Apollo

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Alexander Blostein: Great. Good morning, everybody. So we're going to get started with our next session. Welcome back, everyone. It is my pleasure to introduce Marc Rowan, CEO of Apollo Global Management. Almost a year ago, Apollo acquired Athene in one of the more transformative deals in the asset management space. In its first year as a combined company, the firm is off to a great start with strong fundraising in both asset management and retirement services, record origination activity and launches of several innovative products. Coupled with tailwinds higher interest rates, Apollo is well on its way to achieve financial targets of doubling the firm's earnings power by 2026 set almost a year ago. There's clearly a lot going in the market. So it's a pleasure to have Marc here to talk about the industry, Apollo, the capital market system, and really the role that Apollo is seeking to play in this new world.

Marc Rowan: Hard to believe it's only a year.

Alexander Blostein: It's only a year, yeah. Yes. So let's start with a couple of high-level questions. So last year at this conference, we talked about your priorities, kind of key observations in the first year as an Apollo CEO. How has this evolved in your second year, and what are the goals for 2023?

Marc Rowan: Look, last year, we talked about #1 priority was culture, and we've made huge progress on culture. And then we pivoted to strategy. And the plan that we've laid out is doubling of the business over 5 years. It is not designed to have us be the fastest-growing firm. It is not designed to have us be the largest firm. It is designed to hit our plan and like who we are at the end of five years. So the three key things we needed to do -- Global Wealth, $50 billion target over five years. Origination $150 billion a year at the end of 5 years, and Apollo Capital Markets, $500 of million of revenue, I think, and the end of 5 years.

I think we now know that those targets will be conservative. We're north of $100 billion of originations already; some quarters there are as much as $120 billion of annualized volume. Credit Suisse will add to that. So I think $150 billion is well within reach. I don't know the exact number for retail, but mid-teens billions in the first year, a bunch of new products in the market, really securing our place as the innovative thought leader in that market. And then Capital Markets, we're north of $400 million of revenue this year. And so I think the head of that business proved to be the largest sandbagger in our company.

So I look forward, and there's obviously a lot going on in the world. And I know David set a pretty negative tone yesterday. So I at least want to start with a different tone. Our asset management business is going to be north of 20% revenue growth next year with a 20% profit growth. We are going to have an above average year in growth and profitability at Retirement Services, so I expect '23 to be really strong.

And if I look at what we're doing, we -- '22 is almost unbelievable because we started with three overriding initiatives that we had to do. And now we have six more things that are already in-house in various nascent stages. So I can cite the couple of that. AAA -- insurance wrap products, Climate, sidecars, third-party insurance, S3.

'23 is about execution. We have hired north of 400 people a year for the past three years. We should expect that pace to come down. We have done any number of things to expand the footprint of our business in '22. We have what we need to in-house to hit our budget. '23 is execution, scaling the machine, building the efficiency, making sure we have everything working the way we want to work. There's plenty of tailwinds in our business, and our job is not again to push our foot on the accelerator. Our job is to execute the plan.

Alexander Blostein: Great. Let's zoom out and spend a few minutes on business evolution broadly and really just thinking back, the days when Apollo was formed predominantly as a leading private equity firm. You guys have evolved the business, you scaled credit. Obviously, you added Athene and retirement services most recently. As you look further out, over the next decade, what does Apollo look like?.

Marc Rowan: Look, we've laid it out for five years. I'm not sure a decade forward, my crystal ball is all that clear. The entire industry started as private equity. Private equity is an awesome business. It is high-fee, it is relatively slow moving, and it is not operationally intense. There are benefits to scale up to a point. But if I think about how the business evolves, private equity is mature, and it's mature not just because the funding base is mature, not just because we've been doing it for years. But let's be logical about it. Like if you take a shop like ours, every investment we make is $750 million on average. And it's equity, it's risk, it's levered equity. How many people do I want making $750 million risk decisions? Not that many. And so if we try and grow and scale the business as an industry, we can do it, but all we're going to do is destroy returns. So I come back to what the driver is and I wish it was our strategy of driving the business, but it's not, it's logic.

We are in a business, we sometimes call ourselves alternative asset managers. But what is it we do? What's our job? And it's rhetorical in some ways, because I say our job is to offer clients excess return per unit of risk for giving up liquidity. That is not to grow assets, it's excess return. If we forget that, we commoditize. And so I step back and look at what businesses are scalable where I can offer clients excess return. For us, it has primarily been fixed income replacement.

