

Apollo Global Management Inc. (NYSE: APO) APOLLO

Current Price

\$62.14

Price Objective

\$83.38

Implied Upside

+34.17%

Investment Horizon

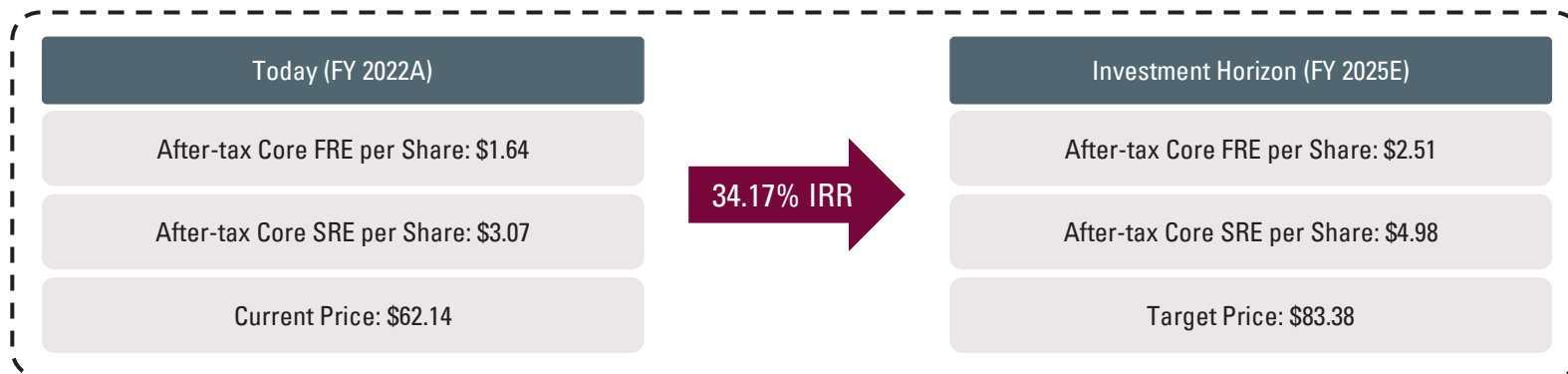
2-3 Years

1 Undervalued Asset Management Segment

Apollo is best positioned to outperform among its asset management peers due to Apollo's industry leading credit investment platform; Apollo's FRE multiple does not reflect this

2 Synergies Between Asset Management and Retirement Services

RS segment provides AM with scale and a strong balance sheet, and AM provides RS with investment capabilities and expertise to grow spreads



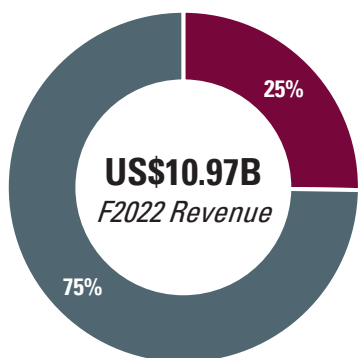
COMPANY OVERVIEW

Company Summary

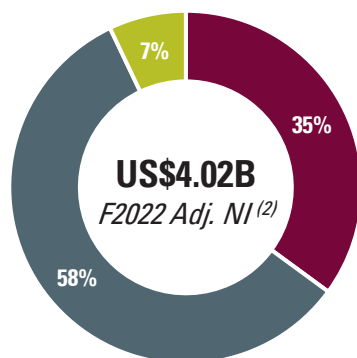
- Apollo Global Management, Inc. ("Apollo") is an alternative asset manager and retirement services provider that operates globally
- Founded in 1990, Apollo originally specialized in distressed buy-outs but has since built a strong credit platform which contributes to most of its AUM today
- Today, Apollo's service offerings are vast, consisting of private credit, private equity, investment management, real assets, and retirement services

Stock Price US\$62.14	Market Cap US\$33.96B	LTM P/E 9.30x	Dividend Yield 2.74%
AUM US\$547.60B	LTM Revenue US\$10.97B	LTM EPS US\$5.57	Target Price US\$83.72

Financial Performance by Segment

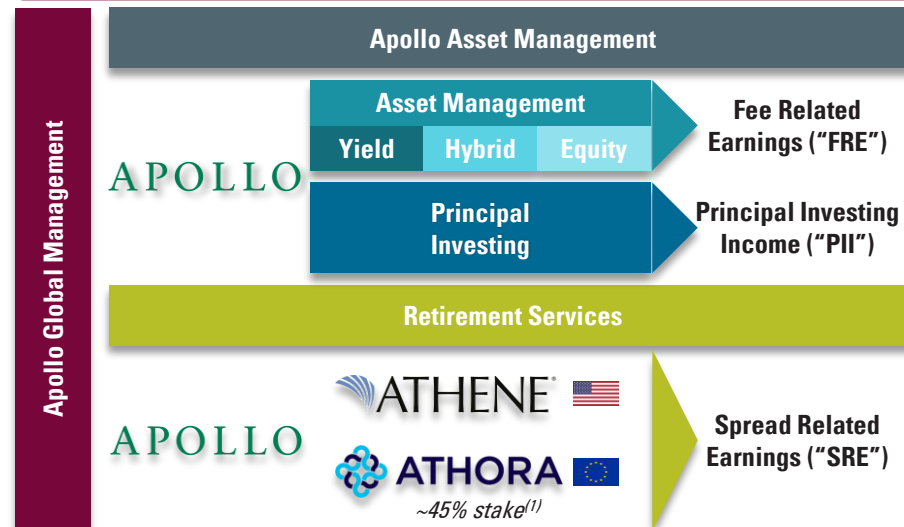


- Apollo Asset Management
- Retirement Services

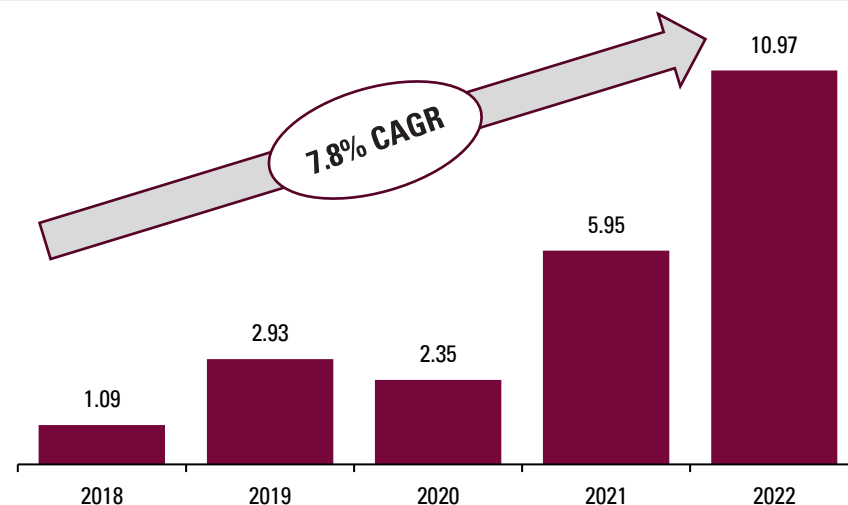


- FRE
- SRE
- PII

Operating Segments



Revenue (US\$B)



Apollo is a powerhouse in the asset management space with the recent addition of Athene bolstering its service offerings

Source: Apollo 10-K, Apollo website.

(1) Apollo and its affiliated entities own approximately 45% of the total voting power in Athora Holding, Ltd. (2) Adj. NI calculation equal to FRE + SRE + PII – Taxes – Holdco interest – Financing costs.

