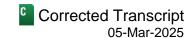


05-Mar-2025

Apollo Global Management, Inc. (APO)

RBC Global Financial Institutions Conference



CORPORATE PARTICIPANTS

Doug Irving Ostrover

Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.

James Charles Zelter

President, Apollo Global Management, Inc.

OTHER PARTICIPANTS

Matthew Stopnik

Analyst, RBC Capital Markets

MANAGEMENT DISCUSSION SECTION

Unverified Participant

Please welcome our moderator, Head, Global Investment Banking, RBC Capital Markets, Matthew Stopnik; President, Apollo Global Management, Jim Zelter; and Co-Chief Executive Officer, Blue Owl Capital, Doug Ostrover.

Matthew Stopnik

Analyst, RBC Capital Markets

Good afternoon, everyone, and thank you for joining us. We really appreciate you all helping to contribute to making this our largest and most successful FI conference today. Thank you.

I'm absolutely thrilled to be joined here up on stage with my friends and leaders in the alternative space, Jim Zelter and Doug Ostrover. Jim was recently named President of Apollo Global Management following his prior role as Co-President of Apollo Asset Management. Prior to joining Apollo in 2006 to help drive the expansion of the firm's credit platform, Jim worked at Citigroup and its predecessor firms in a variety of positions, including CIO of Citigroup Alternative Investments.

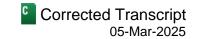
Doug is Chairman of the board and Co-CEO of Blue Owl Capital and CEO and Co-CIO of each of the Blue Owl Credit Advisers. Doug co-founded Owl Rock Capital Partners, the predecessor to Blue Owl's Credit platform in 2016. Prior to that, Doug was Founder of GSO Capital Partners, that's Blackstone's alternative credit platform. Prior to GSO's founding in 2005, Doug worked at CSFB and its predecessor firm, DLJ, and various leadership roles across its leveraged finance business. Gentlemen, thank you so much for joining.

Doug Irving Ostrover

Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.

Happy to be here.

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James Charles Zelter

President, Apollo Global Management, Inc.

Yeah, thank you for having us.

Matthew Stopnik

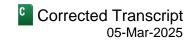
Analyst, RBC Capital Markets

You guys have been pretty busy? It seems.

QUESTION AND ANSWER SECTION

Matthew Stopnik Analyst, RBC Capital Markets	Q				
So to kick things off, I'd love to sort of start at a high level, love to get your take on, on how we got here. And by that, I mean we've seen some economic cycles.					
James Charles Zelter President, Apollo Global Management, Inc.	A				
I walked eight blocks.					
Matthew Stopnik Analyst, RBC Capital Markets	Q				
How many blocks did you walk Doug to?					
Doug Irving Ostrover Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.	A				
Five.					
Matthew Stopnik Analyst, RBC Capital Markets	Q				
[indiscernible] (00:02:24) so it's once step ahead of me. So we've seen various econor changes to regulatory backdrop, changes to market structure. It'd be good to get your the key drivers to help lead to the explosive growth in the alternative space?	_				
Doug Irving Ostrover Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.	A				
I'll let my friend kick it off.					
James Charles Zelter President, Apollo Global Management, Inc.	A				
Yeah.					
Matthew Stopnik Analyst, RBC Capital Markets	Q				

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Well, I think it's like golf.

James Charles Zelter

President, Apollo Global Management, Inc.



Exactly. So we're great friends, but we're competitors, too. But we're great friends more importantly. We probably opened the business almost 40 years and I started out as a high-yield trader. And when you think about what is going on in the big trends over the last 40 years, globalization, technology, deregulation and lower rates? It's not surprising that after the GFC, the Great Financial Crisis, the banking system was dramatically changed, as you all know, in the room, and lower rates really pushed off the impact of that for many years. But, today, we're in a situation in 2025 where the global capital markets have continued to expand.

There's a massive pension crisis around the globe. And I know we find ourselves and Dough can comment. We find ourselves with this really interesting intersection of retirees around the globe in various shapes and sizes, pension funds, foundations, global wealth and companies needing capital and the traditional ways of the high-yield market, the leveraged loan market, the investment-grade market. Those are all just going through a tremendous amount of regulatory change, as investors on the equity side are demanding higher ROEs for financial services companies.

