10-Feb-2025

Apollo Global Management, Inc. (APO)

UBS Financial Services Conference

CORPORATE PARTICIPANTS

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

OTHER PARTICIPANTS

Brennan Hawken
Analyst, UBS Securities LLC

MANAGEMENT DISCUSSION SECTION

Brennan Hawken
Analyst, UBS Securities LLC

All right. Thanks, everyone, for joining. Brennan Hawken, UBS. I'm joined with Martin Kelly.

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

Good morning. Thanks for having me.

Brennan Hawken
Analyst, UBS Securities LLC

Yeah. Thanks for coming. Appreciate it.

QUESTION AND ANSWER SECTION

Brennan Hawken
Analyst, UBS Securities LLC
Q

So, we'd love to start, Martin, with ACS, the origination capabilities at Apollo are really a clear differentiator. And so, I want to spend a bit of time on that. So, the growth has been really robust in recent quarters, a lot of origination activity. So, what's the best way to think about forecasting those revenues? And given the optimism around investment banking recovery, January off to a bit of a slower start than really we hoped. But is that an accelerant to the business or is it increased competition?

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

Yeah. So, interesting bunch of questions in there. ACS is, I view it as a function of other business strategies that we have. And so, ACS, Apollo Capital Solutions, is a business that syndicates risk to the marketplace and in different forms. And it's had terrific success. If we look at where – what's the source of business that goes through ACS, to-date, even with the increase in the business that we've seen in the last two or three years, it is a significantly debt business. And within debt, it's predominantly an investment-grade business.

And so, like last year, we did 300 separate transactions that contributed to that total ACS fee that we printed. There's obviously some dispersion around the size of transactions, but it's – so it's principally an investment-grade debt business, and that sort of sits at the center of everything we do. I think over time, our plan, our intention is to grow it with more syndicated risk across equity adjacent businesses. So, as we grow infrastructure, climb the secondaries and so on, and where there's an opportunity to syndicate risk from those sources of origination, we'll do that.

So, the business that is done, I think we're also naturally set up as an underwriter and a sort of an originator of risk that has multiple homes for origination that we source. So having Athene's investment-grade balance sheet, which can commit to a piece of most of what we do in the investment grade space, and then having all our third-party capital is also really important.

So, we have an advantage relative to sort of the "banking system" and that we have an ability to know with confidence that we can place a substantial amount of the risk. And we think about it as sort of Athene will take 25%. The other 75% goes elsewhere, depending on the size. But we have the confidence of the balance sheets, both our Athene balance sheet and our partner balance sheets that allow us to do that.

So, it's not a straight-line business. It's not as you can see in the numbers. But the business is really robust. It's growing. I think it's still in the relatively early stages of build-out, particularly with some of these new businesses. And so, we have great confidence in growing from here.

Brennan Hawken
Analyst, UBS Securities LLC
Q

Yeah. With the Investor Day target, I believe for origination, it was $275 billion. The 2024, it was $222 billion, right?

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

Yeah.

Brennan Hawken
Analyst, UBS Securities LLC
Q

So, what's the way to think about the growth in that origination number? Are you like overachieving right now on the volume side or was the target conservative? And then, it looked like from the graphic in the Investor Day, that core credit, a big part of the growth. So how should we think about the variability of the economics in the different sources of the ACS volume?

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

Yes. So we had a great year. Origination, last year, effectively doubled in every segment. So origination is four things. It's our platforms, including ATLAS. That doubled and a bit. What I think of as our core credit businesses like CLO, commercial estate debt, resi mortgages, that also doubled. High-grade corporate solutions is our sort of large-cap financing, like Intel, like InBev, that also more than doubled last year. And then, there is the equity, equity-adjacent businesses that contributed the last piece to that.

So last year was, obviously, outsized growth. When we set the $275 billion, we obviously thought that's what was achievable. It also represents what's needed to create sort of equilibrium in the system. That's the supply that we need to feed the demand that creates the FRE and the SRE growth profile while having some remaining for ACS fees.

So we're not ready to reset our targets six months – four months later. But the business is going great. But to your question, there is a difference in the economic value of a dollar of origination in any one of those four channels. So, for example, the platforms originate product, some of that just has to go to feeding the platform. The platforms are owned by AAA, the equity vehicle that requires an ROE from its investors, which are partly Athene, partly LPs, partly third-party investors. Part of that is needed for growth; part of it's needed to replenish runoff.