Management Overview

	<p>Marc Rowan – CEO, Apollo Global Management</p> <ul style="list-style-type: none"> Co-founder of APO, has been with the company for over 30 years and remains an integral part of its strategic vision Wharton graduate with a degree in Economics
	<p>Scott Kleinman – Co-President, Apollo Asset Management</p> <ul style="list-style-type: none"> Has been with Apollo for 27 years and co-leads AAM's day-to-day operations on both revenue generation and back end Wharton graduate with a BA and BS
	<p>Jim Zelter – Co-President, Apollo Asset Management</p> <ul style="list-style-type: none"> 17 years of Apollo experience, co-leading operations with Scott on revenue generation and enterprise solutions Duke University graduate with a degree in Economics
	<p>Jim Belardi – CEO & CIO, Athene</p> <ul style="list-style-type: none"> CEO and CIO of Athene since 2009, Jim is responsible for Athene's strategy and investment management Stanford University graduate with a degree in Economics

Share Price Since IPO (March 2011; US\$)



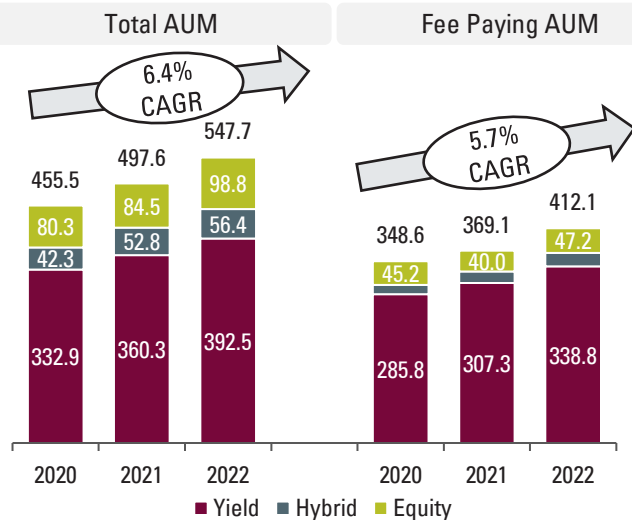
Apollo has stayed true to its flagship PE roots while also evolving into the leading global alternative credit manager and retirement services company

Company Background

1990	<p>Apollo is founded</p> <p>Apollo is founded, specializing in distressed-to-control takeovers; 6 months later Fund I raises US\$400M</p>
1991	<p>Executive Life deal</p> <p>Apollo's credit platform begins when Apollo purchased Executive Life Insurance Company's bond portfolio</p>
2005	<p>Global expansion</p> <p>Apollo opens offices in Singapore and London; today Apollo has 8 APAC offices and 7 EMEA offices</p>
2009	<p>Athene is founded</p> <p>Athene is founded during the GFC, creating opportunity from dislocation in the life insurance industry</p>
2011	<p>Apollo IPO</p> <p>Apollo, under the ticker APO, goes public on the NYSE at a price of \$19 per share, raising US\$565M in proceeds</p>
2012	<p>US\$100B AUM</p> <p>Total AUM reaches US\$100B; additionally, credit surpasses PE as the largest asset class in Apollo's portfolio</p>
2014	<p>Athora launches</p> <p>Athene launches Athora to create a long-term European insurance and reinsurance business</p>
2021	<p>Marc Rowan becomes CEO</p> <p>Leon Black resigns after 31 years as CEO and Marc Rowan is appointed as his replacement</p>
2021	<p>Apollo-Athene merger</p> <p>Apollo acquires Athene in an US\$11B all-stock deal; the merger closes in January 2022</p>
2022	<p>Single-class share structure</p> <p>Apollo moves to a one-share one-vote regime when the post-merger entity, Apollo Global Management, is formed</p>

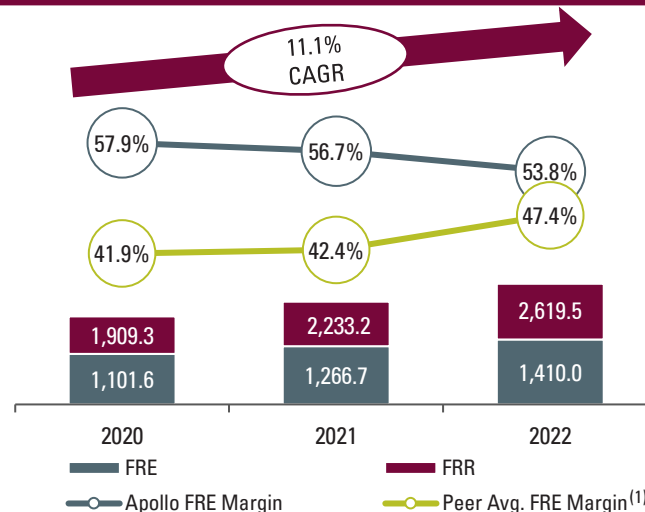
APOLLO ASSET MANAGEMENT OVERVIEW

AUM Split (US\$B)



Over the last decade Apollo has evolved into a primarily credit-focused asset manager

Fee Related Revenue and Fee Related Earnings (US\$B)



Apollo's compensation is skewed toward management fee models that ensure predictable earnings growth

Yield

US\$392.5B AUM

US\$338.8B FPAUM

Key Strategies:

- High Grade Alpha
- Investment Grade Credit
- Revolver Strategy
- Structured Credit
- Total Return

Hybrid

US\$56.4B AUM

US\$21.8B FPAUM

Key Strategies:

- Accord/Accord+
- Hybrid Value
- Infrastructure Opportunities
- Opportunistic Credit

Equity

US\$98.8B AUM

US\$47.2B FPAUM

Key Strategies:

- Traditional PE
- European Principal Finance
- Impact
- Real Estate Equity

Net Asset Yield

4.3%

4.0%

Athene

Peers⁽²⁾

Net IRR

17.0%

12.0%

Accord Series

Benchmark⁽³⁾

Net IRR

24.0%

14.0%

Flagship PE Funds I-IX

Benchmark⁽⁴⁾

Apollo Asset Management is a leading high-growth alternative asset manager with a differentiated investment strategy

Source: Apollo 10-K, peer company filings, Cambridge Associates.

(1) Peers include ARES, BX, CG, KKR, and TPG.

(2) Total U.S. Credit Opps, Senior Debt and Subordinated Capital funds with 2018 vintages net IRR through Q3 2022.

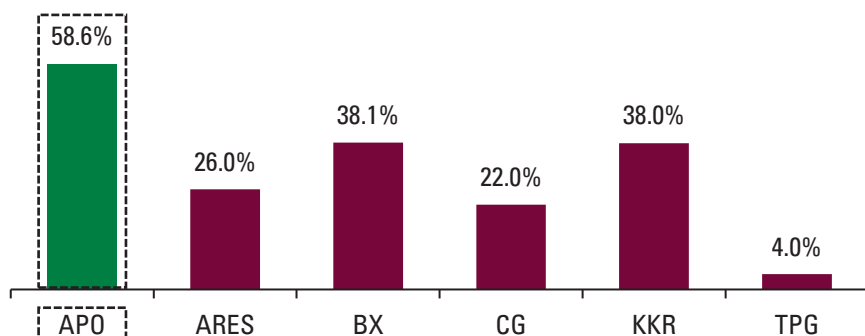
(3) Peers include AEL, AFG, LNC, MassMutual, MET, PRU, and PFG from 2017-2022.

(4) Total U.S. Buyout funds with comparable vintages net IRR through Q3 2022.

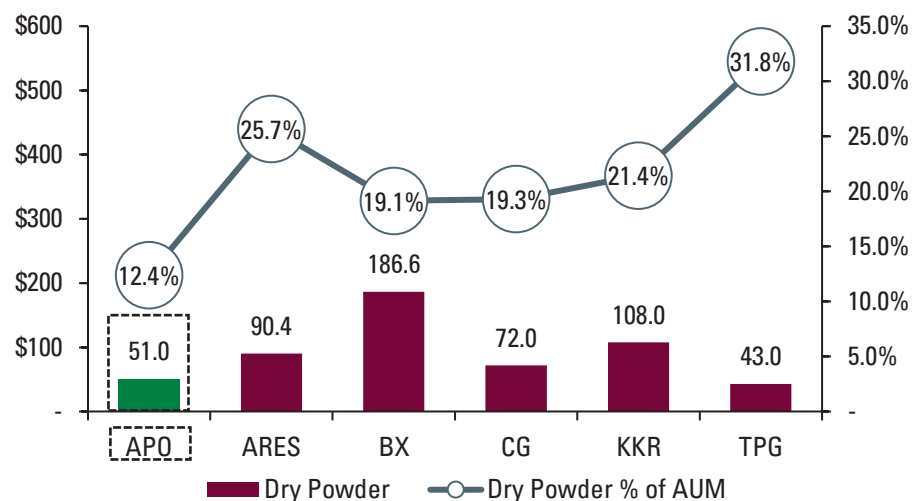
APOLLO ASSET MANAGEMENT OVERVIEW, CONT.

