APOLLO

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Ben Budish: Good morning, everyone. Welcome to our next session. I'm Ben Budish, Barclays analyst covering the U.S. brokers, asset managers and exchanges. For this chat, we've got Scott Kleinman, Copresident of Apollo. Scott, thanks so much for being here. Welcome. Welcome to Barclay

Scott Kleinman: My pleasure, Ben. Thanks.

Ben Budish: Maybe just to start out, to level set, you have an Investor Day coming up on October 1. At your last Investor Day, I think in 2021, you gave us 2026 targets. And while I appreciate you may not preempt your own Investor Day by giving some guidance right here, how should investors be thinking about what you might be getting ready to message?

Scott Kleinman: Yeah. No, that's right. Three years ago, we did our last Investor Day where we put our 5-year financial targets as well as just some of the strategic building blocks that it was going to take. We were building out in order to get to the 5-year mark.

This time around, we're going to of course judge ourselves against those original metrics, put out some new 5-year targets, and also talk about some of the new building blocks. How are we using the things that we built over the last several years to now scale to the next level? What are the new opportunities? What are the new strategic goals that we have? It should be an incredibly enlightening day. I invite you all to come, or at the very least, tune in. Pretty excited about it.

Ben Budish: Great. Let's talk a little bit about origination, your kind of theme of fixed income replacement. I expect a lot more on this in October as well. Growing your proprietary origination capacity is clearly central to your longer-term growth algorithms. How should investors be thinking about the evolution of your broader origination ecosystem over the next several years? And to maybe help everyone frame up their models, can you remind us how Apollo monetizes these assets?

Scott Kleinman: Sure. Three years ago, when we really first started talking about origination in our Investor Day, we were running at about $80 billion a year. Today, LTM, we're close to -- well, a little bit north of $140 billion. We had put out a 5-year target of $150 billion, so we're obviously well ahead of that. We'll provide some new guidance on where that's going, but as you can imagine, it's probably substantially north of that number.

And I think -- we've been very clear, very repetitive on the point that the single most important factor for an alternative asset manager is origination capacity. That is the single biggest constraint on growth. Not capital formation. Not how many people you have. It really is built around, can you originate enough attractive assets to meet your needs?

That's why we have been so focused, in fact some might say maniacally focused, on really making sure we are building the right type of origination in the right volumes, looking for the right new places to be doing that. Because our whole business is about delivering excess return per unit of risk. And if you are just relying on secondary trading, picking stuff up off of a bank trading desk or a broker situation, you're losing a lot of that excess return, that excess alpha. And for us, look, in the long run, the best predictor of success is being able to continue to grow and scale attractive origination.

To answer the second part of your question about how does the economics work, there's no one standard transaction. But in a perfect world, you've heard us say for our own balance sheets, we want to own 100% of nothing and 25% of everything. And we really mean that. In a perfect world, we originate a new transaction, a new loan, 25% of that would go to our own balance sheets. About 50%+ would go to client pools of capital. And 25% would go to syndication, to market participants that we can syndicate.

Just to think about the math that follows from that, on the 25% that stays with Apollo, that's SRE income plus FRE income. For the 50% that goes to client funds, that's FRE income. And for the 25% that gets syndicated, that's our ACS fees. It's pretty attractive to be able to do that. And the reason we do want ACS in there is to really -- it's just a great flywheel. It really allows us to take down whole transactions even if we don't want the whole thing or don't have capacity for the whole thing. Because when you take a whole transaction down, you can dictate terms better, you can get better outcomes, better structure, better documentation, and then having the knowledge and the comfort that you're going to be able to remove the remainder of what you can't consume entirely or for your clients is really valuable

Ben Budish: And how should investors think about the growth outlook for that very unique high grade corporate solutions business? What does the universe of potential transactions look like? Can you talk about maybe the deal you did with Intel over the summer? What's the pipeline for that sort of opportunity?

Scott Kleinman: Sure. That's totally massive. Totally massive. When you think about the Intel transaction as an example, but really it's our high-grade capital solutions, private IG is another way to think of it. We're in a world now where for the extended foreseeable future, companies just have an unprecedented level of capital they need to spend. Whether it's on deglobalization, so rebuilding the industrial infrastructure in new countries, new places. The decarbonization that's going on. The digital infrastructure and digitization of just about everything that has to be built and the whole supply chain for that. These are massive, massive, hundreds of trillions of dollars over the next 20 years.