And so, where there's outsized production or origination in platforms, like there has been in ATLAS, that's been available to the rest of the system. But some of it – and I'm sort of starting at one bookend, the platforms are more self-contained and require origination to create the ROE that's expected of them.

Corp credit is a step further up the chain. Core credit is a growth business. And so, it's creating products that's at the margin, growing assets under management, which then feeds Athene or third party or ACS. And then, the high-grade corporate solutions business is probably the most accretive in terms of ACS fees because it's at the margin new business. They tend to be large transactions. And so, they tend to have a larger allocation to the ACS business.

And I think over time, the last piece, equity, equity-adjacent will be the same. As we finance or co-invest either equity or debt from those businesses through the ACS system that will be largely accretive. So the two – there's not a linear – there's not, I'll call, like a tight correlation between the two. There's obviously some.

Brennan Hawken
Analyst, UBS Securities LLC
Q

Right. Okay. Thanks. So FRPR, you guys have had some really good success in growing the wealth products, ADS and AAA, in particular. So as those products ramp, what's the best way to think about FRPR growth? And then, how do we think about profitability or comp ratio on those revenues?

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

So this is an area where there's not actually consistency in the industry. Our fee-related performance fees are very significantly yield-based. So it tends to be a promote above a hurdle on the yield of the vehicle. And so, that obviously depends on how much capital you're raising, what the leverage is in the vehicle and, obviously, what absolute rates are and what the spreads are that you're running.

So the far, far majority of our spread of our FRPR comes from ADS and similar vehicles, MidCap, Redding Ridge, CLO vehicle. And so, as those vehicles ramp, I'd expect to see a continued increase in what we've already seen to-date in that income line.

Brennan Hawken
Analyst, UBS Securities LLC
Q

Yeah.

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

And we're really focused, like very focused on quality of FRE and making sure that that's tied to sort of quality underlying revenue drivers. In terms of comp, we don't have an explicit comp arrangement against those fees. So the FRPR is a product of raising money, investing money well. There's a dependency on the Capital Solutions businesses to syndicate some risk around some of those transactions. So there's many people involved in creating that revenue stream. And so, the revenues go into a central pot, and then we manage comp holistically against all our FRE revenues.

Brennan Hawken
Analyst, UBS Securities LLC
Q

Okay, got it. Also related to wealth distribution costs were sort of a big theme, particularly in the back half of last year. What's the best way to think about that? Is it an industry shift that's happening? Is it just a few platforms? So, what's the right way to think? And I believe you will have opted for the trailer structure versus the upfront. So, why is that more compelling from Apollo's perspective?

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

We actually partnered with distributors, and we'll do – we'll offer a choice. And so, what you tend to find is the legacy products that were drawdown funds like a big PE flagship that you access the high net worth channel through a big wirehouse or private bank, they tend to have an upfront fee. It's one and done, and that's just the market for those types of products.

I think the semi-liquid space is a – it's either or both actually upfront fees which tend to be about a percentage point or trailers which tend to be, 15, 20, 25 basis points, mostly on a perpetual basis. And so, we – so, it's up to distributors to make their choice on what they think is more attractive. We've seen a shift, given the expected longevity of the products, to trailers because it's more annuity like. And so, at the margin, that's where we're seeing the shift. But we do – we have both fee arrangements in place. Most of the products that we have in place have both and some – and as I sort of mentioned, it can be a combination of the two.

So, it's just part of growing the business. It's interesting. Trailers are netted against revenue in the industry. You kind of don't see it. It's just – it's within the top line fee rate. The upfront fees, we expense. I think that's industry practice. You can actually get to a particular point in any one year where the upfront is more than the fees that you'll earn for that year. So, it's actually dilutive for the rest of the year, but then you sort of springboard into the next year. So, we don't have a bias. We're open to either. And I think the market – the fiduciary standards are such that the fees are pretty standard. And so, I think you'll see a convergence over time.

Brennan Hawken
Analyst, UBS Securities LLC
Q

Okay, got it. And then, last on FRE, so what are the best ways to think about the variability in the 15% to 20% growth expected here this year?

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

Yeah. So, we said 15% to 20% FRE growth in a non-flagship year, average 20% over the five-year period. We have a pretty strong line of sight into the revenue line. There's a little bit of period-to-period uncertainty around ACS fees, but the pipeline is strong and we're very confident in the business for all the reasons I just went through.