Perpetual Capital % of AUM (F2022)

Apollo's industry-leading perpetual capital balance provides Apollo with a distinct liquidity advantage and flexibility around deployment



Dry Powder (F2022 End: \$B)

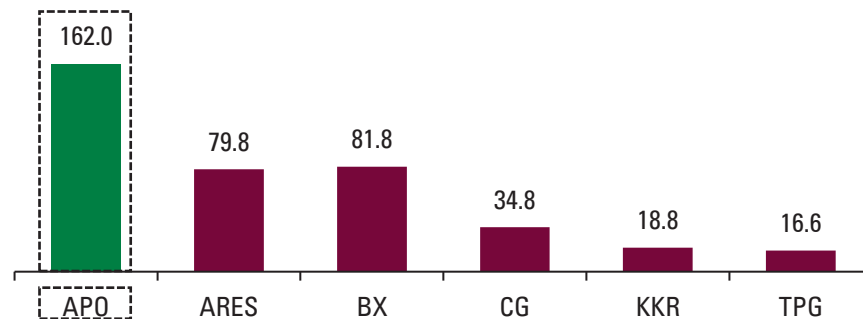


Extensive Origination Capabilities

Consumer & Trade Finance	
Equipment & Transportation	
Consumer & Residential Real Estate	

Gross Capital Deployment (F2022; \$B)

Apollo is playing on offense

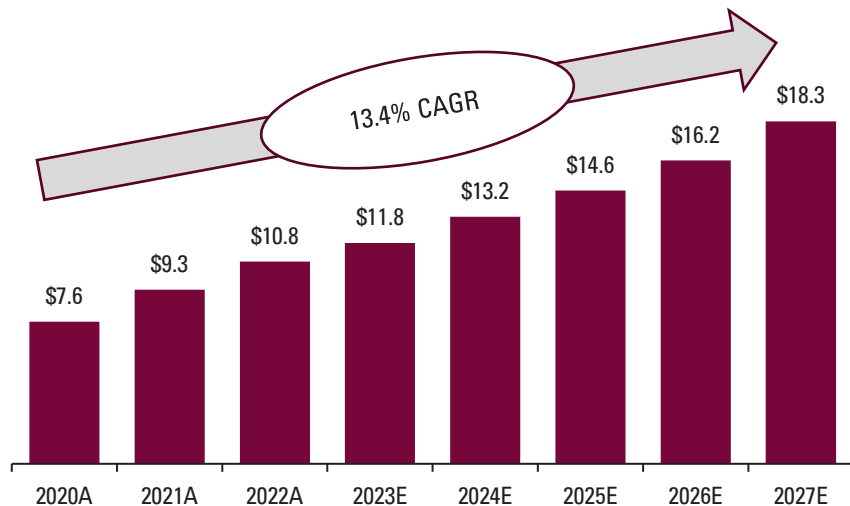


Apollo's AUM structure enables them to take full advantage of their unrivaled credit platform when the timing is right

Source: Apollo 10-K, peer company disclosures.
Note: All figures in USD unless otherwise stated.

ASSET MANAGEMENT INDUSTRY OVERVIEW

Total AUM Growth (\$T)



Demand remains strong as investors continue to seek alternative sources of returns in an uncertain economic environment



Private markets have seen strong inflows as investors seek alpha through liquidity and complexity



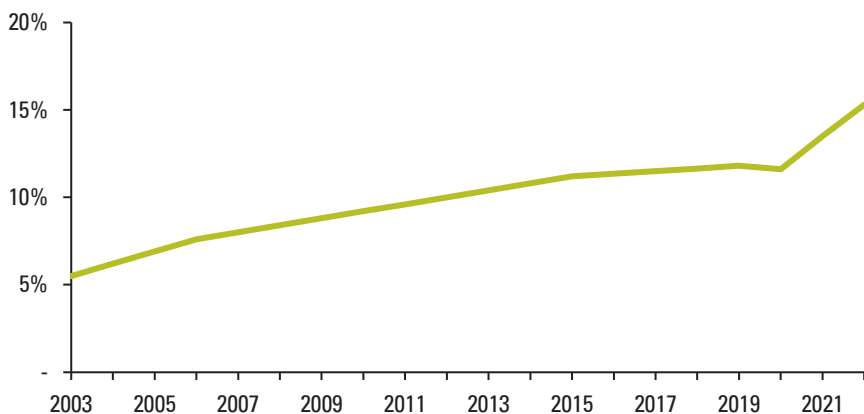
Infrastructure assets have historically performed well in more volatile markets and provide inflation protection



Debt investors have been winners in the market as of late, as interest rate hikes have resulted in higher yields

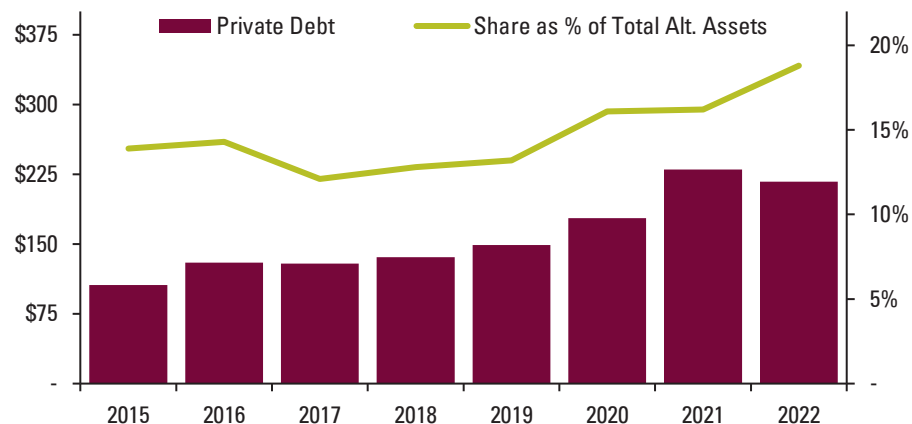
Alts are No Longer "Alternative"

Alternative Assets Percentage of Global AUM (%)



Surge in Private Debt Demand

Private Debt as % of Inflows into Alternative Assets (\$B)



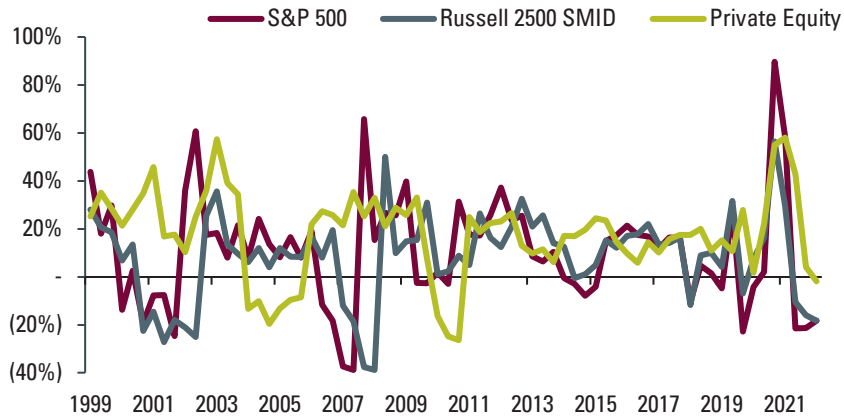
Alternative assets have emerged as a common fixture in investment portfolios

Source: Bloomberg, Barclays, J.P. Morgan, MSCI, HFR, EIKON.
Note: All figures in USD unless otherwise stated.

ASSET MANAGEMENT INDUSTRY OVERVIEW, CONT.

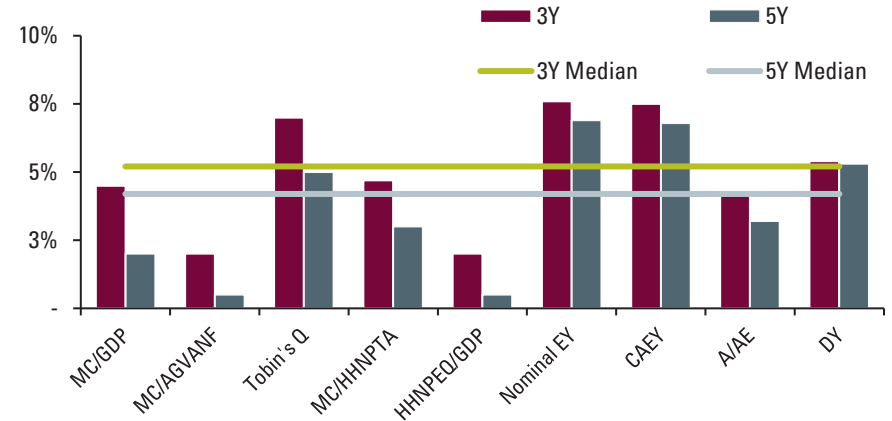
Public vs. Private Valuations – Gap Closing

4-Quarter Rolling US PE Polled Horizon Returns and Total Returns on the S&P 500 and Russell 2500 Indices