And so, there's just a massive amount of gaps that I didn't – when I came to Apollo 19 years ago, I didn't say, wow, I got to work for this leading alternative asset management firm. It was a PE firm that had aspirations. And through a lot of ingenuity and strategy and focus, we've got in a space today, which I do think if you are a CFO or you're running a financial institution, understanding what's going on in our business and what drives our business, but I think it's a massive amount of secular trends from what's going on in the banking system, what's going on in the pension system, what's going on with passive in the marketplace and how public markets have evolved. But it's the combination of all three or four of those that's led us to where we are today.

Doug Irving Ostrover

Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.



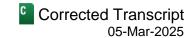
I agree with all that. But let me – you mentioned that I started the predecessor firm to Blackstone's Credit business, GSO, 2005. So let me take you back to 2004. So myself, two partners, guy named Tripp Smith and Bennett Goodman, we competed against Jim when he was at Citi, but we were number one and we were, yeah, I wanted to make sure you acknowledge that.

But anyway, so we were the number one underwriter and it's 2004 and we started thinking rather than going out and syndicating loans, which we would take down a loan and syndicate itself to BlackRock, PIMCO, Fidelity, why don't we go create a business where we raise a large pool of capital and we'll keep the loan, especially the really juicy one.

And so we left at the end of 2004. We went out in 2005. We were so excited and everyone we met with said, this is the dumbest idea ever. You're going to compete against RBC and Goldman and JPMorgan and BofA, how are you going to disintermediate the banks? And so, actually we went out and we had to come stop, change our strategy to include public markets trading and distressed, because that's what people understood and we took that business, we sold it to Blackstone and we were kind of lucky being at Blackstone because post the GFC, we had tighter regulation, I think one being at a firm with a good brand help.

But what we saw when we went back out this time, more and more people started to believe in the possibility that pools of capital like we manage could start to disintermediate the banks. And so for us, we saw assets as you did and a few others start to really take off. And today, just to give you an idea, you'd be hard pressed to go to any

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institutional investor that doesn't have an allocation to private credit. Then on top of that, so you're seeing this trend of the institutions allocating more and more and then in the last number of years, and you touched on this and well, we're seeing more and more individual investors embrace the idea of the democratization of all. And so you've got a number of products, we have a number of products, and I'm sure we'll talk about wealth, but I'm expecting that to grow a lot.

And then the final thing I'll just comment on is that for firms like ours and the strategies that we've decided to get behind, they've worked. And that's the thing that sometimes people forget is you go out, you have this vision. Private debt, for example, has been an amazing asset class. You know, both of us had really good returns, virtually no defaults. People believe now, again, 20 years ago that wasn't the case. But the confluence of all of that has led to just a lot of excitement. And I think, it's like anything in business, you go, you build a partnership, you do a good job. When you come back with the next idea, people are much more receptive. And I think we've benefited from that.

James Charles Zelter

President, Apollo Global Management, Inc.

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I'd add two things that Doug mentioned. This is really important in this room. We've both been around the high-yield market for 40 years. There were periods of time when the high-yield markets shut down for months and months at a time. People forget that. And the best time to buy companies is a PE firm or a financial sponsor is when there is no financing. Prices are lower and you know, the reality is a high-yield bond or a leveraged loan, while the bank may underwrite it, they're not giving that commitment to that buyer.

And so, enterprising, thoughtful folks that are now leading these companies, we're able to connect those two and just like loans did not trade 30 years ago. And now loans are very liquid. These are all just evolutions of the marketplace. And to Doug's point, you have to actually provide a valued service, which clearly is happening. I don't think it's any – it's not any mistake or irony that the area in the globe where the economy is doing so well has really embraced private capital across a lot of different industries. That's the US.

And again, if we were not solving a need from investors and solving a need from borrowers, we wouldn't be in these seats and that's clearly that's just the reality of the economic growth of the equation. But it all gets down to the basics of what was in the high-yield market and the leveraged loan market and the traditional definition of private credit. And we will talk about this, the broader, a much broader \$40 trillion opportunity in private credit.

Matthew Stopnik

Analyst, RBC Capital Markets

Q

So a lot to unpack there. So the thinking about the word alternative, you had mentioned when you first joined Apollo, Apollo was basically a private equity firm. Obviously, today, that's a very small component of the overall AUM.

James Charles Zelter

President, Apollo Global Management, Inc.

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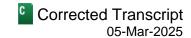
Yes.

