

APOLLO

APOLLO GLOBAL MANAGEMENT

# SEC Asset Management Advisory Committee

Stephanie Drescher

January 2020

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Unless otherwise noted, information as of January 2020

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It should not be assumed that investments made in the future will be profitable or will equal the performance of the investments shown in this document.

# Apollo Overview

**Firm Profile**

**Founded:** 1990

**AUM:** ~\$323 bn<sup>1</sup>

**Employees:** 1,352

**Offices Worldwide:** 15<sup>3</sup>

**Private Equity**

156 Investment Professionals<sup>2</sup>

\$78 bn in AUM<sup>1</sup>

**Credit**

208 Investment Professionals<sup>2</sup>

\$208 bn in AUM<sup>1</sup>

**Real Assets**

95 Investment Professionals<sup>2</sup>

\$37 bn in AUM<sup>1</sup>

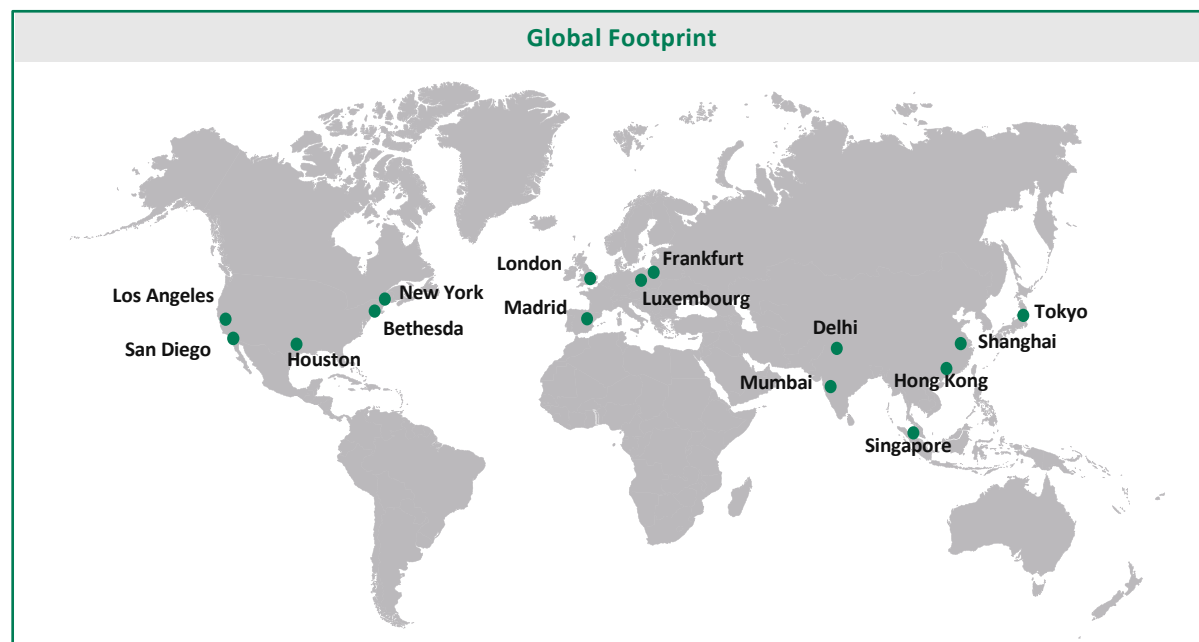
**Key Attributes**

**Value-oriented, contrarian approach**

**Opportunistic across market cycles**

**Integrated platform across asset classes and geographies**

**Deep industry knowledge**



All figures as of September 30, 2019 unless otherwise noted.

(1) AUM figures include funds that are denominated in Euros and translated into US dollars at an exchange rate of €1.00 to \$1.09 as of September 30, 2019. Business segment AUM may not sum to total firm AUM due to rounding.

(2) Headcount includes 3 Executive Officers as Private Equity Investment Professionals

(3) Number may not be fully reflective of all Apollo affiliated office space worldwide

# Apollo's Offerings Span the Risk-Return Spectrum

Apollo's limited partners invest predominately through private partnerships

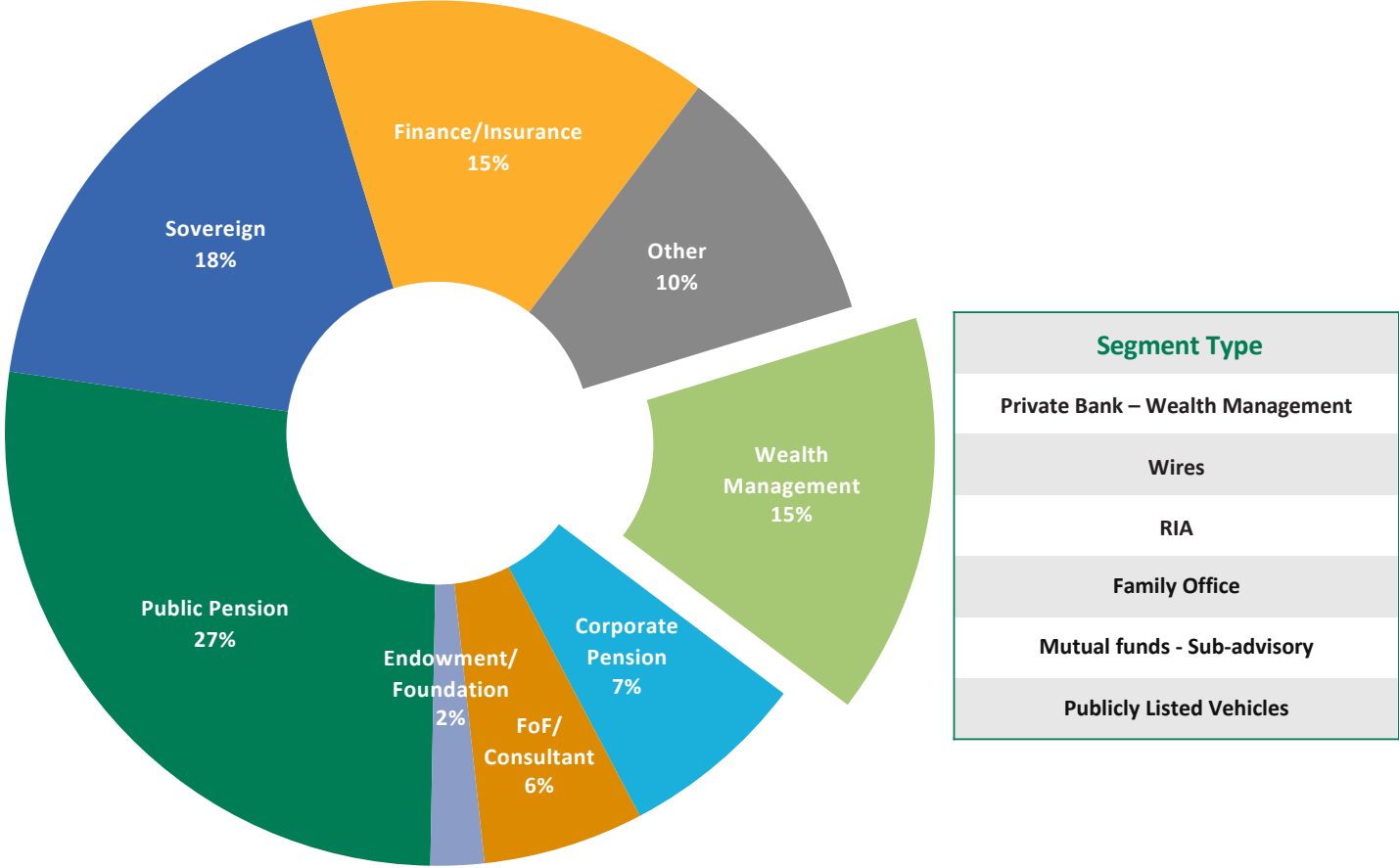
Yield	Opportunistic Credit	Structured Finance	Private Origination	Opportunistic Strategies	Private Equity / Real Assets
<ul style="list-style-type: none"> <li>▪ Multi-sector</li> <li>▪ Senior secured loans</li> <li>▪ High yield</li> <li>▪ Investment grade</li> <li>▪ Performing credit</li> </ul>	<ul style="list-style-type: none"> <li>▪ Long/short credit</li> <li>▪ Event-driven</li> <li>▪ Dislocated liquid credit</li> <li>▪ Single-name shorts</li> <li>▪ Opportunistic HY</li> </ul>	<ul style="list-style-type: none"> <li>▪ CLO debt/equity</li> <li>▪ Solution capital</li> <li>▪ Consumer finance</li> <li>▪ Insurance</li> <li>▪ Financials credit</li> <li>▪ Life settlements</li> </ul>	<ul style="list-style-type: none"> <li>▪ Middle market</li> <li>▪ ABLs / revolvers</li> <li>▪ Aircraft</li> <li>▪ Life sciences</li> <li>▪ Lender finance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Non-control stressed/distressed</li> <li>▪ Structured equity</li> <li>▪ Capital solutions</li> <li>▪ NPLs</li> <li>▪ Non-core assets</li> <li>▪ Financials equity</li> <li>▪ Infrastructure equity</li> </ul>	<ul style="list-style-type: none"> <li>▪ LBOs</li> <li>▪ Distressed for control</li> <li>▪ Corporate carve-outs</li> <li>▪ Real estate platforms/assets</li> </ul>
5-12% gross target	8-15% gross target	12-17% gross target	12-15% gross target	12-20% gross target	18-20%+ gross target