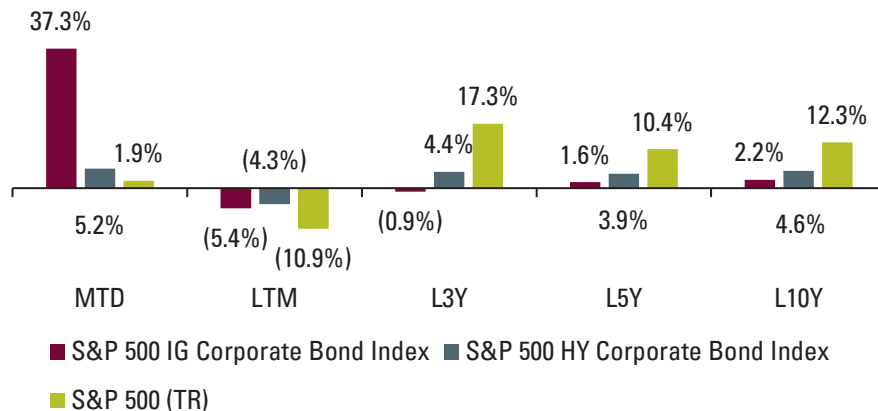
Cloudy Outlook for Equities

3Y to 5Y Total Return Expectation Across Indicators Calculated as Predicted Price Return Plus 12m Div. Yield



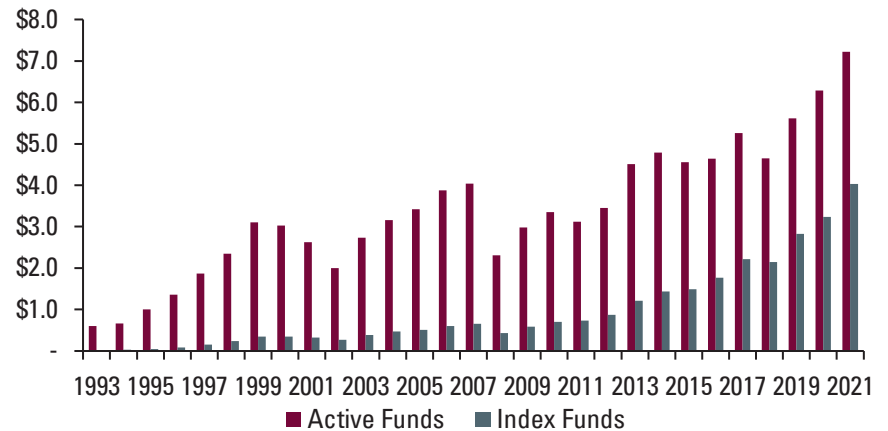
IG Credit Returns haven't Looked so Attractive in Over a Decade

Compounded and Annualized Performance of US IG Corp, US HY Corp, and US Equities



There is Less Alpha to be Found in Public Markets Today

Total Net Assets Under Management – Passive vs. Active US Funds (\$T)

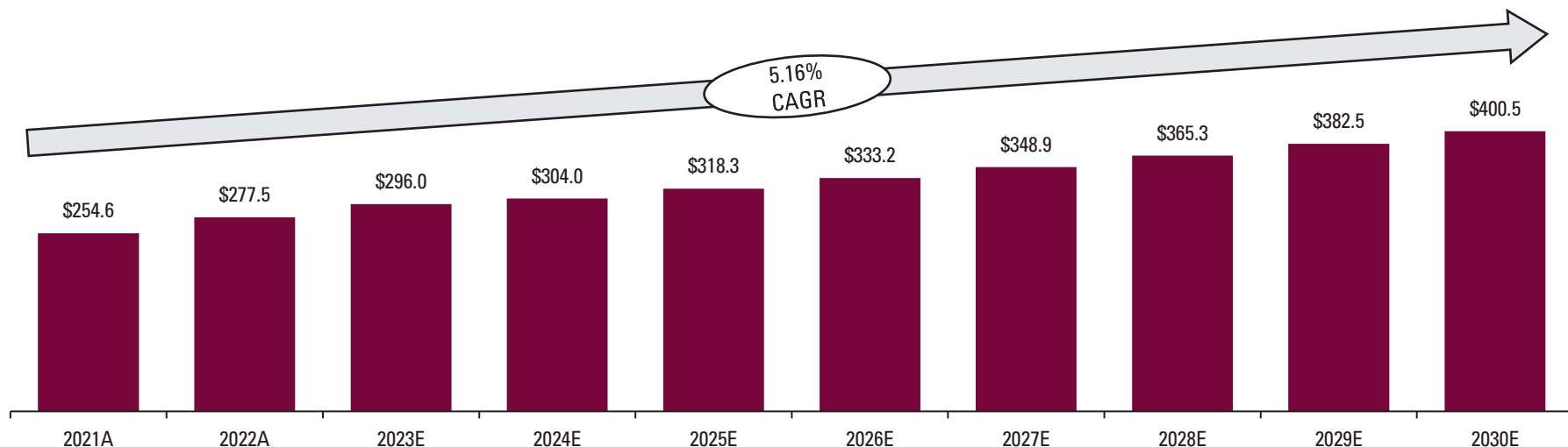


Private credit is an attractive asset class under today's monetary regime

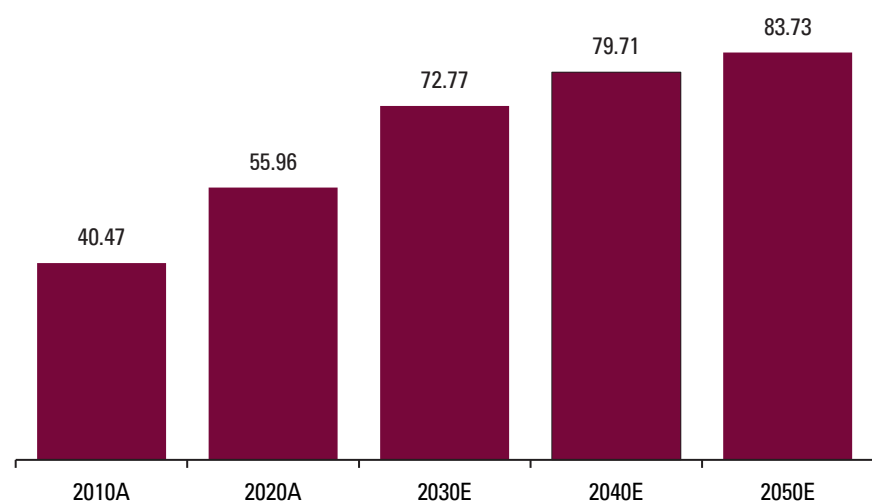
Source: Cambridge Associates, Bloomberg, J.P. Morgan, S&P Dow Jones Indices, Investment Company Institute.
Note: All figures in USD unless otherwise stated.

RETIREMENT SERVICES INDUSTRY OVERVIEW

Growth Profile – Annuity Sales (\$B)



Growing Market – US Adults Aged 65+ (M)



Impact of Interest Rate Hikes on Retirement Services

Retail Annuities	Flow Reinsurance	Pension Group Annuities	Funding Agreements
+	+	+	-
<ul style="list-style-type: none"> Offers better pricing to consumers Provides principal protection / safe-haven Price increase lag rate increases, increase net spread 	<ul style="list-style-type: none"> Partners may elect to increase to converse their capital 	<ul style="list-style-type: none"> Pension plans are likely to experience increased funding status in high-rate environments 	<ul style="list-style-type: none"> FABN spreads widen more than corporates in times of market volatility, reducing achievable net spread on new issuance

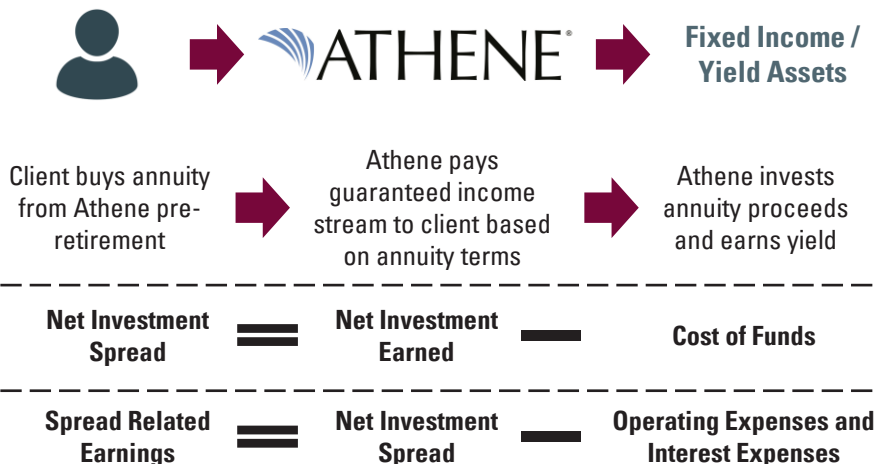
Retirement services is a stable industry underpinned by favourable demographics

Source: LIMRA, Precision Business Insights.

