the market that we see where origination led. And yes, part of the origination is supported by the fund that you raise with the purpose to invest in that, but a lot of it is either syndicated or put into other accounts that want the same risk-return profile. So that's the future of the business that we see and that's why we keep coming back to origination as the most important thing that we do.

Michael C. Brown

Analyst, UBS Securities LLC



I wanted to ask you maybe a follow-up on the origination theme. And one thing I was trying to unpack here is, as we continue to move into 2026 and spreads stay quite compressed across the industry, certainly some recent movement there. But do you think the origination platforms kind of gain more of an incremental advantage? A big trend that we've seen across the ABF space is a lot of these flow partnerships with the banks. But what we're hearing more is that banks are retaining more loans and competing more effectively. So I'm assuming spreads will start to really come down on that side of the kind of flow side of ABF. So just curious your views on that.

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

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We're not seeing it. The relationships with banks and the partnerships we have on flow are important to – it's an important source of supply for us. And so banks want a certain type of asset on their balance sheet and they don't want other types of assets on their balance sheet. So anything that has duration is much more appropriate outside the banking system. And so there's all sorts of ways you can allocate flow to achieve that purpose, often in partnership, often it's pro rata or banks take the short end, we take the long end. There's ways that you can do it that achieve objectives for both.

And it sort of – it comes back to, the demand for financing is enormous and growing all over the world. And now we're seeing – we're really seeing it in Europe with defense spending and data and power supply. And so the capital that's required is more than the banking system can provide. And so we're happy partners with the banks. We have some very valuable relationships – and I don't see – if anything, it becomes more of a buyer's market as the supply of financing to the market steps up. And so there should be spread relief versus spread tightening, I think, as we look ahead.

Michael C. Brown

Analyst, UBS Securities LLC

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Okay, great. So let's talk about the private equity business a little bit here. You talked about that when we were talking about flows that Fund XI will be back in the market this year. And just wanted to hear a little bit about the sentiment across fundraising and private equity land these days. We haven't seen a whole lot of realizations coming through for the industry. Performance in some places has been a little bit spotty. So maybe just touch on how is LP appetite for private equity funds and for Fund XI specifically?

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

A

So we – well, I'll talk about the industry first. It's the most bifurcated market, I think, that exists out there. And so we – if your returns are strong in your predecessor funds and you're scaled and your brand is strong, then you're having a much easier time raising the next fund. If you don't check those boxes, then you're not. And we've seen some recent large fund sizes done relatively quickly by plan sponsors that have those characteristics.

So we believe we fit in the same category. We have – we are out now with Fund XI. We have a target size of \$25 billion. We are marketing off very strong track records for the two predecessor funds, both in IRR and DPI. And so I think all of that is really important to LPs. And so we have – we've been at this now for 35 years. Our returns speak for themselves across that whole period of time. And I think if you look at what we've paid for investments that we've made in our funds, it really hasn't changed. We pay about 6 times cash flow. In Fund X, it's 6 times cash flow. In Fund IX, 6 times cash flow.

And so if you have a sort of a value orientation, then it's just easier to monetize assets when the markets get more difficult. And that's being reflected in our DPI, which is it's 0.3 time for Fund X, it's 0.6 times for Fund IX, both well

above where the industry is. And so if LPs see strong performance and they're getting cash back, then – and you've been a good long-term partner, then they're going to trust you to sort of take money for the next fund. So we're pretty optimistic.

Michael C. Brown*Analyst, UBS Securities LLC*

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So you've got a differentiated result on performance, returning cash to investors. How do we think about the size of Fund XI versus Fund X?

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

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We're aiming for the \$25 billion. So I – we'll see. We've just started marketing. Early dialogue is favorable. But these things – it'll take a year plus to get this done.

Michael C. Brown*Analyst, UBS Securities LLC*

Q

Okay. So on the FRE margin side of the story here, it's certainly topical as we move into 2026. You talked a little bit about it yesterday on the earnings call. Maybe just unpack it a little bit more. What are some of the puts and takes here as we think about the potential for margin expansion? You've got Bridge that came in at a lower margin and kind of mixed the firm-level margin down, but you're continuing to get a lot of benefits of scale on the operating leverage side. So maybe talk about where the margin can go? And maybe if you could also tell us about what the margin would be excluding Bridge or what that margin expansion could be?

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

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Sure. So we focus much more on FRE dollar growth than we do the margin. So it's not a primary metric by which we try to manage the business. And the reality is there is so much that can be invested to grow each of the six distribution points and the complexity around them. And so we're, I think, very disciplined. We have a very thoughtful process around how we set up the spend, not just for the current year, but for the next couple years. And so – and we look at the investment – the OpEx investment that's required to get a return on that. And you're always investing now for revenues to come a couple years from now. So – and that's the judgment that you have to apply to the process.