5%

20%+

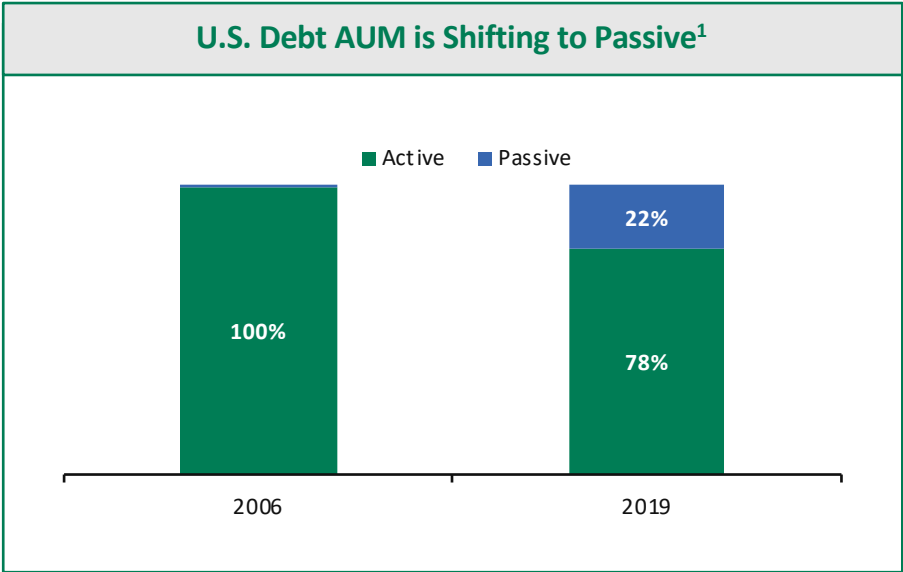
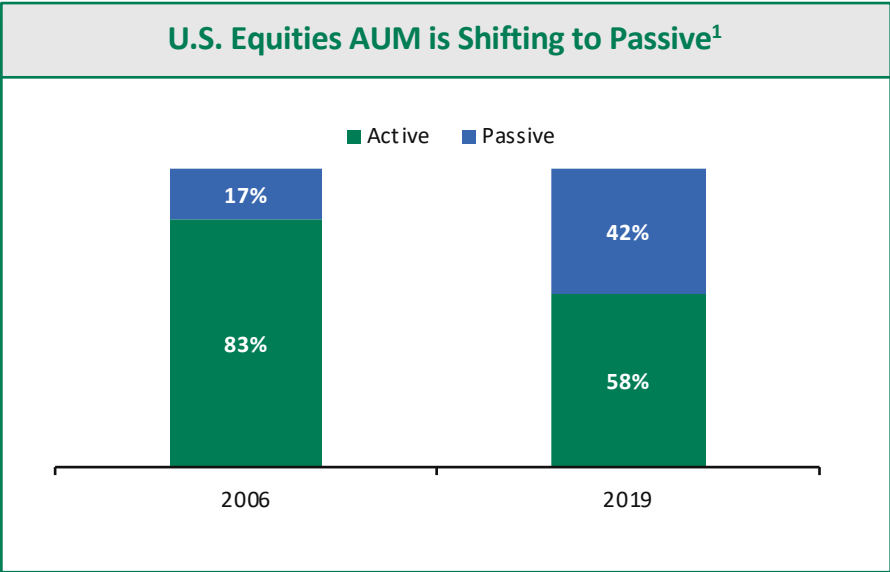
These targeted return are based upon estimates and assumptions that potential investments will yield returns equal or greater than these targets. There can be no assurance that Apollo's targets will be realized or that Apollo will be successful in finding investment opportunities that meet these anticipated return parameters. These return targets are based upon estimates and assumptions that potential investments will yield returns equal or greater than these targets. There can be no assurance that Apollo's targets will be realized or that Apollo will be successful in finding investment opportunities that meet these anticipated return parameters. The target return information is presented gross and does not reflect the effect of management fees, incentive compensation, certain expenses and taxes, which will reduce returns.