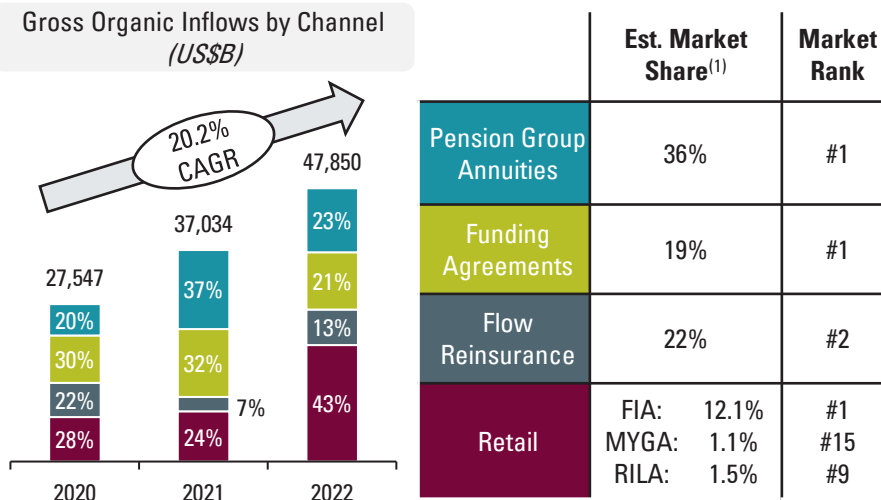
Notes: Growth Profile – Annuity Sales: Estimates up to 2024 provided by LIMRA; post 2024 CAGR of 4.7% applied (Yahoo Finance). All figures in USD unless otherwise stated.

APOLLO RETIREMENT SERVICES OVERVIEW

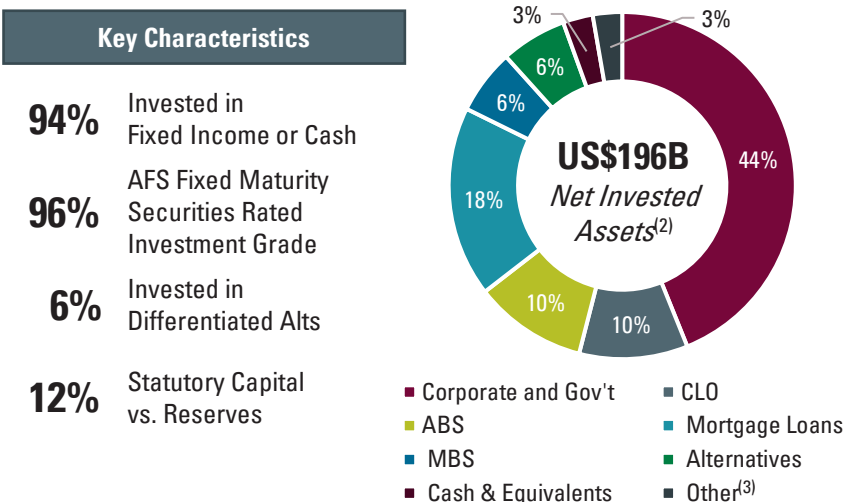
Spread-Based Business Model



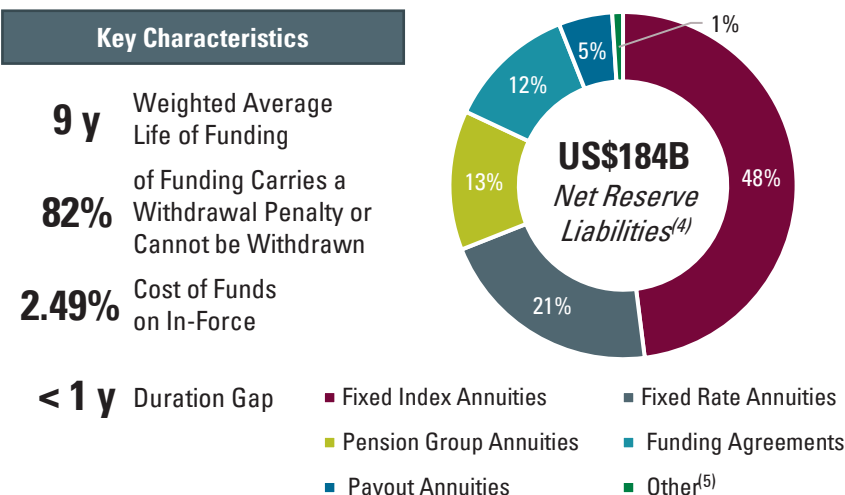
Flows – Leading Annuity Issuer with Diversified Client Mix



Asset Portfolio – Resilient, High Grade, and Stress Tested



Liability Portfolio – Conservatively Underwritten



Apollo's retirement services business is a leading annuity issuer that generates a safe yield on its investments

Source: Apollo 10-K, LIMRA, Credit Suisse.

(1) Estimates based on gross annuity volumes in the year 2021.

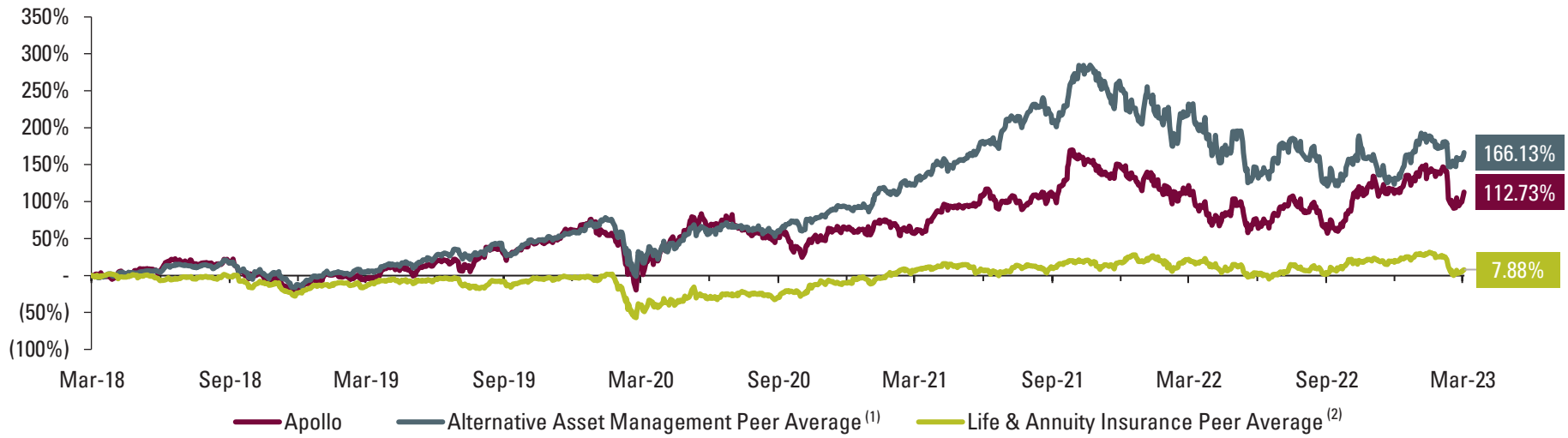
(2) Total investments excluding assets associated with funds withheld liabilities and derivative collateral. Carrying values as of 2022 FY end. 11

(3) Includes equity securities, short-term investments, and policy loans. (4) Net reserve liabilities as of 2022 FY end.

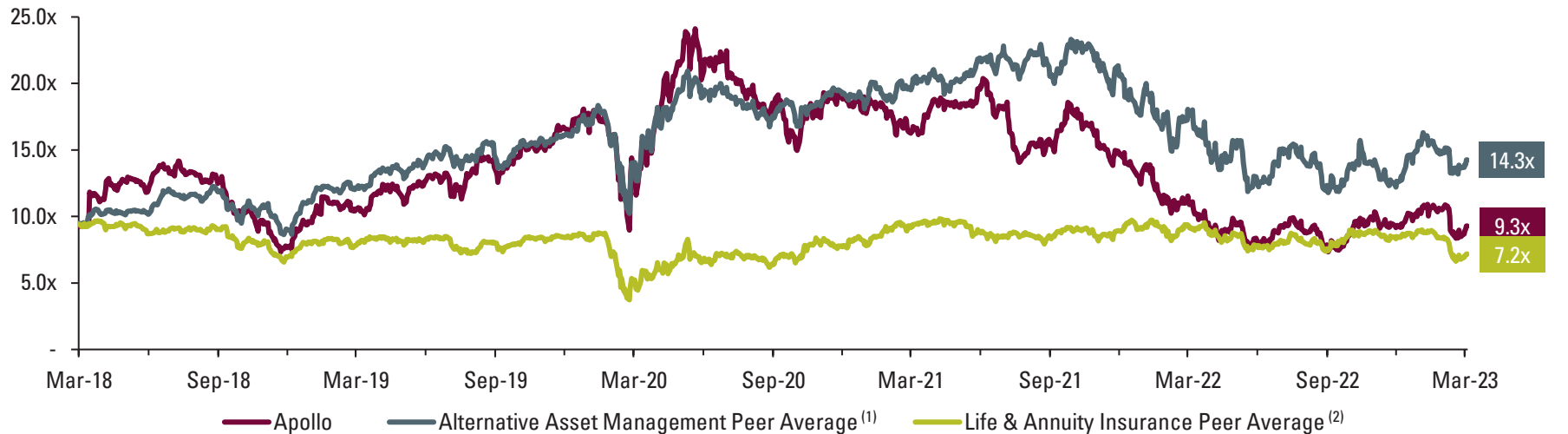
(5) Primarily consists of the AmerUs Closed Block liabilities and other life reserves.