So, we – the top line – and then, to the point I made on semi-liquid, the further you get into the year, the less accretive it becomes in that particular year. So, it's all really a question of how we manage the investments in the platform that we think are appropriate for the growth that we see in front of us. And as you've heard us talk, there's so many organic growth opportunities. It really becomes a question for us around how do we prioritize, how do we place our bets? How do we sort of integrate people into our culture? And where do we think is the best long-term return on those investments?

And we do the same on the CapEx side. Sometimes growth requires CapEx, not OpEx. It's also a question of prioritizing how we allocate capital to grow some of these businesses. So, where does the upside come from? The upside, like the real drivers of the revenue story for this year, are third-party credit business. Our semi-liquid wealth business holistically defined. Athene, of course, and then some of the equity adjacent businesses.

So, if we saw a noticeable change in what we currently expect around any of those or around ACS fees, then you could see some upside this year. But we get to a point where we're more focused on 2026, frankly, than we are about this year because the investments we're making this year are going to fund growth in revenues for 2026 and thereafter.

Brennan Hawken
Analyst, UBS Securities LLC
Q

Right. Okay. Well, given the clear secular tailwinds behind Apollo, fundraising is always a big, big topic, right?

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

Yes.

Brennan Hawken
Analyst, UBS Securities LLC
Q

So, you're targeting to quintuple your AUM in wealth by 2029. I think I used the right term.

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

I think I know what you mean.

Brennan Hawken
Analyst, UBS Securities LLC
Q

So, you laid out some of the components, right. Foundation, scaling the client base, and new frontiers as the big pieces there. So, would you expect to be the dominant driver, and maybe could you give us a little color around each of those?

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

Yeah. In wealth, it's such an interesting business and it's getting so much attention across the marketplace for the right reasons. It's a – however you cut it, a $12 trillion 401(k) opportunity, a $40 trillion more broadly defined DC opportunity. And then, just getting – and getting more private products into high net worth. So, it's getting a huge amount of focus. I think part of this is we did $12 billion of top line origination last year. We've said, on average, that should be $30 billion over the next five years, so you can sort of run rate your way to get to that target in a two to three-year period. And so, that's kind of the – that's the plan. We think we have a plan that is going to achieve that. It takes a lot of resourcing. It's a lot of the reason why we're guiding FRE to that 15% to 20% growth rate, because we're investing in this business.

And it's really – it's complicated and interesting at the same time. You need to have the products, that products need to have the right track record. And so, they have to be in the right form for the buyer base, whether that's a CIT variant in the US or an ELTIF variant in the UK, whether it's a like a parts provider motion to a big traditional complex to mix into their own product through interval funds, through ETFs, through other structures to come.

And then, part of it is being endorsed by advisors and consultants. And so, having a relationship with this whole ecosystem, with technology providers, with record keepers that can allow for efficient distribution and maintenance of the products and customers after you've sold it.

So products, track record, access to multiple distribution points, technology, confidence in the marketplace. And then, the 11 products that we have in the market today, having variants of them that are appropriate for different investors, not just in the US, but in the UK, through Lux, and then through Asia. So it's creating products that we think will create scale. We're trying to be careful about if we go into a particular geography with a product that we think has potential for X, is X enough? And if it's not, then we won't do it.

So otherwise, you end up with like a stranded subscale product. And so, it's fascinating, actually. And it's an area we are, I think, without question, across the firm spending the most time.

Brennan Hawken
Analyst, UBS Securities LLC
Q

And we touched on before the success you guys have had recently with ADS and AAA. So they've grown really rapidly. We've seen a strong acceleration. How do you replicate that success with some of the other products that you touched upon?

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

A

I think the next successful products should be asset-backed. And so, that is a product which is resonating really well with institutional investors. And there's no reason that it shouldn't resonate with individual investors either. And I think we have – it's a marketplace which is less competitive. We think it brings a really interesting risk return to investors. And we have 15, 20 years of experience in the business, not just through our credit business, but by building the platforms that we've had. Every platform is, in effect, a finance company that securitizes its product. And so, we have plenty of capability built up in the platforms that we have today in our Redding Ridge, CLO business. ATLAS brings a great capability. So that early days. But if there's a read across from institutional demand to individual demand and just the acceptance of what we think is a quality product, I think that has the next potential.