# Apollo's Investor Base<sup>1</sup>



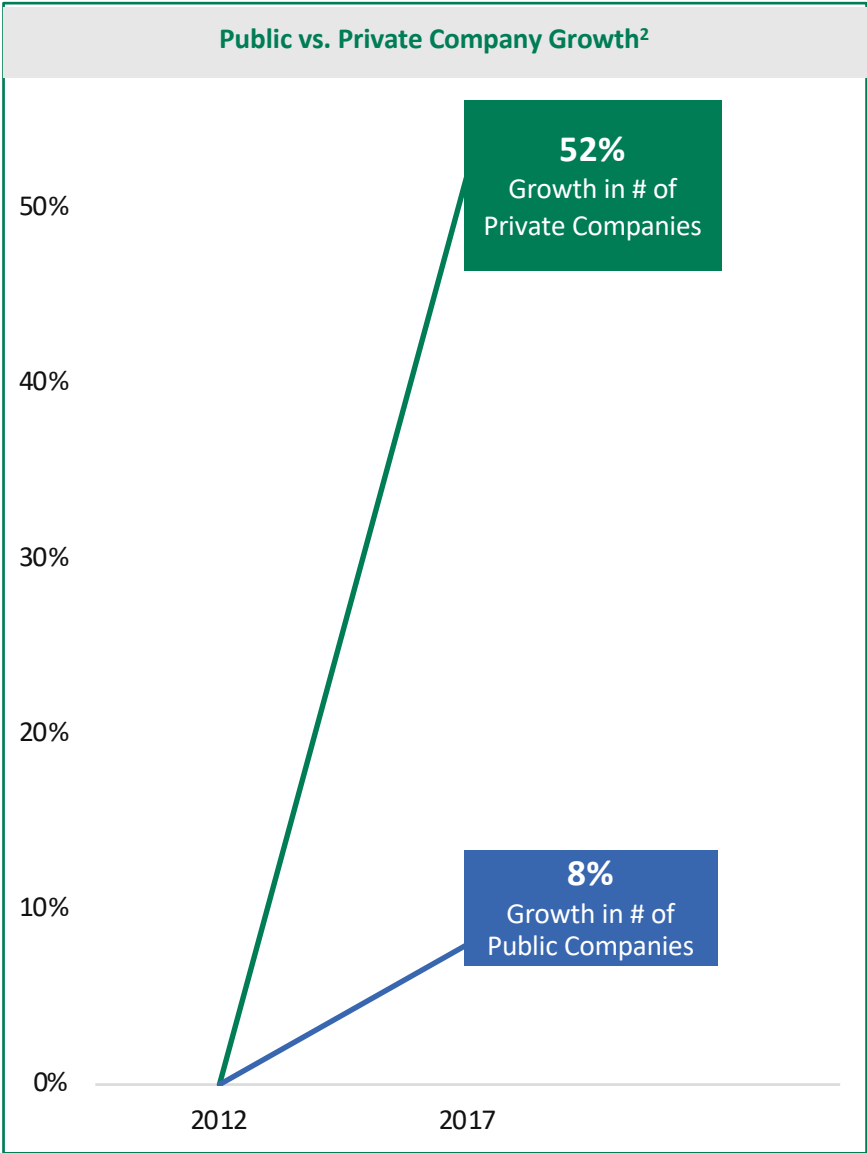
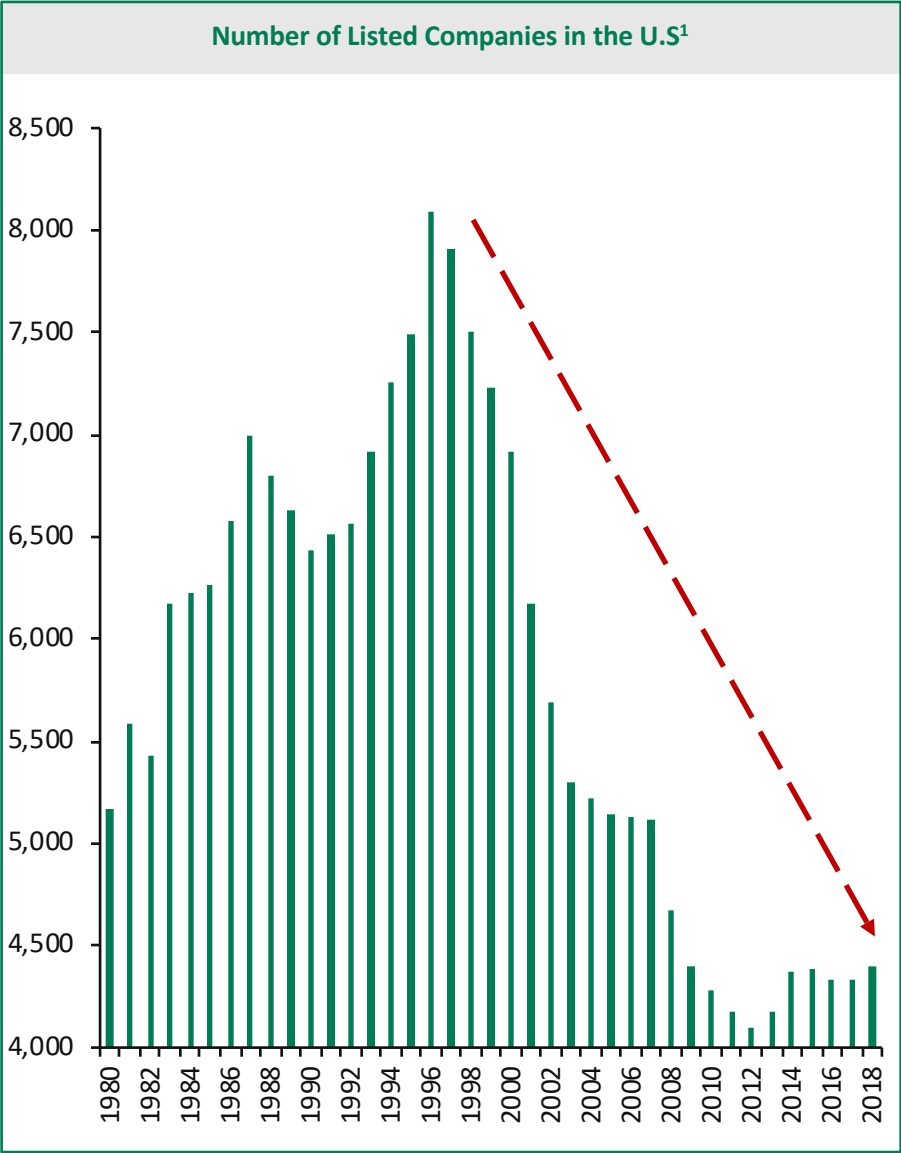
<sup>1</sup> Based on capital commitments to active funds and AUM from public vehicles, as of October 2019

# Increased Allocations to Passive Managers



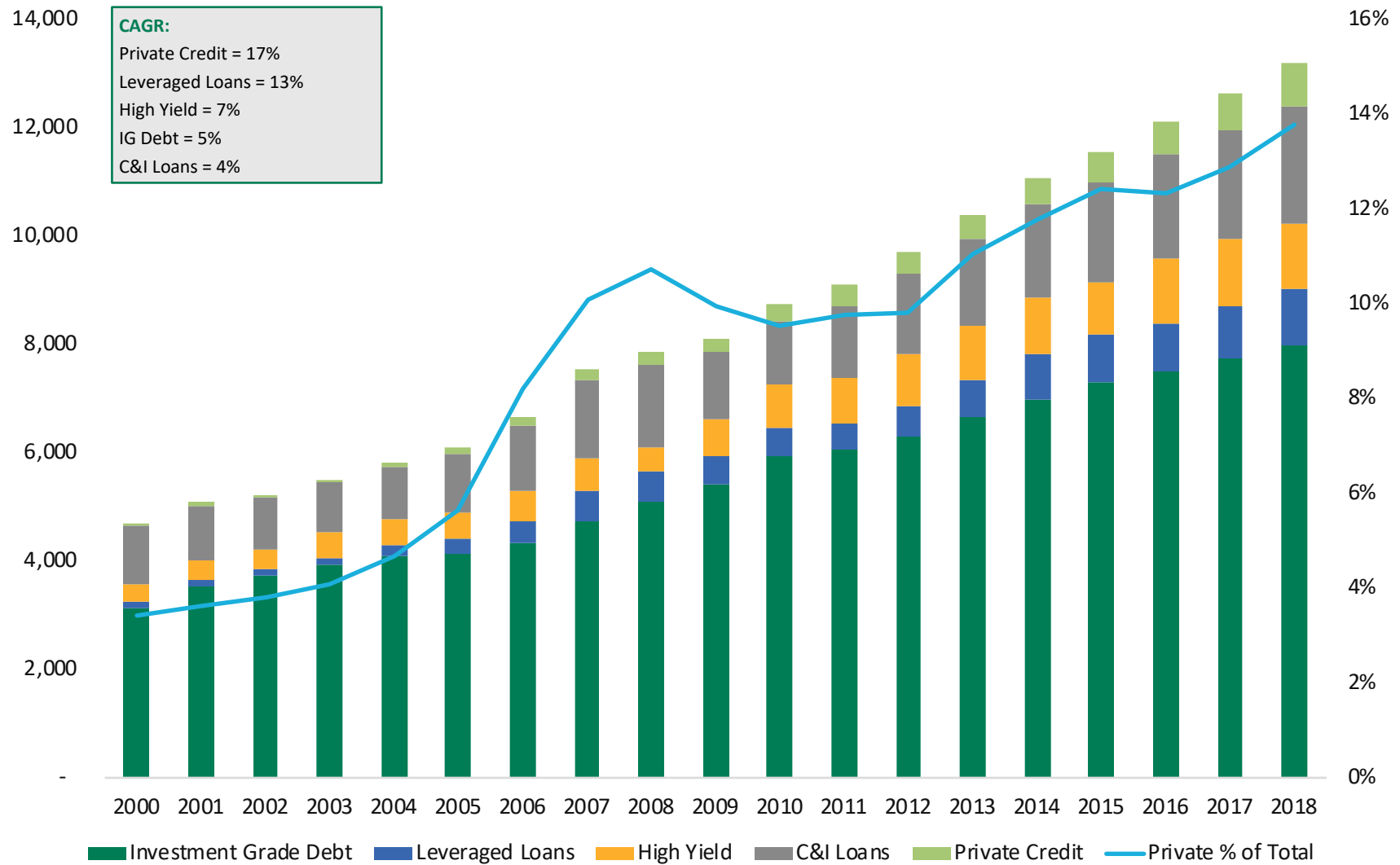
Source: 1 Goldman Sachs Research as of September 2019