APOLLO IS TRADING AT A DISCOUNT TO ITS PEERS APOLLO

Share Price Performance (Base = 29/03/2018)



NTM P/E Multiple



The market has been unsure how to value APO post-merger

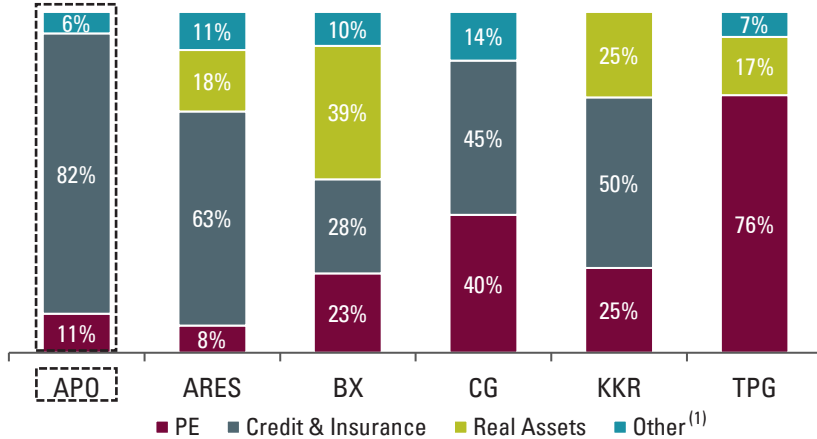
Source: Refinitiv (as of 29/03/2023).
 (1) Includes ARES, BX, CG, and KKR.

(2) Includes AEL, AIG, AMP, BHF, CNO, LNC, MET, PFG, PRU, RGA, and VOYA.

UNDERVALUED ASSET MANAGEMENT SEGMENT APOLLO

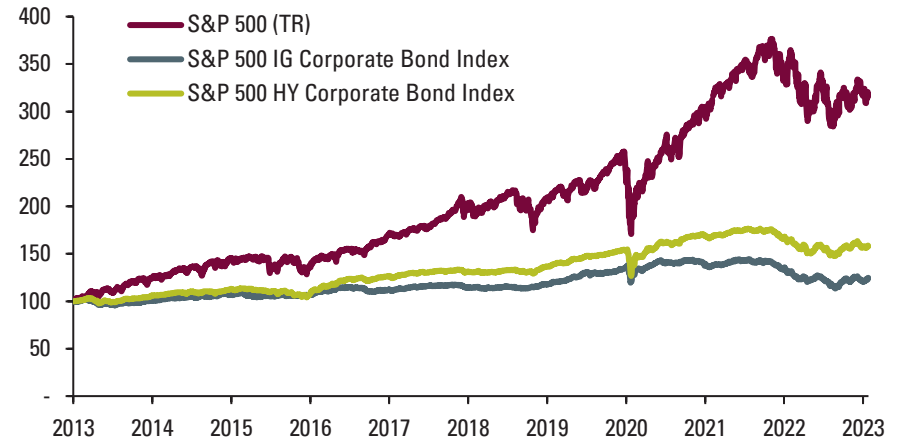
Apollo Asset Management is Primarily a Credit Platform

FPAUM Split (FY 2022 end)



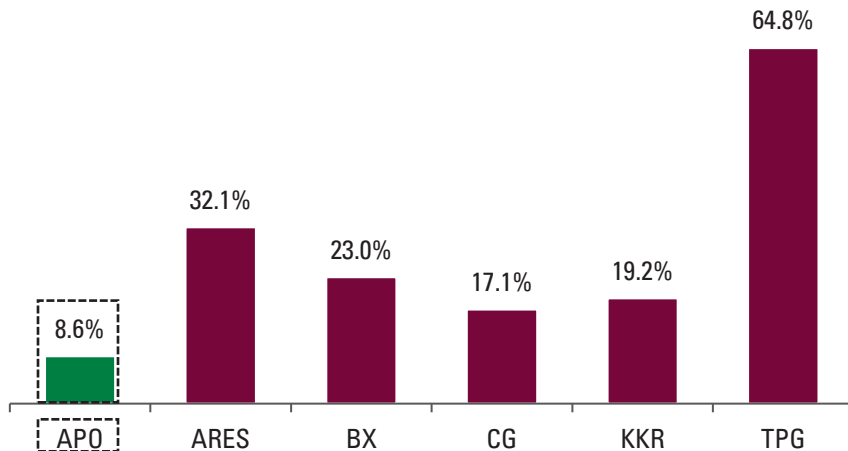
Low Rates have Stunted Credit Appreciation

Index Performance (%; Base Date = 02/28/2013)



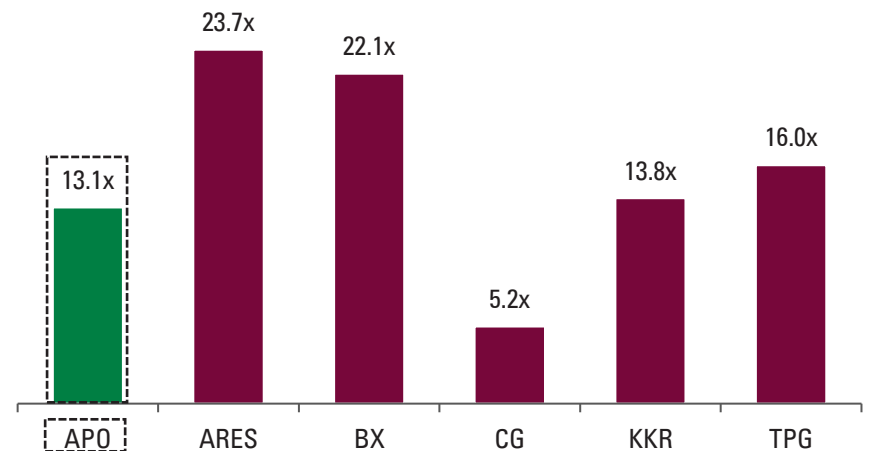
Asset Class Performances have Stunted FRE Growth for Apollo

FRE CAGR (2020-2022)



The Market Prices in a Low Growth Trajectory for Apollo's FRE...

P/E Multiple on LTM FRE⁽²⁾



APOLLO's price reflects underwhelming FRE growth that is consistent with L3Y performance

Source: Company disclosure, S&P.

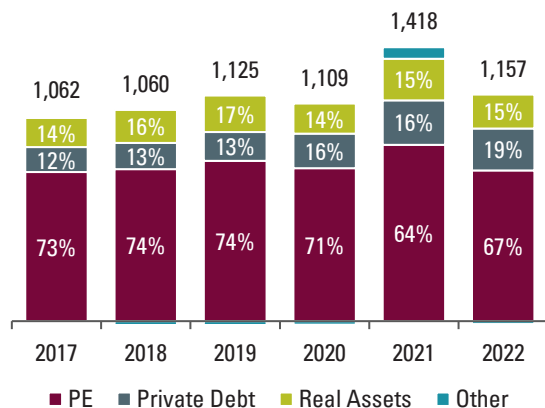
(1) Includes hybrid assets, liquid solutions, and capital solutions.

(2) Calculation equal to (Market capitalization - Net cash - Investments - Net accrued carry) ÷ Fee related earnings.

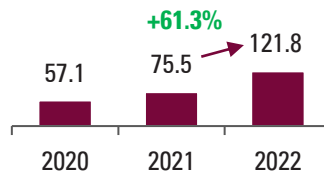
UNDERVALUED ASSET MANAGEMENT SEGMENT, CONT.