And then, you get into some of the others like infrastructure or secondaries, real estate debt. That's why we're so focused on origination. Like, the transaction we announced a few weeks back on this infrastructure platform called Argo, part of the thesis there is to get access to more origination. It's sort of the overall – coming back to the theme of originating interesting product that – and not just to grow the infrastructure fund business, but to create ways to create more origination product, part of which then can go into an infrastructure retail fund or semi-liquid fund. And so, it is with the secondaries business where we brought a team in under the S3 banner. And so, we're trying different asset classes, but it all comes back to origination and having interesting products.

Brennan Hawken
Analyst, UBS Securities LLC

Q

Yeah. Yeah. I'd love to touch on the regulation and the new administration. That's been a big theme.

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

A

Yes.

Brennan Hawken
Analyst, UBS Securities LLC

Q

Of course...

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

A

Three weeks in.

Brennan Hawken
Analyst, UBS Securities LLC

Q

Yes. So how should we think about new policy from the current administration and how it would impact Apollo? And more specifically, have you had any preliminary discussions around various regulatory hurdles on private assets within defined contribution plans? Trump 1.0, right, he signed, I want to say, an executive order, the lack of permanence of those, but...

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

Yes. It's not enough.

Brennan Hawken
Analyst, UBS Securities LLC
Q

It's a clear signal, though, of intent.

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

Yeah. So put aside tariffs and tax reform and so on, which – it's uncertain. We have obviously done a lot of work on our portfolio. The single biggest opportunity, without question, is private access to the retirement markets. And we talked about this, Marc talked about this on the call last week, it is hard to handicap the when and the how or if, but it does feel like there's a real opportunity for there to be change.

And it does not require legislative change; it does require comfort or acceptance with the litigation environment, which probably comes in the form of guidance from the DOL around the reserve fiduciary standards and just the acceptance of a overall return on a product relative to the lowest fee rate. And so, if we are able to, as an industry, create some change around that, I think that will be a massive boost to the business.

Short of that, everything I just spoke about, are ways to access individual investors through various forms, interval funds, ETFs, CITs, ELTIFs and all the different structures that sit out there in the marketplace either as a fund provider or a part provider, but having some confidence in the marketplace as a trustee that your fiduciary obligation is being fulfilled if you're providing sort of best products, not lowest fee, that's going to be the game changer. And so, yes, we're focused on it, as you would expect, as others are.

Brennan Hawken
Analyst, UBS Securities LLC
Q

Okay. And you think labor is a reasonable pathway for that?

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

Could be, yeah, yeah.

Brennan Hawken
Analyst, UBS Securities LLC
Q

Okay. All right. I can't really have a conversation without – with you without touching on SRE.

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

Yes.

Brennan Hawken
Analyst, UBS Securities LLC
Q

And certainly...

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

It's two-thirds of our income.

Brennan Hawken
Analyst, UBS Securities LLC
Q

Right. Move – on the way to 50%, though. But rates have moved around a lot. And so, how have those changes impacted how you're thinking about your outlook for 2025? And the $3.5 billion, how many rate cuts did you guys bake into that outlook?

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

Yes. So, we were pretty clear on the call last week to make sure our expectations are transparent with the marketplace. If I stand back, Athene's assets should grow – our plan is for them to grow around 15% each year. 10% of that comes into what I think of as core Athene, and then 5% goes into the equity sidecars of Athene, the ADIP, ACRA family.

So, then we go through these periods of what we're seeing a reasonably significant transitions in the interest rate environment which we benefited from in the last sort of two, three years, and now, we're seeing the headwinds of as we transition from high to low. So, when we lay that out, our targets at the Investor Day last October, we put a target out of SRE for 2025 of $3.5 billion. And that assumes sort of absorption of the interest rate impacts transitioning from high to low. It assumed ALTS would return 11% with the long-term target. And at the time we made that assumption, we sort of embedded a six rate cut equivalent assumption in the numbers. So, I think we've seen like a 50-basis-point cut at that point and we had sort of four more to go.

So what's happened is obviously four equivalent rate cuts are behind us. The curve is pricing in another 1 to 1.5. You can have your own viewpoint on whether that will come to fruition or not, but that's what is underpinning the SRE model. So, if that were to come and realizing that there's puts and takes within the balance sheet, we should print $3.5 billion this year with those embedded assumptions. And then, if rates take a different path and then so should SRE.