# Growth in Number of Private Companies Exceeds That of Public



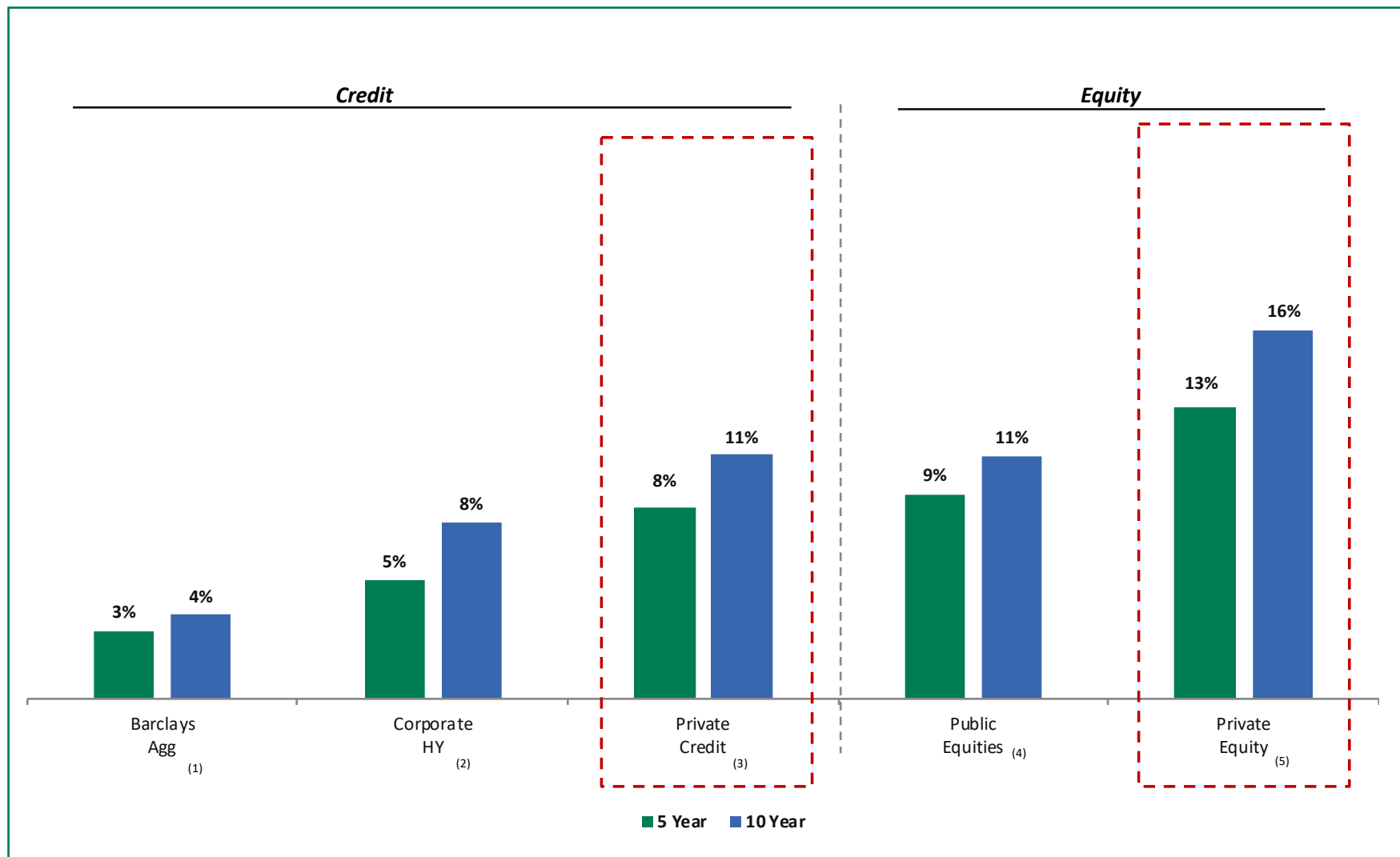
Source. 1 The World Bank as of October 2019. 2 Hamilton Lane Markets Overview 2019. Source: S&P Capital IQ (March 2019)

# Credit Markets Shifting Toward Private



Sources: SIFMA, Preqin, S&P LCD, BofA Merrill Lynch Global Research. Note: we include leveraged loans in the private credit %.