...Despite Growing Demand for Private Debt Driving Industry-Leading Fundraising Growth for Apollo in 2022 (\$B)

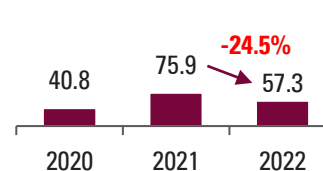
Total Net Flows into Alternative Assets by Asset Class



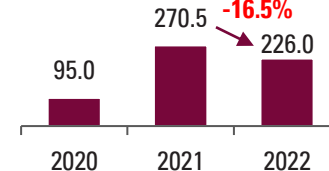
APO Inflows



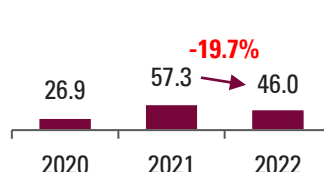
ARES Inflows



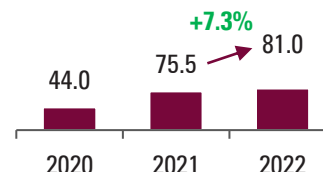
BX Inflows



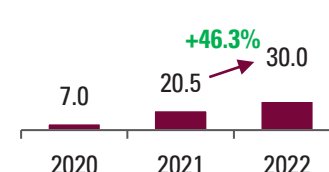
CG Inflows



KKR Inflows

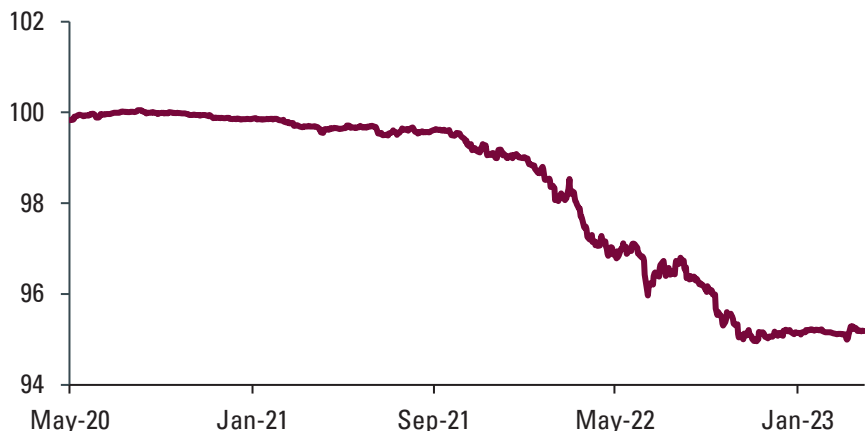


TPG Inflows



And an Attractive Outlook for Credit

Fed Funds Futures Price – Close, L3Y (\$)



As Well as Strong Margins and Organizational Health

FRE Margin

53.8%

Perpetual Cap % of AUM

58.6%

Credit Ratings

AA
Moody's

A-
S&P

... However macroeconomic tailwinds and investor preferences indicate that Apollo will outperform its peers in growing FRE during the next few years

Source: Bloomberg, Company 10-Ks, Moody's, S&P.
Note: All figures in USD unless otherwise stated.

AM & RS ARE SYNERGISTIC BUSINESSES

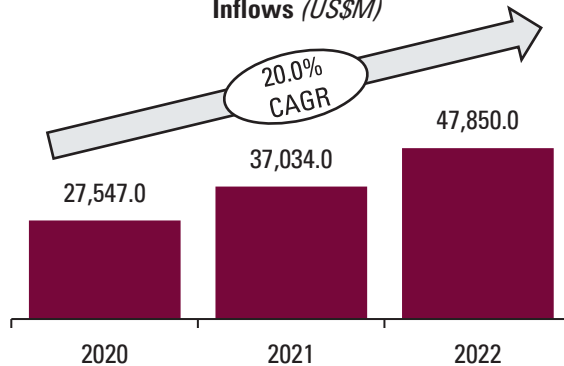
Asset Management Business Receives...

... Non-cyclical funding tied to a large and growing market of retirees

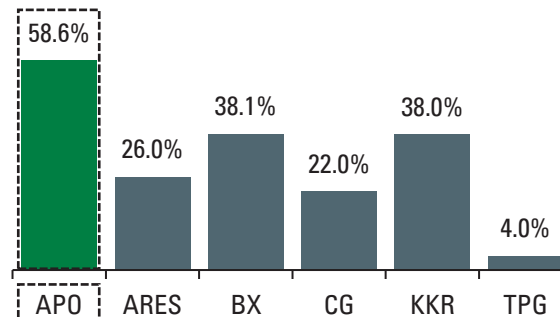
... Perpetual AUM, which eases liquidity constraints and allows greater deployment

... Capital to scale Apollo's origination capabilities

Retirement Services Gross Organic Inflows (US\$M)

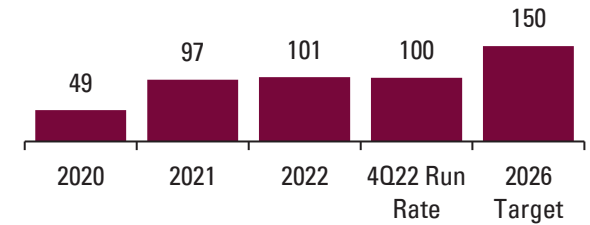


Perpetual Capital as a % of Total AUM



Apollo Direct Originations (US\$B)

Although minor at surface level, 2022 growth is impressive when taking into consideration the difference in interest rates in 2021 versus 2022

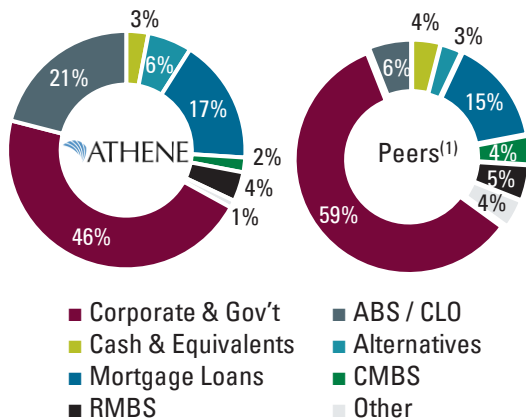


Retirement Services Business Receives...

... Differentiated portfolio; highlights include allocation to ABS, CLOs, and Alts

... Slight allocation to alts; significantly juices up spreads, even during bear years like 2022

... Unrivaled access to IG assets that generate alpha safely through illiquidity and complexity



Illustrative Example: 2022 Net Investment Spread

Portfolio Allocation		Athene	Peers	
Net invested assets		\$1,000.00 100%	\$1,000.00 100%	
Non-alts		940.00 94%	1,000.00 100%	
Alts		60.00 6%	-	
Performance		Rate ⁽²⁾	Athene	Peers
Non-alt invest earnings	3.22%	\$30.27	\$32.20	
Alt invest. earnings	10.42%	6.25	-	
Net invest. earnings	Differs	36.52 3.65%	32.20 3.22%	
Add: Other fees	0.03%	0.30	0.30	
Less: Cost of funds	2.06%	20.60	20.60	
Net invest. spread	Differs	\$16.22 1.62%	\$11.90 1.19%	

US\$392B Yield AUM	Largest Alternative Credit Manager	✓
US\$101B Originations	Robust Direct Origination Capabilities	✓
>100 3rd Party Managers	Diversified Set of CLO 3rd Party Managers	✓
300-900bps Outperformance ⁽³⁾	Ability to Manufacture Low-Risk Spread	✓

Synergies between these two business models should unlock growth in the Apollo's AM segment and higher spreads in Apollo's RS segment

Source: Company disclosures.

(1) Peers represent weighted average allocations per GAAP disclosure of AEL, AIG (L&R), AMP, BHF, CNO, F&G, GA, LNC, MET, PFG, PRU, RGA, and VOYA.

(2) F2022 return rates and margins.

(3) Credit Strategies Fund vs. ICE BAML US HY Index, Apollo Origination Partnership vs. S&P LLI, and Total Return Fund vs. 50% S&P LLI + 50% ML HY.