Think of that as investment grade, things that used to be on bank balance sheets, credit. It's scales because it is scalable inherently, whereas equity average rated risk in this, no trade should be risk. And there's way more—the pile of assets in the world that yield 20% is this big. The pile of assets that yield 300 over investment grade is that big. I want to play in the big pile. So the business is being – if we run the business for excess return equity per unit of risk, it is logical that the size of our credit business will grow. In fact, we've said in or five-year plan that it will double from some $400 billion to $750 billion, $800 billion.

The equity business will be larger and the business in between the two, what we call the hybrid business, will- has characteristics of private equity, has characteristics of credit, it will grow kind of in between. But I think that is for me the cautionary tale in the markets, the cautionary tale of a bunch of the news cycle. It isn't -- private capital is going to win. It's just not going to win if it gets out over its skis and does not offer excess return per unit of risk. Why would people do private?

Alexander Blostein: Makes sense. Let's hit on culture for a second. You brought it up in your earlier comments as well, but you spent a lot of time talking about Apollo's culture and how that sort of evolved over the last couple of years. How are you thinking about preserving that going forward?

Marc Rowan: This is -- I know this is the platitude that CEOs say here but if you think what we do, the only thing we offer our clients is judgment. That's it. It's the only thing we sell. And my view is you get judgment by seeing what we do and don't do over a long period of time across a variety of market cycles. So once you join, I want you to spend your entire career at Apollo. Most of the things I did when I came in was really to look at where we should spend our time, where we should spend our focus. And there was so much stress on the young people, the client resignation and all this, all interesting, but not my focus.

I want to be the single best place to be a partner in the financial services business. If my partners are happy, my principals are going to spend their whole careers there because they see a generation ahead of them. And if my principals and partners are happy, my associates will have amazing mentorship. And that's what we're doing. And it's everything.

There's no one answer, but it is all designed to create a stable partnership and it also puts pressure on a number of other areas. Growth, unconstrained, just adds people. The more people we have, the harder it is to maintain that partnership culture. So this notion of efficiency and figuring out what we're really good at and outsourcing what we're not pretty good at is going to take hold because the entire industry -- and again, I'll speak to the industry, and then I'll come back to Apollo.

But I'll just give you an example. In 2008, we were circa $40 billion of AUM, $30 billion of private equity, and $10 billion of everything else. Now, we'll end the year circa $550 billion. We've all been growing so fast that what we've done is we've never stopped to create scale. We've just added people. We have, as a result of the '23 in front of us, just incredible tailwinds in our fundraising cycle from the product line cycle, from retirement services cycle.

We're telling people we're going to grow 20% anyway, but we're also going to take time in '23 to fundamentally scale the platform and change the trajectory of cost and people in the business, which is both a financial issue, but it is primarily a cost issue. And not want to become a nameless faceless financial institution, we are a source of investment DNA, of a contrarian thought, of tolerance for dissenting views, and I want to retain that.

Alexander Blostein: Let's bring the conversation back a little bit to the current environment. Obviously, the backdrop remains pretty uncertain, so curious to get your thoughts on what kind of macro backdrop you're preparing for into 2023, and when it comes to deployment opportunities, which there's been plenty of. In '22. You guys deployed a significant amount of capital. What are the areas you're likely to lead into and what are you trying to avoid as you look forward?

Marc Rowan: Look, we -- I'll start further back because I think it's necessary. We -- as a country, we had a Great Financial Crisis. And then almost immediately, we started printing money. We printed $8 trillion in the U.S. And we act as if we're surprised that everything went up and to the right. Stocks, bonds, real estate, art, cars, everything else that people could collect went up. And investors have, in my opinion, for the most part, thought—they mistook investment judgment on market beta.

They're now discovering it was market beta. So we're watching this tremendous pull back in liquidity and risk taking -- not just in the banking community, which I've heard a number of the presentations but in the investor community. Ironically, this is the best time to invest. So if I, again, give one more backdrop on our industry.

Institutional clients invest in private assets primarily as a percentage of the total assets they have, which makes them pro-cyclical. They invest more money when prices are high and then when prices drop, they find themselves over their skis and unable to finance. We invested $37 billion in the third quarter, and it's everywhere. It's not one thing. I picked the things that really stood out for the quarter. We've been in this liquidity bubble for so long that people mistake to assume that public markets are liquid.