And companies just don't have the internal capital to be able to do that. And they don't even have the ability to just borrow all of that in the traditional debt markets. If you are a big IG company, historically you really only have 2 sources of capital. You have your bank debt or IG bonds which are I'd say very low cost but very rigid. They're fairly inflexible. They have a certain indenture. They have to be out of certain rated boxes, etc., etc. Or you have equity. And equity is super flexible, but often very expensive.

These big IG companies haven't had something in the middle in any meaningful way in the past. And so our ability, because of our scale combined with our cost of capital, our ability to approach a big IG company for a few hundred basis points more than their IG bonds and be able to deliver in size $5 billion, $10 billion, even more, $15 billion, $20 billion at a clip. Where we can speak for the whole thing, take it down one on one sort of bilaterally, negotiate a package that makes sense for the company to meet certain needs, that's incredibly attractive. Big companies, big blue chip companies are actually starting to pay attention and focus on this. Because they've never had the ability, they've never had the need to do it in the past and they've never really had the ability to do it.

You're just -- this was -- Intel was a marquis transaction. We had a number of other big transactions this summer. I think you're going to continue to see more and more of this. It's an incredibly attractive product for both the issuer, the company, as well as for us and our investors.

Ben Budish: Great. Maybe moving over to the LP side, you talked about an opportunity under the fixed income replacement kind of umbrella to serve your traditional LPs, not just on the alternatives bucket, but on the fixed income side. Where are we in this evolution? Any anecdotes from initial conversations with clients you can share? And then can you kind of help us size a TAM for this opportunity set which is different from the traditional alternatives kind of landscape we typically think about?

Scott Kleinman: Yeah. Fixed income replacement. Fixed income replacement is kind of a concept that isn't talked about fairly regularly, but it's something you are going to hear more and more coming from us. What is that? Fixed income replacement is really just the realization that the historic model of public versus private, might have made sense 20 years ago, doesn't make sense today.

There was this historic belief that public is liquid, and therefore, public is safe. Private is illiquid, and therefore, unsafe. And that was a simple heuristic that CIOs used and they split their books up that way in the past and managed their risk that way. But a couple of things have happened. One, over the last decade, it's become pretty clear, and certainly over the last couple of years we've seen numerous examples, where public isn't so liquid, It's liquid on the way up, but on the way down, it's actually incredibly illiquid. Telling a fixed income manager, you can have liquidity 10 points down is not liquidity, right? And you saw that, whether it was the LBI crisis, treasury -- like you've seen huge moves like that in the market in relatively short order.

On the flipside, private, the market for private credit products, private fixed income, is starting to grow to a scale where there is real liquidity or certainly more liquidity than was perceived. And over time, you're going to see more and more. We're certainly moving in a direction where I can envision a day in the not-too-distant future where Apollo makes a market in all of the privately originated credit that we produced.

Great, you'll get a bid anytime, anywhere, and eventually, that liquidity differential between public and private will completely evaporate. Now, you'll still get this premium, but what are you giving up? Folks were giving up this premium, this 150, 200, 250 basis points premium in order to maintain this perceived belief in liquidity that actually is proving not to be there.

We see this convergence happening. This convergence is happening first in fixed income Eventually, it's going to happen in other markets, but as we've spent the last decade utilizing these techniques to really scale and win as a theme at our own balance sheet, which by the way, requires 90%+ investment grade.

We've had to find ways to create additional spread, additional alpha for our own balance sheet. It dawned on us that if it's good for us, it might be good for others. And so other third-party insurance companies have definitely started embracing this. And now we're starting to make headway into more traditional fixed income investors. Pension funds, sovereign funds and otherwise. We've now productized different products so that that's consumable for traditional debt investors.

The answer is, we're on our way. This is going to be a long journey, but the TAM is massive. There's a $40 trillion fixed income market. Will 100% of it be private credit? No. But a meaningful -- I mean you look at our own insurance balance sheet and probably 1/3 of that book is private IG if you will. That's incredibly realistic over time.

Ben Budish: Very interesting. Maybe moving over to the asset management business, how would you describe the current deployment environment? Where are you finding the most compelling opportunities? And then can you also touch on some of the longer term themes? How are you thinking about digital infrastructure, climate, those sort of areas for investment?