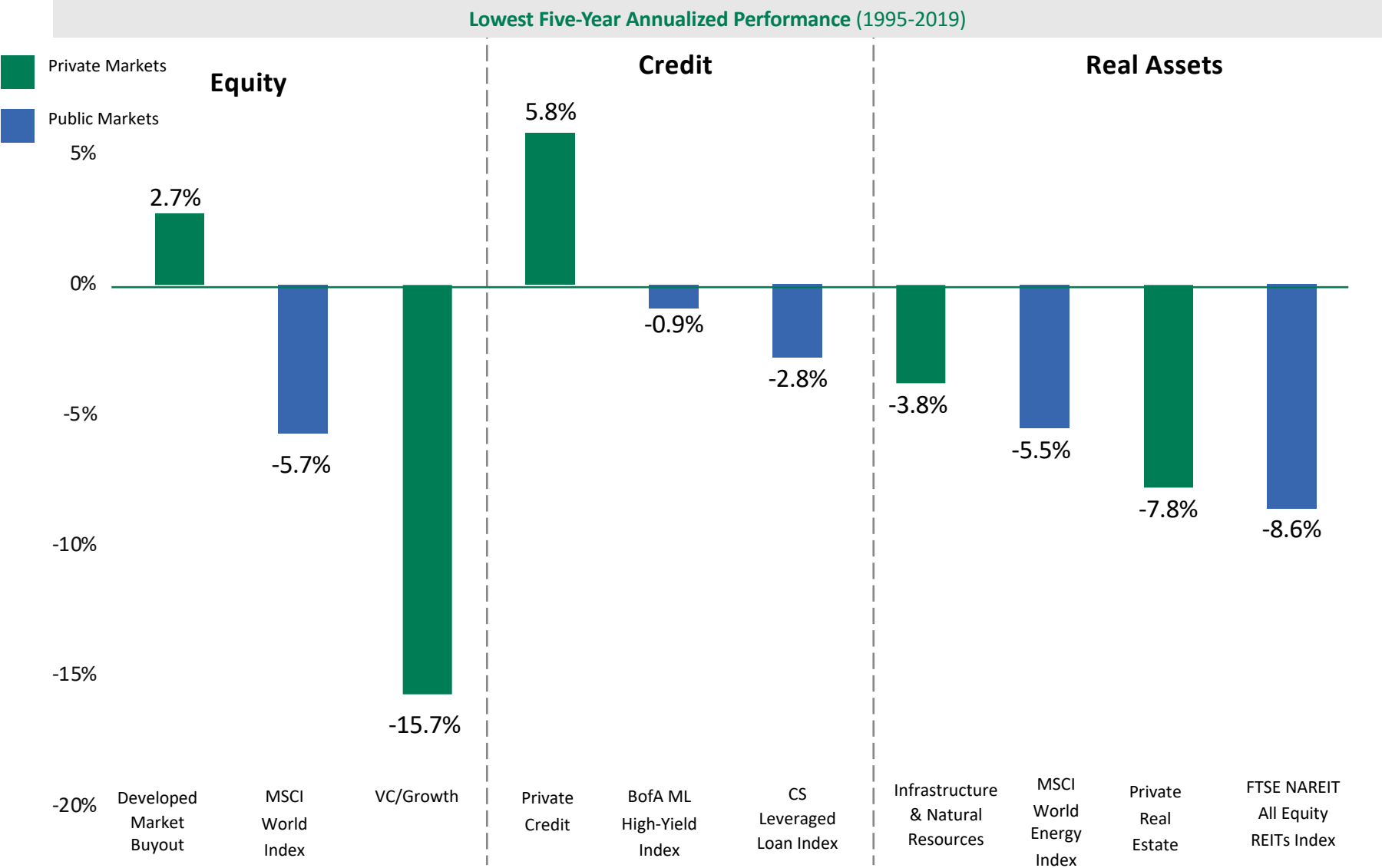
# Alternative Credit and Equity Continue to Outperform Traditional Asset Classes



Sources: Bloomberg as of October 2019. (1) Barclays US Aggregate Index. (2) Barclays US Corporate HY Yield Index. (3) Cambridge Associates Private Credit Index. The index is a horizon calculation based on data compiled from 461 private credit funds, including fully liquidated partnerships, formed between 1986 and 2018 (4) S&P 500. (5) Thomson Reuters All Private Equity Index.