Matthew Stopnik

Analyst, RBC Capital Markets

As the word becomes sort of too broad, [indiscernible] (00:10:59) like it was back...

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James Charles Zelter President, Apollo Global Management, Inc.	A
Yeah.	
Matthew Stopnik Analyst, RBC Capital Markets	Q
some years ago.	
James Charles Zelter	Δ

President, Apollo Global Management, Inc.

So I when I got there, I would go, talk to investors about credit and they asked two questions which was very binary. Is it time to invest in high yield or is it time to invest in distressed? And they were binary outcomes. And so now I think the alternative – the nomenclature of alternative, I think, is going to be – [indiscernible] (00:11:22) go the way of junk bonds and now high yield. But I think it's going to be much more private markets. I think that's going to be the conversation in ensuing years.

I think alternatives which we both talk about, I think it's an anachronistic term, because it's really the most extreme of the highest risk private equity, real estate, venture capital. And I think alternatives are going to be across the whole spectrum of solutions for companies and investors.

Doug Irving Ostrover

Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.

I personally would like to get rid of the phrase and Jim touched on it, yeah, and you mentioned junk bonds. And we lived for a long time where everything we did was called junk bonds. Now it's called high yield. The big issue, especially as you go in the wealth channel, is when you hear the phrase alternative, it was created around hedge funds back in the 1980s and 1990s that were wildly volatile. And I think you mentioned this. Today, if you go all the way to the [ph] last (00:12:26), like a super concentrated hedge fund with lots of targeting, really super high return or a VC fund over here and then all the way over here you have a senior secured loan fund that all of that is considered an alternative.

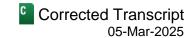
And what I spend a lot of time, especially with individuals, is think about those, many of you probably invested in Fidelity or BlackRock or PIMCO High Yield Fund. I don't know where exactly it trades today, but if I was guessing 7.5%, that's unsecured risk with bad covenants. We're creating senior secured loans that were senior to that, much better covenants, much better protection at a 10%. And if we use little leverage, we can get a 12%, maybe higher. So just doesn't that make intuitive sense to go from unsecured at 7.5% to pick up 400 basis points, 500 basis points senior secured, but it's called an alternative. And so that gets everybody nervous. But I think we've done a good job of explaining to people. Yes, you're giving us some liquidity, but we're actually offering something that's a little bit safer. So I, I think we have to do a better job of educating people and starting to differentiate where things are on the risk spectrum.

Matthew Stopnik

Analyst, RBC Capital Markets

So we talked about at a high level, regulatory has clearly had an impact on the opportunity set, right? It's probably driven in a part to some components the growth of your respective business overall and the overall market. Now when you consider just the scale of your businesses, the scale of the sector, the fact that you talked about the democratization of finance and the retail investors coming in, how do you see the regulatory environment? So

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there are changes to the regulatory environment just to look after the retail investor and start coming back in and more regulation by virtue of just the ultimate scale and the impact on the financial system.

James Charles Zelter

President, Apollo Global Management, Inc.

A

Well, I mean, I would – the answer is the regulatory backdrop is continuing to evolve. And none of us, I don't believe, are saying there should be no regulations. We just want thoughtful regulations, which I think there are today. And it's – again, I think that the regulatory backdrop has allowed banks, the large banks to thrive. Some would say maybe just to a certain degree with to great an advantage. But, we're highly regulated around the globe between insurance companies, between insurance regulators and other financial service regulators. So there is a great degree of regulation. I think in the end of day, it will continue to evolve. And there's lots of questions about how the role of these investments that have been really the purview of institutions for 25 years, 30 years, the agility for that to continue to morph and evolve with the whole concept of [indiscernible] (00:15:26) which is in the future.

But I think we – I know our view is we're a large brand, we're a public company, there's a higher degree and we do not believe – I believe that this industry has created less systematic risk by deleveraging and getting loans and non-investment-grade credit and in the future, investment-grade credit out of the consolidated banking system. You see what's going on with the banking system in Europe versus the banking system in US and Canada. And I think we have a healthier industry overall because of the evolution of it.

Doug Irving Ostrover

Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.