Brennan Hawken
Analyst, UBS Securities LLC
Q

Okay. All right. And I do want to see if there's questions in the audience, but a couple more here first before we do that.

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

Sure.

Brennan Hawken
Analyst, UBS Securities LLC
Q

So, on capital. The capital framework is targeting reducing shares outstanding to $600 million. What timeframe do you think you need to hit that?

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

A

Yeah. So, we laid out a plan to create and return $21 billion of capital over five years, that was laid out last October. $7 billion is spoken for in the dividend with implied or assumed 10% annual growth rate. 10% was for sort of share buybacks above what we thought would be needed to get from the then share count. $617 million, I think it was, back to $600 million. And then, the last bucket was sort of for growth and TBD.

So, I would view – we're only four months later. The way I think about it is we laid out the $600 million target as a plan to immunize various stock and other arrangements out of the share count. And so, I would view that – it comes back to the conversation earlier, part of the conversation around how do we allocate OpEx. It comes down to capital allocation.

And so, what is most important to us from a capital perspective right now is making sure we've got plenty of excess liquidity to fund the growth of the business. It's making sure that we are investing in growing our businesses that require capital like the ability to make markets in private credit, that requires capital. We think it's a very important long-term use of capital. And then, there's a choice between returning through buybacks, other M&A, growing Athene more, and so that's all a choice to make with the benefit of high ROEs with the luxury, I guess, of a high ROE threshold given the growth rate in the business.

So, I would view – in terms of like how do you get from here to $600 million, I would view it as back-ended. It's a trajectory which will be back-ended partly because of all those reasons, partly because there's a dependency on principal investing income, which means carry. We need realizations to come out. But right now, maintaining liquidity, maintaining strong rating, having excess capital to invest in growth priorities is probably more important. So flat to down, but back-ended.

Brennan Hawken
Analyst, UBS Securities LLC

Q

Right. Okay. And you just touched on it, but $7 billion of that for investing in the business and driving growth. But you also suggested it wasn't certain, right? So what factors should we consider when we think about the use of that capital? And based on what you can see today, is there any likelihood that you would pin on whether or not you're going to need that full $7 billion or it'd be allocated elsewhere?

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

A

I don't see anything different today than I saw four months ago. So it's hard to see us – if we've done one M&A transaction, we've indicated that we may be open to more if it provides not just accretion to earnings and growth, but a capability that we don't currently have like Argo. And so, there may be more of those to come, I expect. But $7 billion is a lot of CapEx. But we'll see. We'll see. There's no shortage of growth opportunities in front of us as a firm, and so – which is the really interesting part of the job, frankly. And so, that's what we're focused on, creating long-term sustainable growth that accesses the four big TAMs that we keep talking about, and that will drive the allocation of capital.

Brennan Hawken
Analyst, UBS Securities LLC

Q

Okay, got it. I don't know if there are any questions in the room, but we can pause and see if anyone has anything for Martin. I have more. There's plenty more to go, but figured I'd open it up. Okay.

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

A

Right. Keep going.

Brennan Hawken
Analyst, UBS Securities LLC

Q

Here we go. We'll keep going, yes. You touched on this a little before when you were touching on capital, but ADIP is something that I'd love to touch on. At Investor Day, you laid out a target to double Athene's gross invested assets over the next five years. So what's the expectation for how much of that is capitalized on balance sheet versus using the third-party capital? And when we think about that mix, how does that impact the economics for Apollo?

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

A

Right. So I'll just explain ADIP briefly for those who are not familiar. ADIP is the equity sidecar business of Athene that raises capital and co-invests in all growth of Athene on a pretty much pro rata basis. We raised ADIP I, which was a $3 billion fund. We then raised ADIP II, which is a $6 billion fund. And the returns to the LPs in those businesses has been above what was expected. So it's been a good business for those investors. The benefit of ADIP is it creates capital that is available to us to be called when we need it or want it. And every dollar of business supported either by a core Athene or by ADIP creates FRE revenue growth at the asset manager. So it's a really important source of capital for the system.

I wouldn't expect the mix of the business that ADIP takes to be that different in any one period. It averages around 30%. I think it was a bit more than that last year, but that's kind of the right place to be. And so, if we're solving for 15% asset growth to the system, 10% to Athene, ADIP fills in the difference. That's the blunt math. So I would just assume that we invest ADIP II well. We come back and raise the next version of ADIP. It'll take much the same.