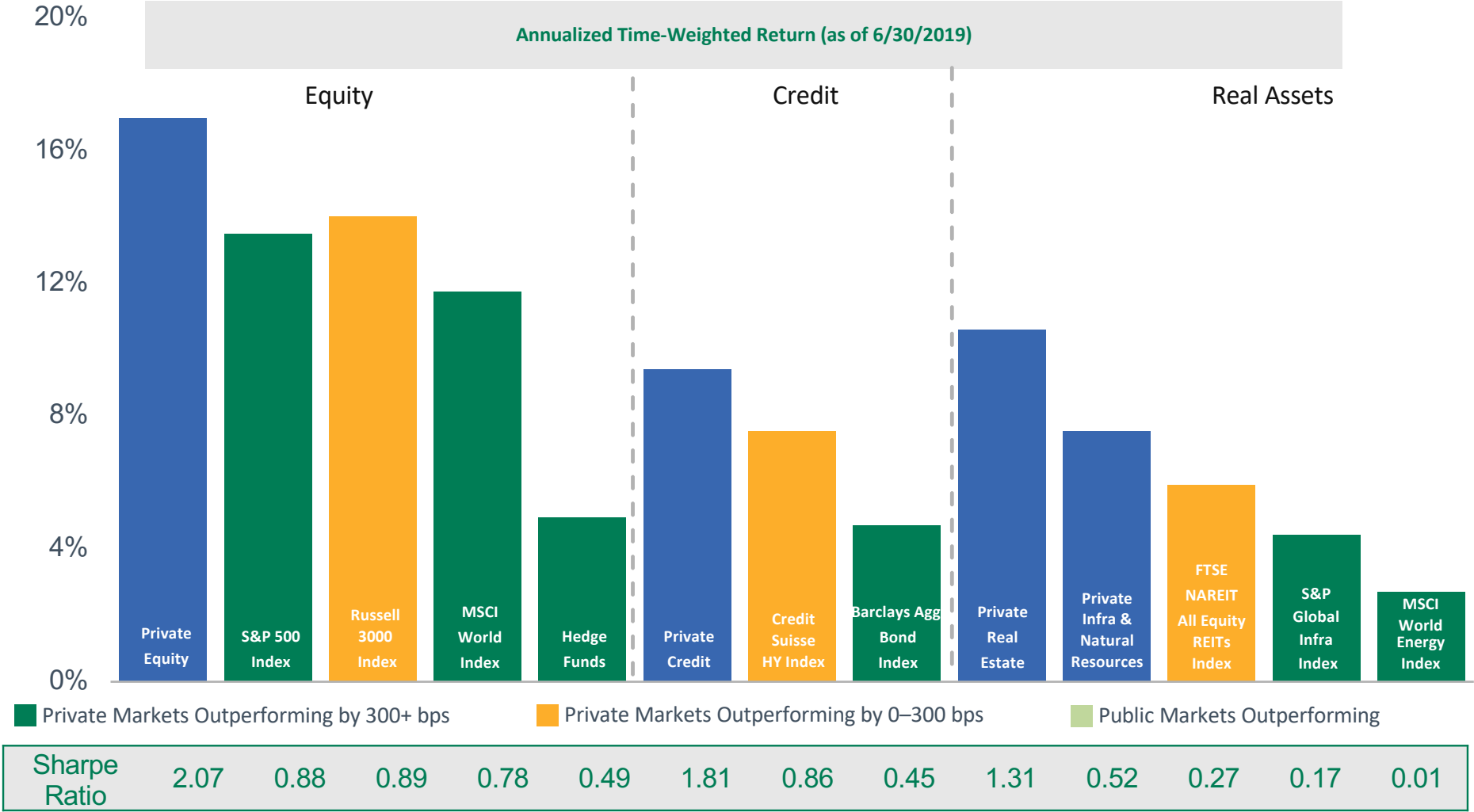


# Even the Worst Five-Year Periods Over the Last 23 Years in Buyout and Private Credit Produced Gains



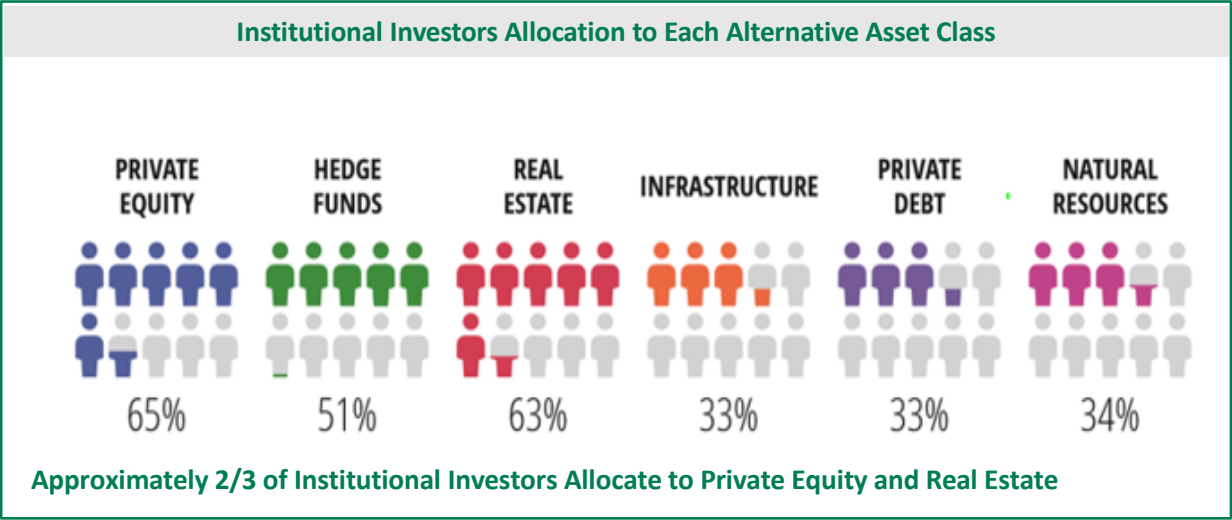
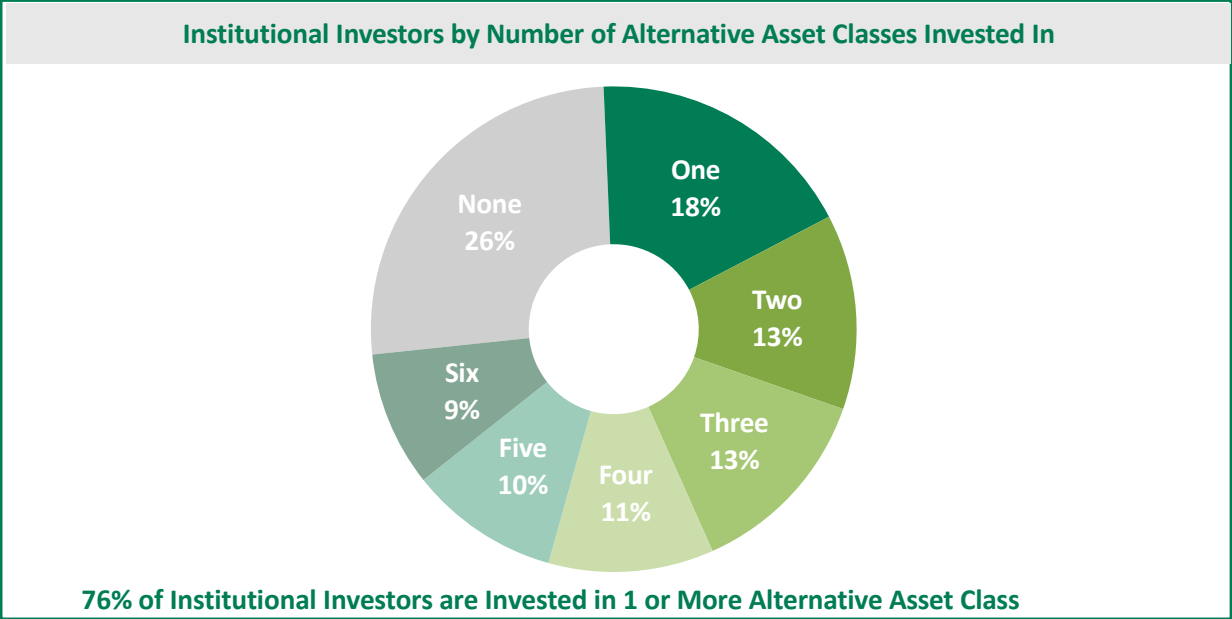
Source: Hamilton Lane State of the Markets

# 3-Year Asset Class Risk-Adjusted Performance



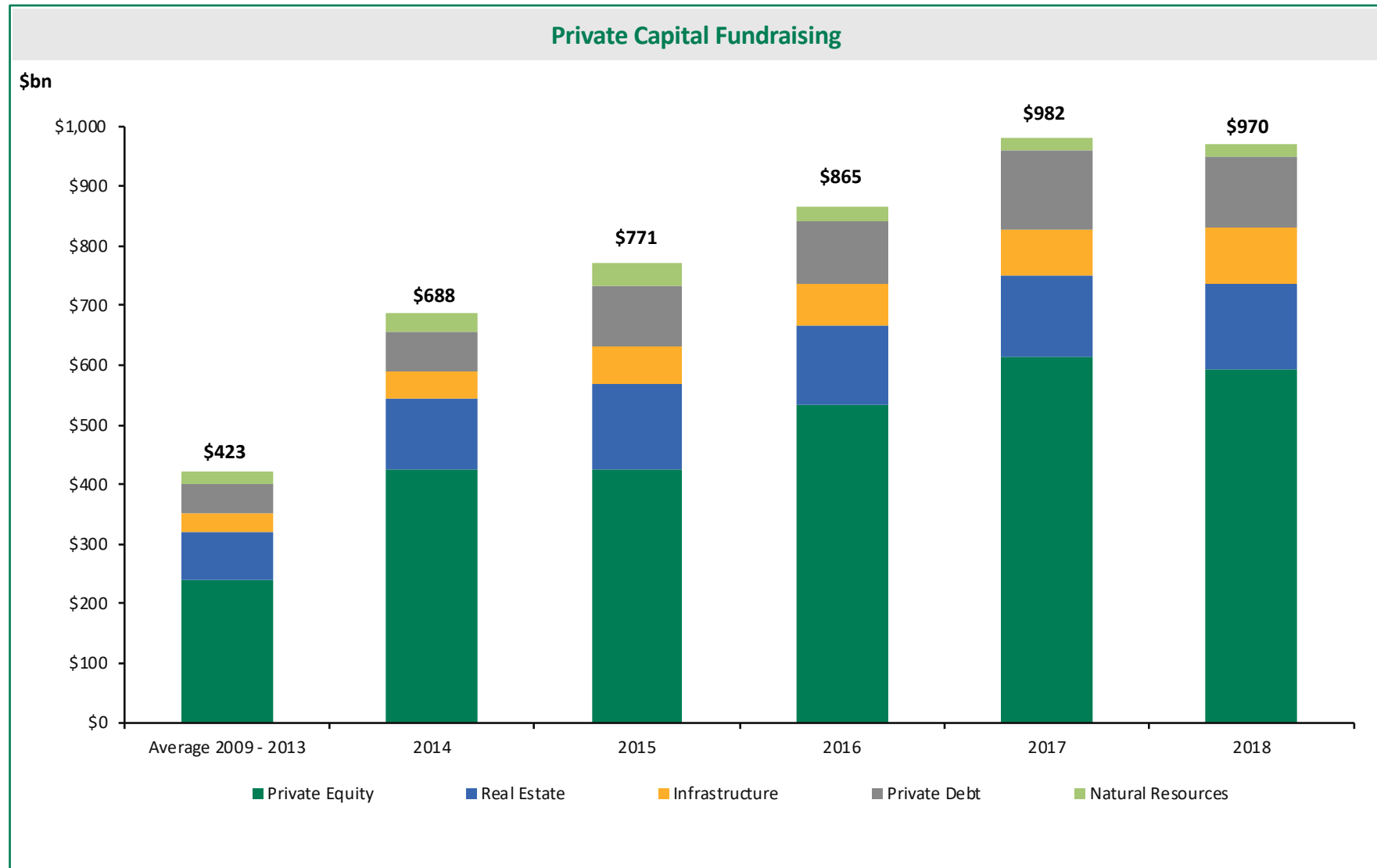
Source: Hamilton Lane Market Overview 2019. Indices used: Hamilton Lane All Private Markets with volatility desmoothed; Hamilton Lane All Private Equity ex. Credit and Real Assets with volatility desmoothed; S&P 500 Index; Russell 3000 Index; MSCI World Index; HFRI Composite Index; Hamilton Lane Private Credit with volatility desmoothed; Credit Suisse High Yield Index; Barclays Aggregate Bond Index; Hamilton Lane Private Real Estate with volatility desmoothed; Hamilton Lane Private Real Assets with volatility desmoothed; FTSE/NAREIT Equity REIT Index; S&P Global Infrastructure Index; MSCI World Energy Sector Index. Geometric mean returns in USD. Assumes risk free rate of 2.4%, representing the average yield of the ten-year treasury over the last three years. Source: Hamilton Lane Data via Cobalt, Bloomberg (October 2019)