One of the changes in 2008 was actually to make public markets less liquid. We just didn't know it, because there's been this liquidity bump. The U.K. found out that public markets are only liquid on the way up. And I said this in our earnings release. We bought $1.1 billion of AAA and AA CLOs, better than 8% yields. We bought investment-grade paper at really wide spreads. That is the best example of a liquidity mismatch. We have lots of liquidity mismatches elsewhere in the economy. Any time there's stress, we opened it in the mutual funds, think of ETFs, think of vehicles that are semi-liquid, we always have this mismatch, and so to date, what we've been done -- been doing is not really taking a lot of risk but taking advantage of mispriced risk as a result of liquidity.

But then you get into more of a macro backdrop. In the U.S., I think the house view and we all use different words to describe it, is kind of a non-recession recession. Think about what went up in the last 10 years -- assets. Asset prices are clearly too high, anything that was purchased in '20 and '21 that is interest-sensitive or liquidity-sensitive is now worth less. To deny it makes no sense.

OK, assets are going to reprice. But we're at 3.7% unemployment. People are talking about, oh my God, it might get to 4.5%. I actually remember 4.5% being full employment. We talk about rates and spreads. I looked at our rate and spread chart this morning. We're kind of average. This is the reality that we live in. The last decade has not been the reality. It just doesn't feel so bad in the U.S. So I think we're going to have asset recession but not necessarily kind of demand destruction that we've seen in past recessions, which doesn't mean housing and other interest-sensitive won't go down, but at 3.7% unemployment with fundamentals the way they are, we're in good shape.

Europe, completely different story. Almost everything I've just said about the U.S. is less true or not true in Europe. I think that's going to be very, very difficult, in addition to political instability, which we've seen. But there are really bright spots around the globe. The three most optimistic places I've been -- India. You know, is having an amazing time and there's a lot to do for us in India. I'll come back to that. Emirates and be also in Saudi.

Alexander Blostein: Let's talk a little bit about fixed income replacement as a theme. You sort of almost coined that term and you use it quite frequently. And I think it was one of the pillars of kind of how you structured the business and where you want to play, and one of the things, in your own words, you say the world is short of assets and long capital and liabilities. In the world that we're in today where liquid fixed income is now yielding 5-plus percent, is the need for alternative fixed income replacement the same? How do you navigate that?

Marc Rowan: Not in the day. I mean what happens typically in industries that are spread-based, think banking, think insurance, think other forms of spread-based businesses, is there's a brief period of time where the cost of funding does not adjust as quickly as the market. And so you can, for a brief period of time, earn lighter spreads or take less risk at the same spread in the public markets.

But very quickly, liability costs come up. And so I step back in the macro sense, not just for our business, but why I think private markets will eventually win. And it comes back to the changes we saw in 2008 that we're just now thinking about, that liquidity has been withdrawn. The first, I've already mentioned is the reduction in public market liquidity. Everything that was public is now less liquid. Everything that is private, ironically, is now more liquid, which does not mean they've the same liquidity, it's just they're moving together rather than apart.

Second is Dodd-Frank, in particular, was geared toward reducing the role of banks in the US economy. The last numbers I've seen show that banks are less than 20% of debt capital to U.S.

consumers and businesses. And essentially most of America now banks in the capital markets through intermediaries like us and through others, through forms of securitization.

The third and the one that I'll get to in fixed income replacement is I no longer believe there is any alpha left publicly traded fixed income markets. These are liquidity-driven markets with immense pools of capital and they're pure beta. And in fact investors have adjusted their strategies through firms like BlackRock, PIMCO, DoubleLine, GSAM, to essentially obtain inexpensive beta through access to fixed income markets.

To me that means if you want alpha in fixed income, you have to not be in public markets. And the combination of less liquidity, banks stepping back, and the need to go to private markets creates growth in the private capital area. So now fixed income replacement. Private capital is like two words, pornography. I have no idea what it means. Private debt, private credit. There's private credit that's AA, and there's private credit that's CCC. They're all called private credit.