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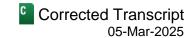
Yeah, I think deregulation, I get that question a lot. Are we going to see the banks come back down and take market share? I don't see that happening. We both operate in an environment where it's kind of interesting. The banking model actually hasn't changed in 25 years, even longer. And by that, I mean, I mentioned I was at a firm DLJ. We had no capital. I got the credit wealth, I got a \$5 billion line of credit to go make loans. What did I want to do? Make \$5 billion of loans, turn around, sell those out as quickly as possible. Back then, the good old days, we can make as much as 3 points on those. That's \$150 million of profit.

And so what I want to do is the velocity of capital gain, do it over and over and over and try to make a \$1 billion, \$1.5 billion and some years we did. And I would bet, if you went to your fixed income department and ask them today, where are you making the most money? It's in that business making loans, high-yield commitments and selling them out as quickly as possible. Sometimes you never find and you've laid it off already, so it can be an infinite return on capital.

The other thing I just want to mention with regard to regulation, especially in wealth. And our business is a little bit different, almost everything we do is a 40 Act fund. So we're already fully regulated.

We're filing Qs, we're filing Ks, we have a board, we have major changes, we file 8-Ks. Could there be more? Yeah, I would say where you'll probably see regulation really sneak into our marketplace, especially in wealth, is someone will go out and do a – create a portfolio of, let's say, loans of a really bad loan. They'll try to get really high yields to attract more capital. They won't be careful or diligent in their leverage facility and it will get a lot of press and create not systemic rev, but just losses. And then there'll be a lot of hand-waving. But as Jim said, look, we don't use a lot of leverage. There's no systemic risk. And I can tell you that in Congress today, speaking with our lobbyists, everybody likes having a source of capital away from the banks.

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You were mentioning the banks sometimes leave the market, the high yield market. Well, during COVID, nobody was making loans. We had \$100 billion loan, but we were open for business in 2022, when rates went up 500 basis points, nobody was making loans. We were able to come in and make really attractive loans and that's where our capital, by the way, in a normal market is good. In a market where there's turmoil and nobody else lending, it becomes great and has a lot of value. And I think regulators or at least Congress likes having it.

James Charles Zelter

President, Apollo Global Management, Inc.

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I'd add a couple of points. As we double down here, double quick. When you take a step back, you have the high-yield market, you have the leveraged loan market and the traditional private lending that Doug has just described. The counterparty is a non-investment-grade company. We all know that in the room. I do find it a bit funny that some executives talk about the bubble in private direct lending, and they're very active in the public high yield and leverage loan product where they make 2 or 3 points for underwriting, but the same type of counterparty risk. There's a massive bubble and for 20 years, I've never heard about the bubble in the high yield or the leveraged loan market, which they dominate. That's one point.

The second is I'd come take a bigger step back for our firm because of how, basically when you think about our policy, we have about \$800 billion of assets, simply speaking, \$400 billion from investors like you think about that around the globe, \$400 billion from insurance balance sheets. We've taken our cost of capital down dramatically. And hence, when I talk about private credit or when we talk about private credit, Apollo, we're talking as much as about investment-grade solutions. So what we did for Sony or Air France or Vonovia or Intel, and I think that's a bigger conversation.

So when we talk about where the alternatives business is going, where the industry is going with regard to providing solutions to companies and investors somewhat in the insurance space, that's where I think the bigger conversation is. And while we love private direct lending and Apollo and certainly the company that Doug has built, our industry leaders, there's a broader conversation that people in this room need to understand about where the industry is going. And I just think that's a broader conversation in light of longer-term need for capital, when so much of the market structure has gone passive, has gone ETF, and we can use – we can both talk about how much trading capital there used to be in the high-yield market and high-yield desks. 10, 20 years ago when the marketplace was one-fifth of size and now it's 7 times bigger and there's no much – no more trading capital. So you have these big structural changes, which lead to our view of where this business is going in the future.

And really, it's been a business really been dominated in North America. If there's ever any changes over in Europe because of what Draghi is putting forth or what Germany put forth yesterday, there's a – the collectively the industry's underinvested and the banks are still, for the most part, following an older model, which I believe will evolve big time.

Matthew Stopnik

Analyst, RBC Capital Markets

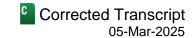
So you touched on scale. You guys both hosted investor days within the last several months and talked about multi-year plans to double AUM. And talk to us about the benefits that you're seeing from the scale that you guys enjoy.

James Charles Zelter

President, Apollo Global Management, Inc.