Scott Kleinman: Yeah. It's actually been a really interesting time for us to be deploying. When I think about our equity-oriented businesses, it's we've had a really busy year. On the private equity side, we've over the last 12 months done a number of public to private transactions. You look at the S&P, you look at the markets, and say, it must be a really expensive time to be deploying. But the reality is, there's a real bifurcation in the public markets. You have 7 or 10 stocks that really represent most of the gain in the S&P. Half the public companies are just sort of drifting.

There's a change going on in just the nature of the public markets. And if you're a small or midsized public company, it hasn't been particularly fun. Because no matter what you do, you can't really attract the level of interest. A lot of these companies are trading at reasonable valuations, and actually, more interested than ever in going private. From that perspective, it's been a pretty interesting time to be doing transactions.

I'd say the other theme, before I get to some specific industry themes, that's going on is, look, it's no secret, there is a massive backlog in the portfolio of the private equity industry. It's been -- you had 15 years, 14 years of declining and 0% interest rates which pushed valuations ever higher, allowed financing to get cheaper and cheaper, and therefore, higher and higher leverage levels. You have an I'd say bloated portfolio of companies in private equity hands right now above normal where they would want to be on their realization curve. And these companies or these sponsors need to find ways to monetize.

Now, I'll start with the premise that most of these companies are actually really good companies. They are good companies, they were just paid a price for in a different valuation environment that we are probably not going back to. And so it's been tougher to sell for a lot of these sponsors, so that means they are holding it longer. They are holding it longer, they want to start figuring out ways to return capital back to their LPs. That could be structured investment or even for a hybrid business, other businesses. Or it could be a situation where you're holding it longer, you have equity value, maybe not as much as you had hoped, but there's equity value in there. But because of the rate environment then versus now, you have a refinancing coming up, and you have too much debt. You've got to pay some of that debt down in order to get to the other side to unlock that equity value. Again, a perfect example for hybrid type investments, structured investments to be able to come in.

We're having numerous dialogues, we're doing deals that really allow sponsors to either return capital to their LPs, or deleverage in order to get a refinancing done. That's been an incredibly active theme. Regardless of where rates go over the next 6, 9, 12 months, they're not going back to 0. They're going down 50, 100, 150 basis points. It's still -- it's not going to change the fundamental evaluation environment and the leverage environment for a lot of these companies, and so that's the opportunity set.

As far as some of the macro themes around decarbonization, deglobalization, these are -- and digitization. These are huge themes that we are investing behind across our entire platform. Our infra business, our climate business, our private equity business, our private lending business, all of this is really lining up thematically behind a lot of that. Because like I said earlier, so much capital is required to support these trends.

Ben Budish: Got it. Maybe kind of similar topic, deployment, and let's talk about capital solutions for a minute. The business reached a new record in the second quarter. It seems like deal activity has picked up since then. How is the back half of the year shaking up? And how do you think about the potential of this business to keep scaling over the next few years?

Scott Kleinman: You're right, Q2 was really a particularly great quarter for our ACS business. I think the back half of the year, as we've publicly predicted, will be a more normalized level. But again, going back to that Investor Day from 3 years ago, we were running a capital solutions business of around $250 million a year. We predicted $500 million by year 5. We achieved that last year. This year we have indicated a number around $600 million. And again, I hate to be a broken record, but you'll see in a few weeks at our Investor Day a new set of forecasts that show you where we think that business could go. But again, spoiler alert, it's going to be substantially higher than it's running at today.

Fundamentally, as we continue to grow the types of assets that were origination, the volume of assets that we're originating, expand our syndication capabilities, this will fundamentally continue to grow in a pretty meaningfully way and in a very repeatable way. That $600 million I referenced, that represents a couple of hundred transactions. That is, yeah, there are a few big transactions that might pop you up in any one quarter, but the steady progression of just the volume of the business moving through is just a pretty interesting stairstep to see. We see more and more of that.

The only other thing I'll say about ACS, and we'll talk a little bit more about this at Investor Day, this room, this crowd focuses on it for its revenue potential. But from my standpoint, the most powerful thing about our ACS business and what we've built there is the flywheel effect of the client, bringing in new clients. We have many, many clients that started out just as -- we sold them a piece of a transaction. We syndicated a loan, a piece of a loan to them. And we did it again and then we did it again. And then they said, well, this is really interesting stuff. You guys are producing interesting stuff. Can I get an SMA? Or what type of funds do you have? Maybe I can put some more debt in so I get a more regular flow of this.