I think the one thing that could change that would be if there are inorganic opportunities that come along, then ADIP could take more or less of that, probably more. And ADIP I actually started life as a way to fund the inorganic growth of Athene because the timing and quantum of capital needed was so uncertain, we raised ADIP I. As the inorganic opportunity became really competitive, it moved into just taking a piece of all organic top line growth. But we'll see. There are some opportunities in the marketplace. If any of them come to fruition, it's possible that ADIP takes a disproportionate share of that. But other than that, I would assume it just sort of ticks along at the sort of 30% one-third type level.

Brennan Hawken
Analyst, UBS Securities LLC

Q

Yeah. The recent pace.

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

A

Yeah.

Brennan Hawken
Analyst, UBS Securities LLC

Q

And there's no constraint around third-party capital or anything, that investors have done – had a good return in ADIP, and so you'd expect?

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

Yeah. As I mentioned, the returns have been really strong. Experience has been great. And so, we have to go raise it, but I don't expect there'll be problems with it.

Brennan Hawken
Analyst, UBS Securities LLC
Q

Okay. And then, also thinking about the insurance operations, right? So what are your expectations for the primary sources of third party and then Retirement Solutions fundraising as we move through 2025?

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

So for this year, I would assume that 2025 looks pretty much like 2024 in Athene's growth. So Athene, last year, was about 35 – $35 billion of this $71 billion was annuities. A large portion of the rest was funding agreements. Reinsurance was $500 million or $600 million, and then pension transfers were about $1 billion or so. I think until the lawsuits with the plan sponsors a result in the PRT space, we shouldn't expect to see an increase in that business. We may see the odd transaction here or there, but that has dampened the growth. But that in a year when we had record production, it didn't really make a difference. So when that comes back, that will change the mix.

But like right now, in this rate environment, which looks somewhat stable, spreads are tired, but they seem to be where they are. Absent some major disruption in the marketplace, I'd expect it to look pretty much the same. And I think we know within annuities, high rates are good for MYGAs. Athene continues to write a lot of fixed indexed annuities. And then, we're really focused on new products. How do we get the next wave of products coming to market which will be accretion not this year, maybe not next year, but in the years thereafter. And in the form of guaranteed lifetime income or other forms of providing retirees with access to confidence and certainty in their decumulation period of life, not just their accumulation phase of life.

So, I think that sort of pay us back with the global wealth opportunity in getting differentiated products to individuals, whether or not that through the 401(k) channel, but we're really focused on getting the next wave of products developed and designed and out there that will then fund the next phase of growth for Athene.

Brennan Hawken
Analyst, UBS Securities LLC
Q

And we haven't seen, with rates coming down, any impact on annuity demand or the flow there.

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

No. It's pretty stable. Pretty stable.

Brennan Hawken
Analyst, UBS Securities LLC
Q

Okay, got it. Okay, during Athene's third quarter call, I know we'll get Athene's fourth quarter call later this week, but they spoke to different products, attractiveness in different rate cycles. So, given the rate outlooks currently and expectations, are there any expectations where certain products might become more or less attractive, and what would you – how would you expect that to shift in the coming years?

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

A

It's sort of the same comment. I think MYGAs were less – obviously much less attractive in a really low rate environment. And the growth in MYGAs, multi-year guaranteed annuities, has been really significant and it's kind of stable today. And like long rates have sort of backed up again, like long rates are up probably 100 basis points from where they were a couple of months back. So, depending on the tenor that you take of your annuity, you can definitely get an attractive rate if you go out the curve of it.

So, MYGAs are attractive, fixed index are attractive where we're sort of writing a pretty consistent volume there. So, I don't expect – there hasn't really been a change in mix or overall quantum of annuities, given the change in rates we've seen so far, which have been more short than sort of medium or long term focus.

Brennan Hawken
Analyst, UBS Securities LLC

Q

Okay. So, more of the same.

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

A

Right now, more of the same.

Brennan Hawken
Analyst, UBS Securities LLC

Yeah. Okay. All right. I would turn one more time to check on the audience here. Any questions here before we wrap? No. All right. Well, Martin, done. Thanks for your time.

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

All right.

Brennan Hawken
Analyst, UBS Securities LLC

We really appreciate it.

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

Brennan, thanks for hosting. Appreciate it.

Brennan Hawken
Analyst, UBS Securities LLC

Of course. Thank you.