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I guess I'll start and scale is earned. There's a reason why, in 2008-2009, when GE couldn't roll over its CP business, the American Congress in the Senate learned about the impact of the credit markets and how valuable they are. And it's not as if we don't like PE, we love the PE business. But raising for us a \$25 billion fund, investing over five years, we can't invest any more diligently and judiciously where the world of credit, as we all know, is the lifeblood of any economy. And so it's the reason why we've chosen this. At the same time, investors for 25 years, they actually allocated less and less and less to credit and fixed income for 25 years. And now, with the re-rise in rates, now investors are now raising it again.

So we have investors looking for solutions and we have companies looking for solutions. And so scale is earned. Scale allows you to attract the best human capital, which has been the big change since I've been in the business. When I started, the best and the brightest were at the top investment banks. I think today the best and the brightest are in our business on the buy side. And so, I think scale allows you a lot of advantages, but it's no surprise that it's in the business of credit.

Matthew Stopnik

Analyst, RBC Capital Markets

Doug?

Doug Irving Ostrover

Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.

Yeah, I'll just add, look, when I started Blue Owl 10 years ago and I can say that for all the businesses around. But let me start with lending. If I were to show you the lending market, to me it looks like a pyramid. And at the bottom of that pyramid, there were a lot of people who could make loans, let's call it, \$20 million, \$30 million. And you got a \$50 million, \$70 million, \$100 million, sort of to get to the top, \$200 million, \$400 million. Today it's a \$1 billion. There's just a handful of players. And so if I thought about what we wanted to build, I wanted to go, one, to where the area where there was less competition and that was at the top of the pyramid, and that meant making bigger loans.

I also wanted to be in a place where we thought we could best protect the downside. And so this is just a personal view. When you're lending to bigger companies, they have more levers to pull where if they get in trouble, they can sell an asset, they can get a revolver, they can do whatever it takes to preserve capital. And in the lending business, in general, my rule is it's not how much you make when things work. The real test is how do you do when there's a problem. And in general, if we can get investors worst case back \$0.80 on the \$1 on a loan and we've gotten two years or three years of coupon, that means our investors have gotten back par.

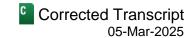
We can deliver par on bad situation. Then the fund will be a year of success. And so what we've tried to do, whether it's in real estate, we have something GP stake, data centers. We really want to do is in all the markets we plan try to be in this position where we can be at the top of that pyramid. And as we were saying earlier, there are times where markets are really efficient and scale. It buys you a little, but not that much, but just with the volatility we've seen in the last couple of weeks, somebody needs that \$1 billion, \$2 billion commitment. There's just a handful of firms you can go to and that's what we want to take advantage of. And for those who are in banking or underwriting, I think all of you know, it's the identical amount of work to make a \$50 million commitment versus a \$500 million commitment, they're same underwriting. So there's just incredible economies of scale.

Matthew Stopnik

Analyst, RBC Capital Markets



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Have ever been the other side of the equation for scale, the challenge that the scale brings? You've got an incredible amount of capital that you've got coming into each of your respective firms. It feels like the real challenge is not – has never really been about these days about getting the capital and it's about deploying the capital and good investment. Do you feel – is the pressure out there to deploy the capital? How do you remain disciplined? And then you guys remaining disciplined, do you worry about the folks out there that might not have all the infrastructure in place to do the same?

Doug Irving Ostrover

Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.

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Well, I'll kick that one off. First of all, we have a loan book. I think it's a \$130 billion. And we tell people that every year it's like, oh, my God, you have to invest a \$130 billion, we don't, it's invested. So what are we investing every year? It's new capital that's coming in and it depends on the structure. Some of that we have to get working more quickly than others. We have five years to get it to work and then the stuff that gets refinanced out. So just to give you an idea, look, we have a massive team and I'll just again comment on our biggest business, which is the lending piece. It's all about having a very big deal funnel.

And if you can run the business very lean and depend on others to generate deal flow or you can go out and generate it all yourself, although it has really big funnel, I think, in corporate credit, we have one of the biggest, but to give you an idea we are doing less than 5% of the deals that come in house. It doesn't mean they're bad deals, but for one reason or another, they don't meet the criteria that we need. It might be an industry, for example. We don't have anything against energy, for example, but we don't want to do anything, any loans that are based on a commodity. So oil, commodity chemical, just doesn't fit us. It could be the industry, it could be covenants, it could be pricing. But we do a little under 5% of what we see.