And we've converted many, many clients from a transactional client to a fund key paying client. And that is really the power of this ACS machine that allows us to continue to expand the type of clients we would touch and over time bring them in as more recurring clients.

Ben Budish: Maybe one last question on the asset management business. Traditional private equity seems to be less of a key growth driver. Performance there has been quite good. How should we think about the evolution of that franchise and maybe some of the newer equity adjacent franchises longer them at Apollo?

Scott Kleinman: Yeah. Look, we're nothing if not consistent. And our philosophy of a value-oriented investment strategy has really stood the test of time. Our private equity business I think is, as you rightly point out, the performance there has been quite good because we've stayed true to that value orientation. And we're not suffering a lot of the pain that I think the industry is, or maybe hasn't admitted yet, but will be, will be suffering as a result of kind of chasing too much of that growth at any cost over the last several years. Although it was sort of lonely in the wilderness for decades staying true to that value orientation, but it has served us really well.

As we pushed into adjacent strategies, that theme of value orientation carries through. In the last 5 years, we've started a number of businesses. Infrastructure, climate, secondaries, hybrid had started a little bit before that, and that's now I'd say in the medium stages. But a lot of these earlier businesses, we are huge believers in. But it takes a decade to grow a franchise, and we are -- we've put the investment in, we've put the time in. We're now in Fund 2 and Fund 3 of many of these things, and I think you'll see we'll lay out some very specific thoughts on what that looks like at Investor Day.

But where the next 5 years, we will be reaching the fatter part of that curve, so pretty excited about it. And from a timing standpoint, sometimes better to be lucky than smart, but things like infrastructure and climate, everything we've been talking about all morning, is pointing towards the need for more capital there, so we're feeling pretty good about that.

Ben Budish: Let's move over to the private wealth side now. Maybe just to start, can you give us a bit of an overview of your semiliquid retail products? How your offerings are differentiated from your competitors, and maybe what other strategies are you looking to bring in the next couple of years?

Scott Kleinman: Yeah. Again, this is one of the building blocks, one of the key building blocks that we pointed out 3 years that we were going to go build. I mean 3 years ago, we had virtually no wealth business because we had just gotten into that business. We've invested extensively in this. This is a truly huge opportunity, and we can talk a little bit about that in a second. I think at this point, it's well understood by the marketplace just how fundamentally game changing the wealth market can be for alternatives.

I would say in these last 3 years, we've added close to probably 200 people who spend most or all of their time in the wealth space, in some form or fashion in the distribution of wealth. That is a huge investment, huge undertaking. And as a result, this is not -- you're not going to see 100 companies, 100 alternative managers that can enter and be active and be meaningful in this space. The upfront investment is just so massive in order to do that.

I think you'll see under a dozen companies really sort of dominate the alternative wealth space. And really, you have 3 or 4, like any industry, 3, 4, 5 are going to garner the most market share in that. It's our objective to be top 3 in pretty much every product that we operate in. And today, from a standing start 3 years ago, today we have 10 products in the semiliquid category. We're selling about $1 billion a month across. We think we have a pretty full lineup now across credit, real assets, infrastructure, equity, so we're pretty pleased with that.

I think the pace of being one or two products out every quarter will probably slow down now that we have the products we want. Now it's about pushing sell through and really starting to get these things to scale in a much more meaningful way. That's the -- that's the opportunity set. But we're pretty pleased about it.

As far as I think the last part of your question, you asked on some newer products and themes we're doing. Earlier this year, we launched an infrastructure product. I guess he doesn't like what I say. We launched an infrastructure product. That's from a standing start. That will be approaching $1 billion by the end of the year in that vehicle. This summer we launched our ABF, our asset backed product for the wealth market. We have enormous interest in that. That is starting to really scale in a much more meaningful way.

And actually, next month we will be breaking escrow on our secondary product. Lots of interesting stuff in the market and I think we are only in the first or second inning of this global wealth revolution, accessing alternatives.

Ben Budish: Great. I want to ask you a little bit more about product innovation, but maybe just for AAA, you've indicated in the past you think it can be your biggest product. Can you just give us an update, investment performance, fundraising momentum, distribution reach, where are you with that one specifically?

Scott Kleinman: Yeah. AAA is going -- AAA is going well. It's performing exactly where we said it would. I think LTM is right a little under 11% net, so very steady. The whole premise of AAA was it will do 8% in a bad year, 14% or 15% in a good year. But otherwise, you're not going to see much volatility out of that. Replicating an equity-like return, equity plus with really a fraction of the volatility. And that's performing exactly the way we would have expected.