What we like to do as a business is to serve middle to up. Our business is disproportionately an investment-grade, top of the capital structure business. So who needs investment grade, fixed income safe yield? Well, Japanese insurers need safe yield. Banks needs safe yield. Insurance companies around the world need safe yield. Why? These are rating-sensitive institutions who need to maintain credit quality. But for a portion of their portfolio, they can take liquidity risk, less liquidity, and get 200 to 300 basis points of excess return. Increasingly, pension funds and endowments for a portion of their fixed income bucket need safe yield, and it will not surprise me to find out that retail investors will also step up and take less liquidity for incremental return.

So I look at that market and I think fixed income replacement is something that we backed into, to feed a theme, that we eventually scaled way beyond feeding Athene and Athora that our largest third-party client groups are now competitive insurance companies. But the progress we're making around the world as a provider of safe yield is really good. And this is a big, big market. At $400 billion, like, you know, we could puff our chest and say, "we're $400 billion," it's not relevant. We're not—you know, Jamie Dimon and [inaudible], they don't wake up each day and wonder what the mighty Apollo is doing in fixed income replacement. They're worrying about their direct competitors. I like that. I like being in a vast market where I only need to pick the top-- the businesses that really work for me, and most of my alternatives peers don't actually want what we want, because they don't have demand for it.

Alexander Blostein: Right. Right. Let's get into some of the businesses a little bit more. You touched on your origination capabilities through the Apollo Capital Solutions business. Obviously, off to a really strong start, surpassing sort of the original expectations, on track for a really good year. As you think about the competitive advantage you have in the market, and ultimately, all you see is playing in the origination market over time, what does that look like?

Marc Rowan: Look, I think origination is a combination of what people would consider traditional origination, calling on companies and providing solutions. And so if we go to an Anheuser-Busch and Anheuser-Busch wants to execute a ten-year bond, they are not going to do it with Apollo, Apollo should not want to do this with Anheuser-Busch. If Anheuser-Busch wants to drop their bottling plants into a subsidiary, enter into a take-or-pay contract with respect to the provision of bottles, and create a bespoke financing that is both secure, long, and offers 200 to 300 basis points of excess return, we'll do $4 billion of that.

We'll hold $2 billion of it or $1.5 billion. We'll put a bunch in our client accounts and offer it to other third-party insurers. And anything left, we'll syndicate. So that I would call- the calling on companies business is a traditional syndication business; we are very good at that, and it's a huge part of our business. Clients are Anheuser-Busch and Air France and Hertz and ADNOC and so on and so on.

The other part of the business, which is less well understood, is we own businesses whose only rationale is the creation of credit. We own a fleet finance business. We own a mortgage finance business, we own equipment finance business, we own trade finance businesses, we own mid-market lending businesses. Almost all of these businesses are senior-secured top of the capital structure. And again, we have a three-fer because we own the equity of these businesses and the equity is generally a low volatility, mid-teens rates of return equity. We get the origination that comes out of these businesses, which feeds the Athene and Athora balance sheets.

But like I've always said, we don't-- we want 25% of everything and 100% of nothing. So we syndicate to third-party clients or to syndication, the remainder of it. But, you know, I look at the market and I think about what's happening, and I think Credit Suisse could be a really interesting transaction, because we always think of lending in a corporate context. Credit Suisse is a lender to other lenders. It is essentially the provision of warehouses generally investment-grade warehouses, to 200 different lenders who, in turn, are massive users of securitization. And so for us, we like calling on companies, we like providing innovative solutions, particularly at the top of the capital structure, senior secured investment grade. But we also like owning credit-- businesses that produce credit. It is hard to be smart every day, in the fixed income business. And therefore, I want to wake up every January 1st and know $50 billion, $60 billion, $70 billion of flow will be produced over the year, so much in each month? I don't want any one vertical to be so big that I have to care about it. I want – and we're now up to, with Credit Suisse, 14 platforms. I think we have plenty.

Alexander Blostein: Let's hit on the Wealth Management business for a couple of minutes. It's one of the first points I think you outline in terms of your vision for the firm, and obviously, a really important strategic growth priority. A couple of questions there. Obviously, there's been a little bit more turbulence in the market, the pace of sales has slowed down to some extent, and there's been a couple of big products with larger redemptions. So how involved does that change the opportunity set for Apollo in the wealth space? And then maybe you could also update us on traction you're getting with some of the products you have in the market right now across platforms and client (inaudible).