And so we're evaluating, I think about 1,600, 1,700 deals a year. And just based on what comes in and what gets refinanced, it hasn't been an issue. I also think that, no offense against the proud and not to sound like Donald Trump, it's not a political statement, but you were commenting on the credit, private credit bubble and nobody talks about the high-yield market. By the way, if there's a private credit bubble, what there is? There's a PE bubble because they're junior debt, they get wiped out.

And so I would tell you, just circling back to your question, not losing a lot of sleep about deployment, there are always going to be people who make bad investments, has a bunch of money come into the market, without a doubt. But this is not like something we haven't seen over the last 20 years. I mean, if I just took you back when I launched the firm in 2015, 2016, rates went to basically zero. And everybody wanted to get some incremental spread. So there was huge inflow. And I remember I – when we were just launching, I went to see the CIO of a big state plan and this is 10 years ago and he showed me it's like, why would I invest with you? I've got all these incumbents we've invested with.

And he said and he might have been exaggerating a little, but not by a lot. He said, I got 100 books on my desk of people trying to get in the market. So my point is, it's a competitive marketplace, no different than your business. And what we've seen is the good firms have been attract – been able to attract capital and attract the best deal.

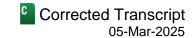
James Charles Zelter

President, Apollo Global Management, Inc.

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I'll add a couple of things. It's – I always say it's like watch where the activity is. And I don't think, it's if you look at the Apollo or Blue Owl Capital or, any of our peers, none of us have a public high-yield fund. We're all pretty commercial folks. If we thought it was a good idea and we could raise capital, we'd have done it. I think that tells you something. But I'd also – I'd contrast our two firms to some degree, and the Blue Owl is an amazing firm. We

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have a much broader capital base in terms of the liabilities that we bring in because of our insurance business. We're trying to make our liabilities on the insurance side are approximately 5%. We're trying to make 7% on that capital.

So we're not trying to make 12% or 10% or 12%, which is wonderful. But the other side of our business. And so for us, we have built this origination machine. We have 16 platforms, 4,000 people that every day they go out and they're trying to do senior secured safe spread makes 7.5%, 8% on aircraft loans, on solar loans, on commercial real estate debt, on inventory finance. And so, for us, I do believe that we have the scale of the origination, which is going to differentiate because, if anything, we've both been through four or five cycles. You don't want to be making \$10 million to \$20 million loans to companies that can evaporate. There's a – we've made that proactive. We thought it was a good business. We would be in it, trust me, but it's not.

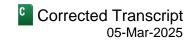
And there will be an economic cycle and there will be a wash out. And those who have created great, robust, consistent, persistent yield and really are answering those questions. But for us, this whole world of private markets and private credit, again, we love the direct origination business and there's a handful of folks that are at the top of that pyramid, but there's a whole host of other businesses that we believe in partnership with the banks, whether it's senior, junior, whether it's a longer tenor, whether it's a strip of each. We have found many asset classes where this idea that we're in this battle with the banks, we actually find it just the opposite.

We're doing more with the larger banks. This bank included, this institution included across the breadth of our franchise. Because people forget when you have a BDC or a senior loan fund and you're bringing the dollar of equity, you probably need a dollar of debt and there's always so much where you can go with that in the IG market. And so the partnership we have with many institutions is really critical to that. So I think, we're both believers in massive open architecture. This idea that you would never at Apollo lend to KKR or Carlyle or Blackstone. We have \$50 billion out to those folks. And we have a ton of money out to your company.

Doug Irving Ostrover Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.	A
Not enough.	
James Charles Zelter President, Apollo Global Management, Inc.	A
Okay. Not enough. So this is. why	
Doug Irving Ostrover Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.	A
Now that I know you're open for business.	
James Charles Zelter President, Apollo Global Management, Inc.	A
Exactly. But I just think that's	
Doug Irving Ostrover Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.	A
And you charge too much.	

shall not meet. Like, that's just not the reality of how the business is about.

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James Charles Zelter

President, Apollo Global Management, Inc.

That's just the way the world is. This idea of there were investment banks and there's PE firms and no, the two

Matthew Stopnik

Analyst, RBC Capital Markets

You guys are important partners. So I also like to echo this – echo the sentiment. Let's pivot a little bit and talk about the public and private markets. The line between the two markets. Is there a distinct line today? Let me turn over to you, Doug?

James Charles Zelter

President, Apollo Global Management, Inc.