That product today from a distribution standpoint, we're now on I think approaching about a dozen global banks. We're here in North America, we're on distribution platforms in Europe, in Asia. independent platforms. We're raising I think it's north of $200 million a month now from this and sort of growing pretty steadily, so feel quite good about that. Total footprint is in the sort of mid to high-teens, high-teens billion dollars. It's a great product and it's I think the attractiveness is being understood every day by more and more clients.

Ben Budish: Maybe one last question on the wealth side. How are you thinking about the evolution of product wrappers and structures to access a broader swath of the retail market? I think even earlier this morning, you announced or filed for an ETF with State Street. Maybe correct me if I'm mischaracterizing that, I just had a minute to look at the announcement. Maybe you could talk about hat announcement and then your kind of high-level thoughts on the evolution of product design and the wrappers.

Scott Kleinman: Totally. And just to respond, so yeah, this morning State Street did announce, or it filed a registration with the SEC on a new fixed income product which will include some assets delivered by Apollo, private assets delivered by Apollo. It's in registration, I can't -- it's in the quiet period, so I can't really talk about it. But just zooming out to your broader question, this is just one example of I think you're going to see more and more of, which is, other ways to deliver alternatives, other ways to deliver private assets to a broader swath of investors.

Like I was saying earlier on the fixed income replacement side, it's not just institutional investors that are figuring out that they are giving up alpha by not being in private assets. But wealth investors want access to that too. Wealth managers want to provide that to their clients and you're going to see continued ways of access. Everything we've been doing so far has been, if you think about the pyramid, the ultra-high net worth, then the high net worth, then the qualified purchaser, well how do you reach that bottom layer to mass? It's probably not going to be in a very meaningful way firms like Apollo selling directly to the mass. That's going to have to go through other products, partnerships, other partnering with other long only type manufacturers.

And there's just lots of ways -- I mean, you can think about whether it's the DC and 401(k) markets, whether it's the long only fund market, ETF market, these are all ways that I think you're going to see over the next few years, just more and more products pushing into that to -- on the fixed income side because that's where it's easiest, but eventually on the equity side as well where you're going to find investors having more and more interesting ways to access private assets.

Just by way of this concept of convergence, and you're going to hear us talk about this convergence more and more, I talked about the fixed income convergence. Just think about equity and equity convergence. You've got, over the last 20 years, 8,000 public companies going to 4,000 public companies. You have the S&P being dominated by a smaller and smaller -- you're trying to create a diversified basket of stocks through an ETF or something, but you're really just getting more and more concentrated. You have active managers who have struggled to beat their indexes for a long period of time. Public companies, all public companies in the U.S., represent less than 15% of employment, 15% of GDP. You're not getting a representative swath of the economy.

Private companies and finding ways to access private companies, not necessarily as private equity, because that is a levered, higher return, higher risk strategy. But finding ways to access private companies in a thoughtful way for the public consumer is definitely -- you're going to see that over the next 3, 4, 5 years, more and more ways to be able to do that. You have that on the fixed income side. You have convergence on the equity side. This is all coming. And whether it's the State Street structure or others, you're just going to see more and more access points if you will through different creative structures to allow individual investors to access that.

Ben Budish: Great. While we're talking about retail, let's pivot over to Athene perhaps. How should we think about the potential inflow profile of 2025 versus the $70 billion target for '24? Retail makes up the largest portion of that. And then retail specifically, can you talk about increasing competitive pressures on the annuity side? The extent to which a declining rate environment might impact demand, what are your thoughts there?

Scott Kleinman: Yeah. Sorry about the broken record again, but you're going to see a lot of detail on this in a few weeks as we really roll out our forecast for Athene and where that's going and some bridges of how you get there. I will say though, at a high level, Athene has been growing double digits for the last decade. Last 2 years we actually had insanely strong growth, 20% to 30% type growth. Which is abnormally high for this industry. But fundamentally, annuities are an attractive product for retirees, for savers. And it's only becoming more and more so. The need for guaranteed income, the need for safe recurring income, is only growing. The shift in rates, the massive shift in rates, did bring a whole bunch of new entrants into -- bringing consumers, policyholders, into the annuity environment. We've just seen when a consumer enters the annuity environment, they stay there. Even as these things roll off, they'll keep those dollars in the annuity space.