Marc Rowan: So we think it really changes Apollo's plan. I come back and again, we are in the business of excess return per unit of risk. The biggest client base that needs alternatives at this point, relative to the adoption, is high net worth. High net worth will adopt alternatives, and I have said publicly, I believe high net worth will ultimately be better than 50% allocated to alternatives. Not 5, not 10%, 50%.

I just don't think the definition of alternative is going to be the same definition across the room or across the market. I believe an alternative is an alternative to publicly traded stocks and bonds. And so you will -- we have already launched BDC. We've launched REIT. We've obviously launched private funds. We've launched a replacement for S&P 500 equity. But as you roll into '23, a high net worth investor will be able to buy from Apollo the equivalent of what they can buy from any diversified asset manager, but as an alternative. You will be able to buy alternative investment grade only yield, you will be able to buy alternative total return, alternative opportunistic, alternative BDC, alternative REIT, alternative hedge fund, alternative to publicly traded stocks, S&P 500. And you will be able to buy it from us, inside of annuity, to defer taxes to at least 59.5, but more likely forever, as a pure retirement savings vehicle. I think we're in the really early stages of adoption for alternatives.

Now, I also think we have to provide excess return per unit of risk, we can't be focused on AUM. Because if we fail to do that, investors will not adopt products and we will see redemptions in other things. But the vehicles that have been created are the right vehicles. There's been a lot of press around Blackstone, and I'm just going to say, they're doing exactly the right thing, and the vehicle is doing exactly what it is supposed to do. And I actually think it's good for the industry right now. We are going to train clients and advisers that alternatives are not an ATM, that when they think about their clients' portfolios, should be thinking about how much liquidity they need and then how much they're prepared to sock away to be less liquid. That does mean illiquid, it just means less liquid. So for us, if you want, for instance, in the investment grade market, 90 days is illiquidity, you can have 100% of your money back every 90 days. If you want to be in a REIT, you get 5% of your money back a quarter. If you want to be in a private equity fund, you're fully locked up. The goal that we should have is to stage of the liquidity appropriate to the assets to run as countercyclically as we can, not pro-cyclically, and to be very measured about how we fundraise so that we don't take too much money in, in any one year, in any one cycle, in any one interest rate, because we subject ourselves to exactly what is taking place right now.

Lots of assets acquired in a low interest rate environment. Interest rates move, everything is worth less, clients, you know, in an opaque structure, clients become concerned. I don't necessarily think that's valid, but that is the reality. So for us, early days, it's going to be a $50 billion business.

I think the second largest sandbagger in our company is the head of our retail business. I've kind of let her say what she said for a while, but is it going to be 5 times that? No, we're not trying to make it 5 times that. We just go just like we're supposed to go in the business and be thought of as an innovator because our whole industry, we're in the second inning. We basically spent 35 years creating products for institutions who have sophisticated back offices and don't pay taxes.

We're about to serve a market that has no backoff. It is very tax sensitive. And the pivot that's going on, I think is some of the most creative work, some of the best work taking place. And if we think about the market for alternatives as a traditional alternatives market, I think we're missing the point.

Alexander Blostein: Yeah. Let's pivot a little bit. I'm going to spend a couple of minutes we have left on the retirement business. It's been a huge area of success for you guys over the course of this year, lots of origination activity, lots of flows. What's your outlook for this business into 2023 and Athene's ability to gain further share in the channels?

Marc Rowan: It's really positive. I think we're in -- first consumers have spoken. They like 4% better than they like 3%. As I've said publicly, last year, we had an awesome year. We did $35 billion of organic volume. This year, we're going to do $50 plus or minus of organic volume. And we're doing it at wider spreads with less credit. That's all the hallmarks of a good business.

Now, the whole industry is up, but almost no one is up like we are. We will be and I think this is public. We're #1 in this year across not just our little segment but across all organic originations. The industry lacks capital. The entire industry lacks capital. Publicly traded life insurers in the U.S. and Europe have raised zero equity in the past decade. And in fact, they've paid out 90% of their current market caps as dividends.