So all that said, I think having operating margin expansion is a good discipline. And so that's what we target. So I mentioned yesterday that ex-Bridge, we're up by 50 basis points on the margin. We are flat, including Bridge. And for 2026, we'll be up about 100 basis points inclusive of Bridge. So – but that reflects a really thoughtful allocation of investment spend to grow global wealth, to grow our distribution points around replacement, partnerships, product design. And then, ultimately, as we evolve the ecosystem, LPs will require a form of daily pricing. If we're to provide private products to institutional investors, then they will require a form of daily pricing and a form of daily trading. And so that's a really important part of being able to deliver on that. That's also really complicated.

So our businesses, I think, are deceptively complicated once you get under the hood. And so, yes, we're trying to be more efficient. We're trying to embrace AI. We're trying to do everything we can to create efficiencies in the process. But the opportunity set that we see ahead of us to create real growth in revenues not just this year, next year, but over the next five years plus is real. And so that's the balance that we look at each year as we go through this process.

Michael C. Brown

Analyst, UBS Securities LLC

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So we shift gears to Retirement Services. You guys gave a very comprehensive presentation back in November. Yesterday, as I mentioned at the beginning, you reiterated the 10% SRE growth for 2026. I would still say there seems to be some investor skepticism about that kind of 10% level. Seems to be related to competition in the market, the tight spreads, declining base rates, which maybe everyone has some different views on, but just a number of headwinds that could kind of impact that 10% level. So maybe just talk a little bit about that and what gives you that confidence?

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

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Yeah, we're very confident. And so we did a lot of work ahead of the November session. And we were-we had a lot of positive feedback about the sort of the depth that we went into to articulate the business. And 10% is the combination of two things in really simple terms. One is the sort of the headwind of the roll off of the existing portfolio and it's where you're writing new business and at what spreads you're writing it.

And so when you combine that, you get to the 10% SRE dollar growth rate or you get to a spread rate of between 120 and 125 basis points. And so we have modeled – well, we articulated the headwinds on the business as being rates down, spreads in, meaning refis on our CLO portfolio mostly and then the roll-off of the sort of very profitable business that we wrote post-COVID. That's very modelable and you can sensitize that for different assumptions that you make, and we've done all of that work.

And then you look at where do you think you can write new business at what spreads, supported by the origination back to the very first point and what you earn on the capital that you have supporting the business. And that blends to that rate. So we're obviously confident. We've been very clear about it. We laid it all out. And so that's what we're focused on achieving.

Michael C. Brown

Analyst, UBS Securities LLC

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Great. Great. Okay.

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

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Yeah.

Michael C. Brown

Analyst, UBS Securities LLC

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Let me pause there. And if anybody wants to submit a question, you can do so through the app or through the web. We can also take any live questions in the room, if there are any.

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

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No one's willing.

Michael C. Brown

Analyst, UBS Securities LLC

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We'll see if any come through. But while we wait there, let's talk about AI. I think one thing that I'm kind of interested to hear about is how Apollo is using it in your investment process. And you as a CFO, how do you think about where the opportunities are to perhaps kind of maybe bend the cost curve, where can some of the leverage come through? Could it help slow some of the head count growth in certain areas of your business?

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

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Yeah. So we're spending a lot of time on this. We are focused on a couple of different things. One is, actually, before you even get to that, how could AI disrupt our business, and so including where could it impact the current portfolio of assets that we own. So part of our risk management stress testing is AI – is an AI stress and looking at businesses that are either impacted by negatively or actually levered to, meaning upside to AI. And so that's something that we run across the business across all our portfolios.

In terms of the opportunity, we have a group of senior people who are spending a significant amount of time focused on how we embrace AI to impact the decision-making process or just the gathering of information to allow you to make the judgment around an investment decision through to how we operate the business more efficiently. And it's interesting, it's much less about the AI app and the opportunity and what it does to you then making sure that you have a process from front to back organized and someone actually owning it and the data in the right place that allows you to be efficient.

So our viewpoint is that the judgment that's required is unlikely to be disintermediated, but the way you get the information to make the judgment will be. And we're definitely seeing that there's all forms of apps that we have around the company that people are using to make their lives more efficient.

And then to get real synergies, which is what I focus on, like how do you bend the cost curve, when do you extract efficiencies, it's having a single person owning front to back a process and really applying apps at all parts of the process. And unless you have your business – and that doesn't mean just someone in finance or someone in ops, it means someone who runs the business from the very front end sourcing through the very back end client reporting, owning everything about the business. And if you don't have yourself organized that way, then you have handoffs, but you have breaks in the chain where you don't get that benefit all those synergies.

So it's interesting. Everyone has their own viewpoint on how quickly this will play out, but it does really seem real. And we have – we have 95% of our company who are using apps every day. And so the adoption rate is high, but we're really focused on organizing end-to-end processes to get the efficiencies on.

Michael C. Brown

Analyst, UBS Securities LLC

Okay, great. That's probably as good as any – as a spot to stop.

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

Okay.

Michael C. Brown

Analyst, UBS Securities LLC

So please join me in thanking Martin. Martin, thanks.

Martin Kelly

Chief Financial Officer, Apollo Global Management, Inc.

Great. Thanks, Mike. Appreciate it. Thanks.

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