And so it is -- it is pretty clear to me that the annuity market continues to grow pretty handsomely, that Athene continues to grow share in that annuity space, whether it's thorough adding, continuing to add selling agreements with more and more banks and other channels. And then selling through -- it takes several years to ramp up to full scale through a particular wealth distribution system, so we see a lot of runway ahead of us from that standpoint and feel pretty good about it.

Ben Budish: Maybe just thinking about growth, can you unpack a little bit about the opportunity in Japan, how that opportunity has evolved? It's become an increasingly prevalent talking point for Apollo. How much could it potentially contribute to Athene? And maybe what's kind of driving the evolution in that market?

Scott Kleinman: Yeah, look, the need for attractive excess spreads, safe yield, is everywhere. And Japan is sort of the poster child for that. We started pushing into that market a few years ago. Today, we're up to about -- last year I think it was about $7 billion of reinsurance into the Japanese market. We see that over the next several years growing to $10 billion plus, just keep growing. There's -- like I said, a real need for this, for this type of safe big return in Japan. And nothing from our mind is going to really slow that down,

Ben Budish: Got it. Maybe just talking about the balance sheet side, thinking about credit risk, one of the fears we hear from investors is that directly originated private credit on insurance balance sheets hasn't been properly tested in the cycle. How would you respond to that concern? How do you think about the performance of Athene's balance sheets could like in a more severe credit cycle? How much of the balance sheet -- I think you mentioned earlier it's about 1/3 directly invested in Apollo privately origination assets. Is that the right kind of way to think about what it looks like in the future too?

Scott Kleinman: Yeah. A lot of this comes from, well, private credit, is private credit risky? Is private credit non-risky? First off, the thing to remember, for Athene, 95% of Athene is fixed income. 90% of that is IG fixed income. You've got a predominantly 90% IG balance sheet. Which okay, you could start, that doesn't mean that nothing bad can happen, but it's not the type of private credit that you read about, some crazy loan originated by so and so that has all these pick features and this and that, whatever. This is IG.

Secondly. I mean we, Apollo, built the entire sort of asset side of that balance sheet. We know everything that's on that balance sheet. And have been -- whether it was directly originated, and in total when you include alts, when you include some other asset classes, about a little less than half, so about 45% of Athene's balance sheet is originated product from Apollo. The other little more than half is secondary product that our traders, our asset managers put on the balance sheet.

Again, we understand the credit profile of that balance sheet very well. We've had a couple of tests along the way. Yes, we haven't had a GFC yet, but the 2020 COVID crisis was a great little snapshot, at least from us, as to what that could look like, And we came through that with flying colors. Obviously, when rates moved 500 basis points over the course of a year, that put pressure on a lot of other people's balance sheets. We knew exactly what we had. Again, feel incredibly good about the strength of the credit profile of the Athene balance sheet. You're not the first person who's made that comment to me.

Ben Budish: Maybe one last question on the Athene side. Can you talk about, on the financial side, can you talk a bit about the guidance revision up from the last quarter? What kind of gives you confidence that you can return to low double-digit growth in 2025? Again, I'm sure we'll get more details come October, but how should investors be thinking about the potential to kind of return to that growth profile that you've indicated?

Scott Kleinman: Yeah. Look, as I alluded to a couple of minutes ago, the annuity market continues to grow, continues to be very robust. Athene continues to take share in that market. In addition to that, new product development which we'll detail on Investor Day, whether that's pushing into DC, Altitude. Other products that again are key lifetime income products. There's a lot of topline building blocks that we're pushing towards.

Obviously, we're heading into a rate down environment. What this is, I mean I'm not going to predict. Feels, once again, like the market is ahead of itself on what it might be, but regardless, the 2 things to sort of significantly mitigate that. One is, we took a bunch of pain this year to put on a massive amount of hedges to really protect ourselves from future rate downs.

And I would say secondly, there's enormous management actions that you're able to take in a rate up environment, but then differently in a rate down environment. And as the ability to reposition your book, to take gains, use those gains to make reinvestments, like there's just a lot of levers to pull if you will in the system, to be able to drive back to that historic trajectory of double-digit growth. We feel pretty comfortable about that.

Ben Budish: Great. Well, we're just about out of time, so we'll have to leave it there. But Scott, thanks so much for being with us, and looking forward to seeing what else you have for us come October 1.

Scott Kleinman: Great, thank you very much.