You can look at the public remarks of CEOs of these big companies, basically they're out of capital. So if we come to the market with lots of capital, with sidecars, and with the ability to earn safe yield and we will end the year between Athene and Athora, circa $330 billion, growing $50 billion, $60 billion a year organically. I think that's a great business. And the business is sticky; generally puts spread on the books for 8 to 10 years. So this year's business gets cumulated onto the last year of business. The business is becoming less capital-intensive because we're doing more of the sidecars rather than less. And we're in a really interesting period of time regulatorily because there's a huge debate going between private equity in insurance. And we've been very outspoken. And it's not clear to me the debate is framed correctly but the way we frame it is -- I am not sure that private equity should be in insurance, but I am absolutely certain insurance should have access to private capital. That nuance of a shorter-term fund investor owning a long-term regulated asset versus a company that's in the insurance business having access to private capital is more than a nuance. So we have 133 different entities who have started insurance companies. They are incapable of doing organic business. They don't have ratings, they don't have capital. They don't have relationships. So what they're all doing is competing for inorganic, bidding up blocks, secondary market activity. We haven't bought a block in 2.5 years.

Our advantage is threefold. One is capital establishment ratings. The second is the ability to have spread. The third is we're in a monoline business. We're an incredibly efficient producer. No one ultimately produces the way that we produce on an efficient platform. All those three things go into spread. The spread that we can earn in the same market environment is totally different than the spread established companies and others can earn in the same market environment. So I expect '23 to be really strong and above average growth year. You will see us much more active on the regulatory side, helping to frame this debate, of private equity versus access to private capital.

We are, as you know, at $330 billion, were larger than Munich Re, Swiss Re, New York Life. It's a big business. We want to be at the table with Berkshire and Chubb and others setting the regulatory agenda internationally active insurance group, and we will be.

Alexander Blostein: Yeah. That makes sense. You mentioned capital. So I wanted to ask you a couple of questions about that. So there's about $200 million dry powder remaining in ADIP I that's been an important source for you guys as you think about growing Athene. Any updated thoughts and potential size on ADIP II?

Marc Rowan: Larger in the first quarter.

Alexander Blostein: Easy enough. And when you think about just the capital across the entire firm, I know we talked about buybacks in the past, the stock had a really nice run, but still arguably is quite undervalued. How are you thinking about the pace of share repurchases from here?

Marc Rowan: Well, I said we have to earn excess capital to spend it. As we've been earning it, we've been spending it. We are a continuous buyer of our stock, not just to neutralize employee grants, but to continue buyback. Last quarter, we were frozen for Credit Suisse. This quarter we're not. And I think the expectation is we'll be a regular buyer of our stock.

Alexander Blostein: Great. About two minutes on the clock, so if we have any questions from the room, we've got one mic up here, please. Yes, John, go ahead.

Unidentified Audience Member: --thoughtful presentation and that your near-term outlook sounds very cautious or quite cautious. In a substantial downturn who knows what kind of downturn we're going to have -- but in a substantial downturn, pretty much all asset classes except Treasurys get hit. So if you look at your own portfolio, private equity or alternatives typically have very good risk management, but also quite high risk appetite. So where are you focusing the most risk to your own exposures?

Marc Rowan: So look, the typical way that firms get themselves in trouble is borrowing short and lending long. I don't mean to just say it in a flip way. That's- long-term capital structures in equity deals, it means lots of things. So the place we are funded long and matched long is everywhere in our business. And then I step back and I think about who we are as investors. And I know I've said this too often because my 13-year-old daughter now makes fun of me. She says purchase price matters. It's just great coming from a 13-year-old, who has no idea what she's saying.

Unidentified Audience Member: You tell me how you did that? How you--

Marc Rowan: Exactly, but we're top of the capital structure. We're senior secured. The price of what we own generally can go down, so long as we're match-funded and holding things at book value, the way we've constructed our business, for the most part, does not expose us to those risks. If everything gets hit, everything is going down. Who would I rather be? Would I rather be a growth-oriented firm chasing high-multiple software deals or a purchase price matters firm focused on cash flow who believes the world is going to end, but it doesn't actually end?

It does not mean we will not suffer. We will suffer, but I would rather be in our shoes. I would rather play our hand. And ironically, over the last decade, even though it's been a great decade for alts, the market didn't need us. One thing I've done for the last decade was to buy the S&P, buy on the 30-year treasury and fire everyone. Right now, with all the lack of liquidity, correlation, everyone indexed to the same things, this is when alts should shine. There are some headwinds in the near term. For us, we're fortunate that our product and business cycle is going to produce 20% plus year next. But fundamentally, private capital is positioned to win.

Alexander Blostein: Great. On that note, Marc, thanks so much. Great to have you here.

Marc Rowan: Thank you. Thanks for having us.

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