# Over 15,000 Institutional Investors Active in Alternatives



Source: Peqin AIM Summit 2019 November AB

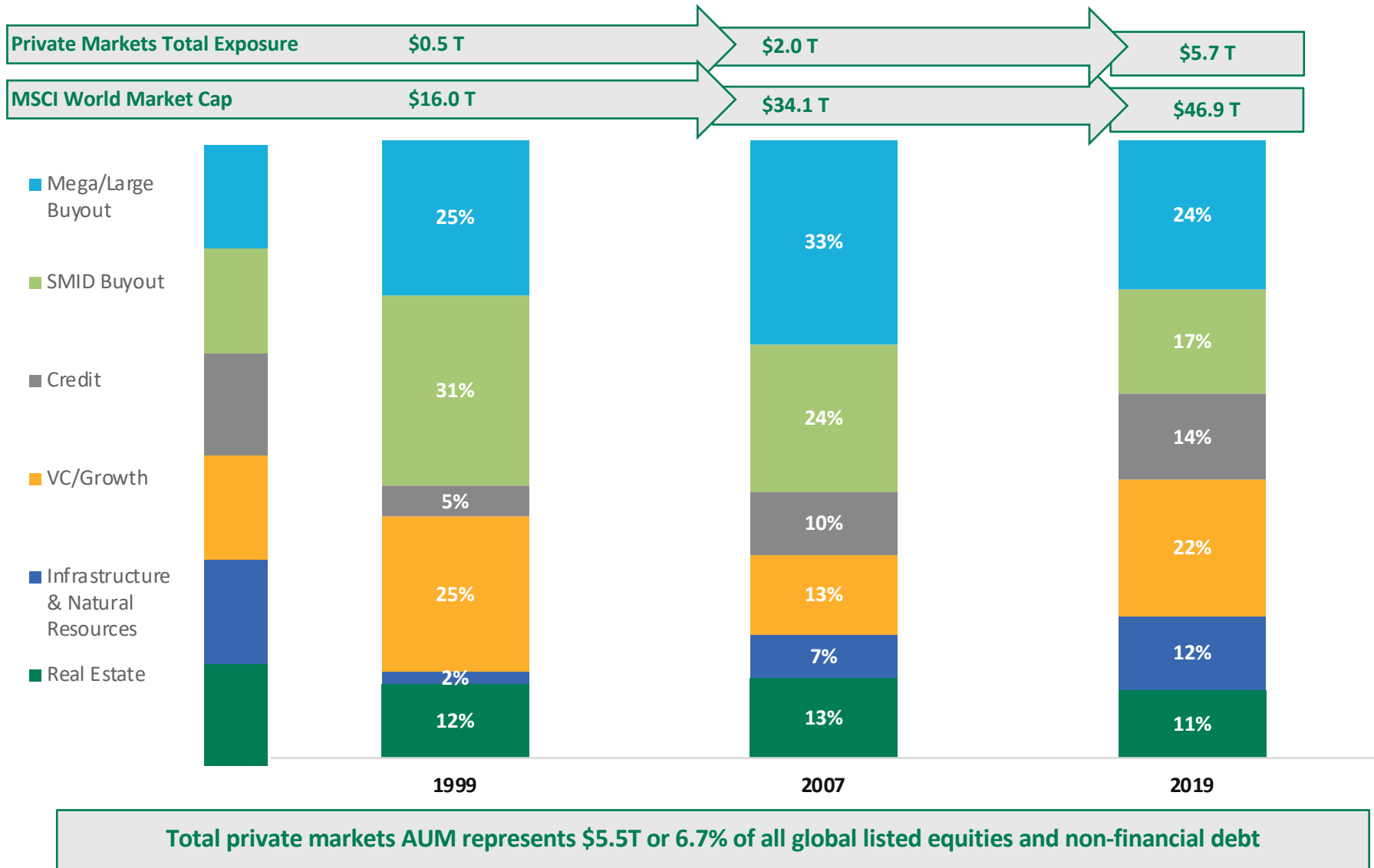
# Allocations to Private Funds Have Continued to Increase, Given Relative Risk-Return Profile



2019 YTD as of September 2019. Source: Preqin: Private Equity in Context: Historical Private Capital Fundraising, CAIA June 2019

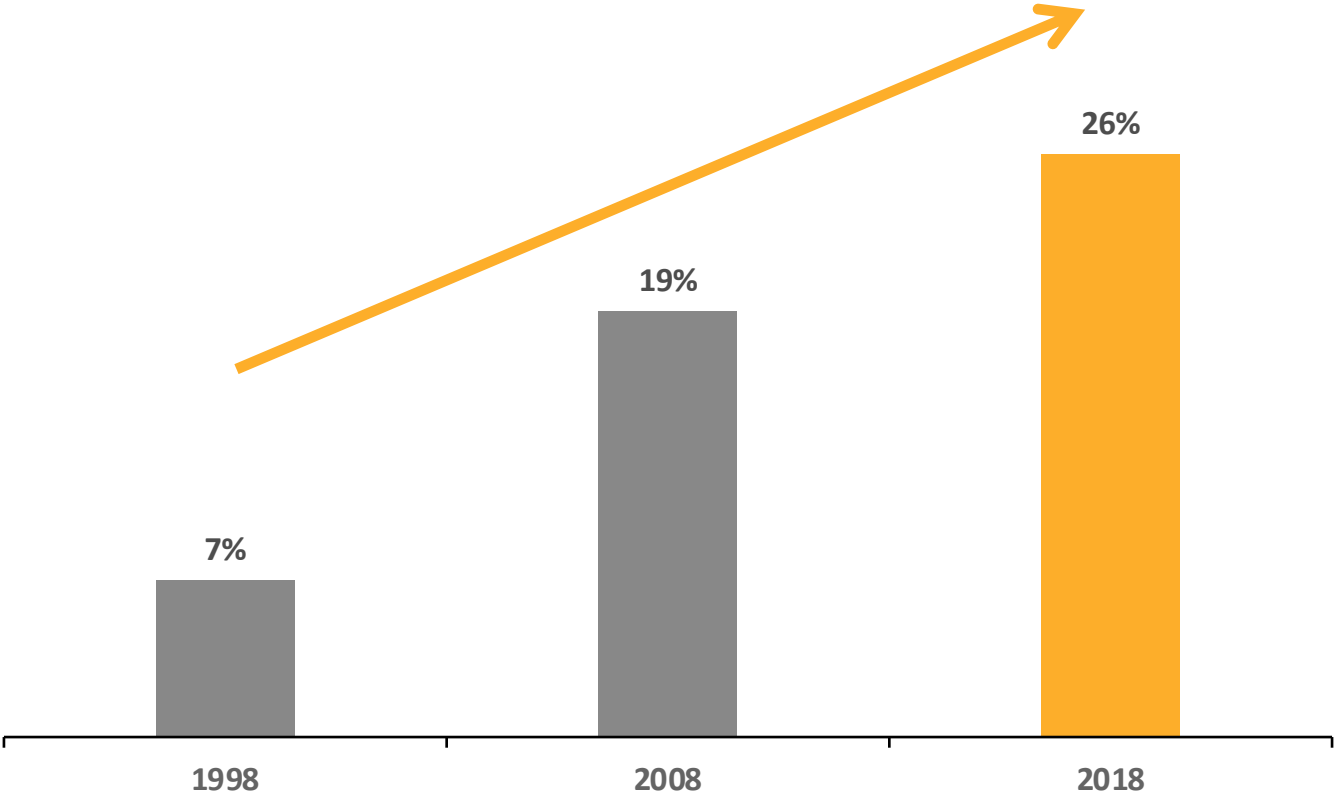
# Private Markets Have Grown Significantly Faster Than Public Markets