Risks



Recession Fears

Slowing of the economy is likely to affect investments in private equity and credit negatively



A recession would likely cause underperformance in portfolio companies and increased default risk for early-stage credit investments, weakening investment income and spreads



Surrender Risk

Apollo has \$33B (18%) in at-risk liabilities, with no associated surrender charge



An expected increase in the percentage of surrender-protected policies has the potential to lead to withdrawals from annuity agreements at no penalty



Fee Compression

Large portion of earnings come from management and performance fees on yield, hybrid, and credit



Inflationary pressures and recession fears have the potential to weaken margins; pressure from technology and less expensive investment vehicles force management fees to stay competitive



EPS Revision

90% of earnings stem from predictable FRE and SRE, limiting the possibility for negative outcomes



SRE figures can be quite volatile QoQ, but normalized SRE print should be consistent long-term thanks to higher net spreads at Athene, credit deployment, and diverse product offerings

Catalysts



Aging Population

The aging population should drive annuity sales, which through a strong investment spread should bolster earnings



Index Inclusion

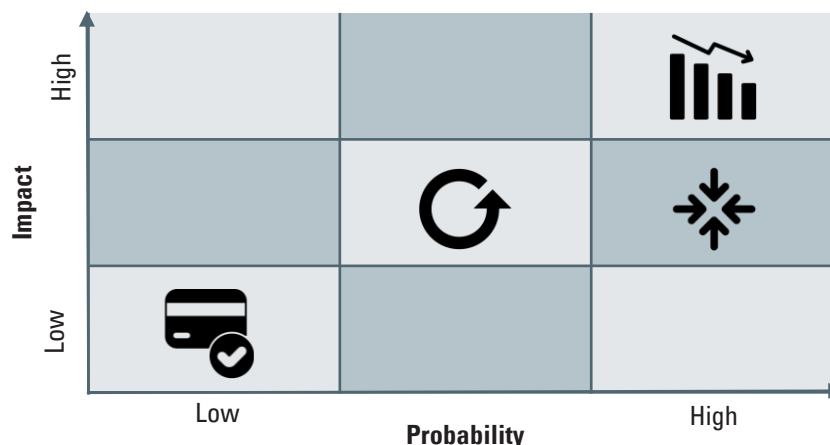
Index inclusion in broad benchmarks like the S&P 500 has an inflationary impact to share price



Bank Regulation

Increased U.S. bank regulation is bound to accelerate the shift toward private credit and lending

Risk Probability and Impact



Apollo is well positioned to capitalize on tailwinds in the AM and RS industries, though macroeconomic turbulence will pose a key obstacle

COMPARABLES ANALYSIS

Asset Management

Company	Mkt Cap	EV	ROE		P/E	P/BV	Revenue Growth	Div Yield
	US\$B	US\$B	Current	5Y Avg	Current	Current	YoY	Current
Ares Management	24.4	40.1	(9.4%)	(22.8%)	58.2x	9.0x	(21.6%)	3.2%
Blackstone	102.2	118.1	(20.5%)	(33.8%)	34.9x	13.4x	(62.3%)	5.2%
Carlyle Group	11.1	12.9	(21.3%)	(44.3%)	8.0x	1.8x	(49.9%)	4.3%
KKR & Co	44.7	134.8	(5.5%)	(16.3%)	12.8x	2.7x	(72.2%)	1.2%
TPG	9.0	11.5	(2.4%)	-	15.6x	17.7x	(59.8%)	5.4%
Mean	38.3	63.5	(9.6%)	(29.3%)	28.5x	8.9x	(53.2%)	3.8%
Median	24.4	40.1	(9.4%)	(28.3%)	34.9x	9.0x	(59.8%)	4.3%
Apollo Global Management	35.6	34.1	(180.5%)	(0.4%)	9.3x	17.7x	(27.4%)	2.6%

Retirement & Insurance Services

Company	Mkt Cap	EV	ROE		P/E	P/BV	Revenue Growth	Div Yield
	US\$B	US\$B	Current	5Y Avg	Current	Current	YoY	Current
American Equity Investment Life	3.1	2.1	24.8%	4.0%	5.2x	1.0x	(6.9%)	1.0%
Ameriprise Financial	32.2	28.4	55.0%	42.4%	14.8x	8.9x	6.7%	1.6%
Brighthouse Financial	3.0	8.4	(1.1%)	6.9%	7.9x	0.7x	18.6%	-
CNO Financial Group	2.6	5.9	11.9%	15.3%	5.7x	1.8x	(13.2%)	2.5%
Lincoln National Corp	3.8	7.9	(19.1%)	4.7%	2.6x	1.2x	(2.3%)	8.0%
MetLife	44.9	48.7	5.5%	9.4%	8.8x	2.0x	(1.7%)	3.5%
Principal Financial Group	17.9	17.6	36.9%	11.6%	13.3x	1.8x	22.6%	3.5%
Prudential Financial	30.2	41.6	(3.7%)	10.8%	4.6x	1.9x	(15.3%)	5.9%
Reinsurance Group of America	9.0	10.1	7.3%	5.7%	9.6x	2.2x	(2.4%)	2.3%
Voya Financial	6.9	9.9	7.8%	8.6%	9.4x	1.6x	40.0%	1.1%
Mean	16.3	19.0	13.1%	12.3%	8.1x	2.4x	0.7%	3.5%
Median	9.0	10.1	7.3%	9.4%	7.9x	1.8x	(2.3%)	3.0%
Apollo Global Management	35.6	34.1	(180.5%)	(0.4%)	9.3x	1.6x	27.4%	2.6%

Apollo trades at a substantial discount to peers despite outperformance in a variety of areas

Source: Bloomberg, Refinitiv.

Note: ROE for Apollo is skewed due to balance sheet adjustments from Athene acquisition.

SUM-OF-THE-PARTS VALUATION

Sum-of-the-Parts By Asset

Total	
Management Fees	\$52.01
Accrued / Unrealized Carry Receivable	\$3.92
Balance Sheet Assets	\$0.39
Athene	\$23.12
Target Stock Price	\$79.43
Current Stock Price	\$62.14
Implied Upside	27.8%

Assumptions Utilized	
FRE tax rate	15%
FRE p/e multiple	20.0x
Risk discount on b/s investments	25.0%
Carry comp ratio	60.0%
Future Carry Multiple	2.0x
Insurance Multiple	0.8x
Athene ROE Estimate	15.0%

Sum-of-the-Parts By Earnings Mix

Total	EPS	Multiple	Valuation
Core FRE/Share, after-tax	\$2.51	20.0x	\$50.17
Core SRE/Share, after-tax	\$4.98	6.0x	\$29.90
Core PII/Share, after-tax	\$0.91	8.0x	\$7.25
Total	\$8.40		\$87.32
Current Price			\$62.14
Implied Upside			40.5%

#1: Management Fees	
Core FRE (pre-tax): 2025e	1,831.7
Tax Rate	15.0%
Core FRE (after-tax): 2025e	1,556.9
FRE multiple	20.0x
Value of fees	31,138.9
Per share	\$52.01
% of total	65.5%

#2: Accrued / Unrealized Carry Receivable	
Net Accrued Carry	1,380.0
Future Carry Multiple	2.0x
Value of Net Future Carry	2,760.0
Tax Rate	15.0%
After-tax Carry Value	2,346.0
Per share	\$3.92
% of total	4.9%

FRE	2025E
Fee Related Earnings (company basis)	2,066.4
Less: depreciation	(14.5)
Less: fee revenue-based SBC	(220.2)
Core Fee Related Earnings	1,831.7
Core FRE/Share, pre-tax	\$3.06
Core FRE/Share, after-tax	\$2.51

#3: Balance Sheet Assets	
Principal investments (Excl. ATH)	2,282.0
Less: risk discount	25%
Gross balance sheet value	1,711.5
Net cash (Debt & Preferred)	(1,480.0)
Net balance sheet value (NAV)	231.5
Per share	\$0.39
% of total	0.5%

#4: Athene	
Adj Book Value	15,048.0
ROE Est	15%
12-Month Forward Book Value	17,305.2
P/B Multiple	0.8x
Value of Insurance	13,844
Per share	\$23.12
% of total	29.1%

SRE	2025E
Spread Related Earnings (company basis)	3,709.1
Less: stock based compensation	(70.0)
Core Spread Related Earnings	3,639.1
Core SRE/Share, pre-tax	\$6.08
Core SRE/Share, after-tax	\$4.98

Combined Valuation

\$79.43

SOTP by Asset
(50% weight)

+

\$87.32

SOTP by EPS Mix
(50% weight)

\$83.38

Target Price
34.2% implied upside

PII	2025E
Principal Investing Income (company basis)	881.9
Less: profit sharing SBC	(220.0)
Core Principal Investing Income	661.9
Core PII/Share, pre-tax	\$1.11
Core PII/Share, after-tax	\$0.91

We assign APO a target share price of \$83.38, implying a 34.2% premium to APO's current price of \$62.14

RECOMMENDATION: BUY



Largest alternative credit manager



Strongest origination capabilities



Highest perpetual capital balances



Focused on investment grade



Largest issuer of retirement annuities



Matched durations between assets and liabilities



Differentiated asset portfolio



Synergistic business models