Total Private Market Size Remains Relatively Small In Comparison



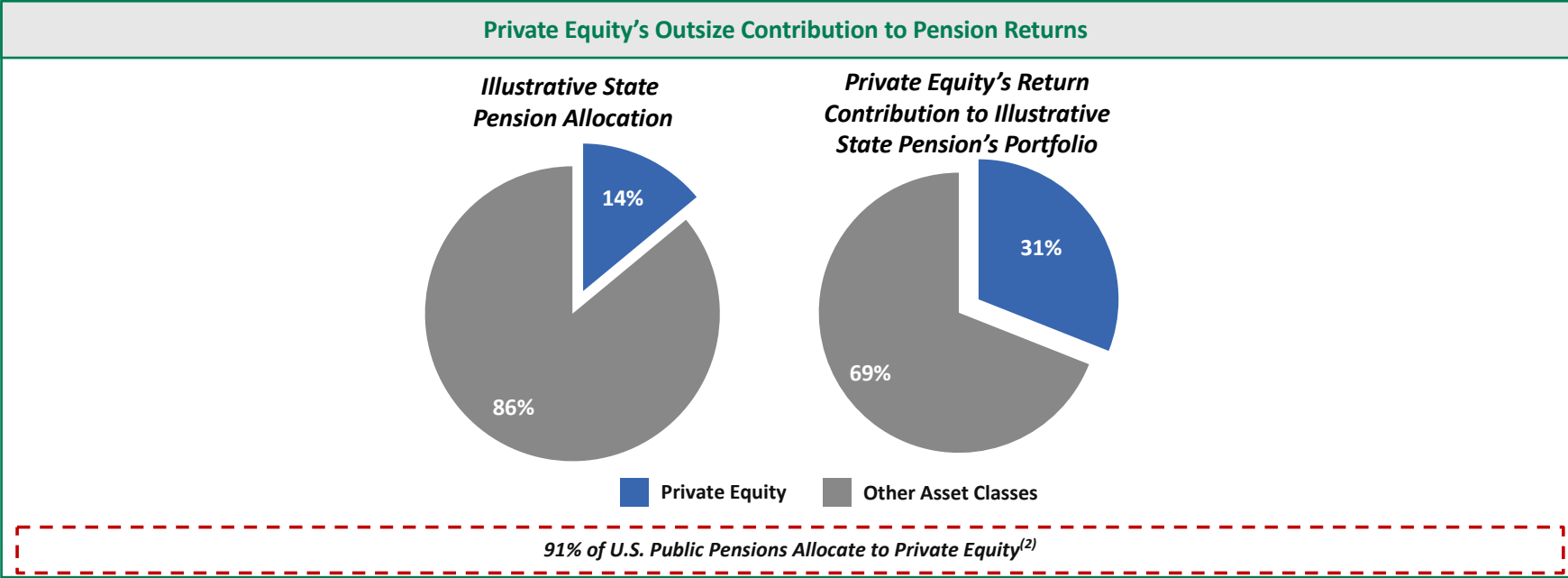
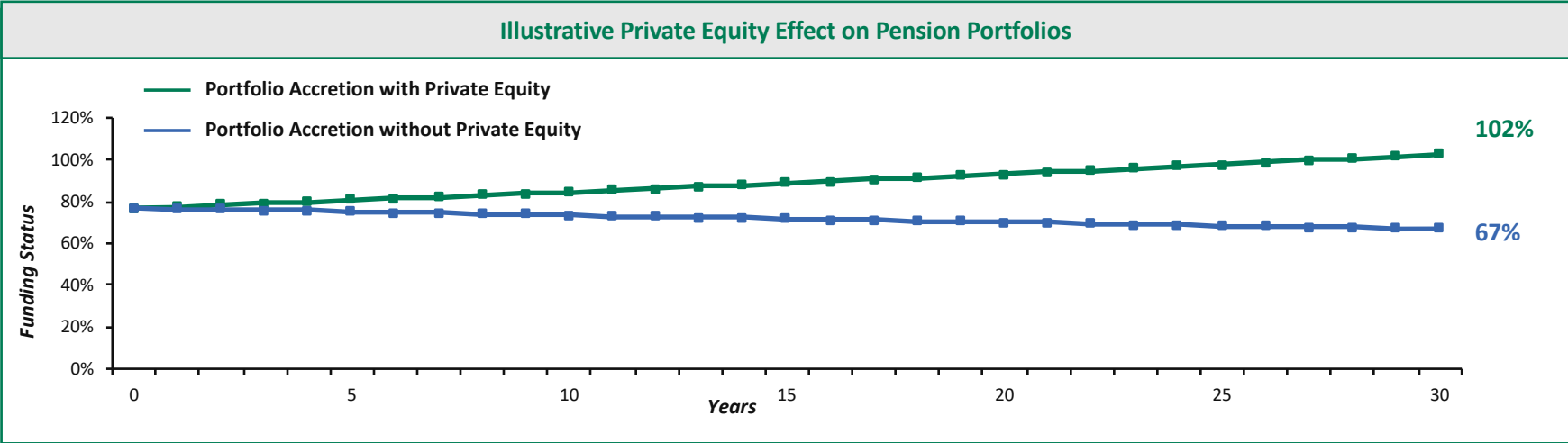
Sources: Hamilton Lane Market Overview 2019, including data via Hamilton Lane via Cobalt, Bloomberg (October 2019). Note: Total exposure and market cap as of year end for 1999, 2007. For 2019, as of 6/30/19. Source: Hamilton Lane Data

# Pensions Continue to Increase Allocations To Alternatives



Source: Willis Towers Watson Global Pension Assets Study 2019; % of total assets within Alternatives represented above. Alternatives defined as assets not invested in cash, equities, or fixed income buckets.

# Private Equity is a Critical Component of Pension Portfolios



Based on the views and opinions of Apollo Analysts. Subject to change at any time without notice. For illustrative and discussion purposes only. There is no guarantee that pension portfolios will achieve the illustrative portfolio accretions. (1) FRED as of October 2019. (2) "Economic Contribution of the U.S. Private Equity Sector in 2018." Ernst & Young, October 2019.

# With Growth Expected to Continue Across Many Asset Classes



Source: Preqin Future of Alternatives Report – October 2018. Predictions based on results from surveys with 300 fund managers and more than 120 institutional investors, as well as proprietary data.