So we've been very public about this and I don't want to differentiate. When we talk about the public-private convergence, we're really talking about the world of investment-grade. When we go out and make a loan or I'm sure Doug will say as well, and we go out and make a loan to a private sponsor, we're doing it for certainty and scale and pricing. And we're serving a need. There's not a need to have those loans be tradable. I do believe over time I was at Goldman Sachs in 1990, when we had the idea of trading loans and people thought it was a crazy idea. I do think over time, 5 years, 10 years that may happen.

But the reality is today, if you are a private company, if you're SpaceX, if you're Scribe, you don't need to go public. There are enough pools of capital that can fund you debt, equity, inventory, finance, whatever it may be to solve your needs. And so what we have found is we use our own balance sheet for scale solutions \$3 billion, \$5 billion, 10 billion solutions. And when we do so, we have found in the investment-grade arena that investors are saying how do I get comfortable with the transparency in pricing? How do I tell my investment team that I'm picking up 200 versus the Barclays [ph] A (00:35:40)? And so what we have found is providing a marketplace that will in time increase that participation. I saw it in the junk bond market, the turn to high yield. I saw it in leveraged loan markets that became the syndicated loan market.

And so for portions of private credit, the bigger ocean, the investment-grade ocean, we believe that convergence is happening. And instead of buying the Intel holdco bond at 5% with no covenants and you can get eviscerated will lend them \$11 billion, make 7.75%. And we're the first lean on the Irish fab, of which there's two in the world. And so in that marketplace and that origination, we think there's a tremendous opportunity. And again, whether it's – what we are – what investors are asking us for us today, what folks like the banks who finance those assets are saying, boy, if there was some transparency, we would loan more money against it.

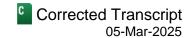
And so for us, we see what's going on in ETFs in the loan space, AAA CLO paper was not considered a liquid asset class. There were seven banks in the world who bought it, six of which were in a block in Tokyo. Now, that's a \$21 billion ETF in the last two years. So I think that just brings in lots of questions about what's going to be liquid. So, yeah, we're a believer. We're creating products. We're creating a marketplace for the investment-grade solution area of that.

Matthew Stopnik

Analyst, RBC Capital Markets

So Doug, your – you and your partners have gone on record saying you have no intention on building a marketplace. In fact, I wrote the quote in our version, a private credit is indeed private. Is that – are you hearing that from your investors? Like, do you think that's a key differentiator of Blue Owl going forward?

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Doug Irving Ostrover

Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.

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Well, first of all, I was hoping Jim would do it in the below investment-grade space. We didn't have to do anything, trade on his system. But no, listen we started our business with this idea. We're going to go — we're going to raise some pool of capital. We're going to build a portfolio and we're going to list it. We're going to allow you to have daily liquidity. And at the time, that was a product that was mostly in wealth channel, there had been virtually no big institutional core. And I went to the institutions and I said, I think this makes sense for you. And they all said the same thing. What if you trade below NAV? I said, well, if we trade below NAV, you're super sophisticated, you'll come in, you'll evaluate the loan.

And if you think this is cheap trading below intrinsic value, why would you go allocate to a pure private fund, just by the public? And what happened was, there was a lot of volatility, especially as rates were moving and people didn't like the volatility. And in fact, there was a time where we traded down to, I don't know, low-80s of NAV, today, we're above NAV, but then low-80s and big institutions so like I can't take the volatility up selling. I called CIOs, it's counterintuitive this behavior and they said, no, my board doesn't like the ball.

To answer your question, it was a pretty valuable lesson. We're still in that space. We love that space, but we realize that people like part of what they like about this asset class is it always trades in and around NAV. So, we're going to let Jim and Marc Rowan go and test the waters and then figure it out.

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Analyst, RBC Capital Markets

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And for you, Jim, is that more you're hearing that from through the origination lens or is it?

James Charles Zelter

President, Apollo Global Management, Inc.

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No. It's really the – and we talk a lot about the idea of fixed income replacement. And it really is this idea that private markets will augment a fixed income portfolio. And the IG market right now is incredibly tight, 85 basis points over. And as Doug mentioned earlier, it's not really great, it's not secured risk, it's unsecured risk. And so investors are saying for us to put some of that fixed income capital against these opportunities, we need a bit more transparency.

And so we think that's going to be a growth engine. And I can't directly talk about it, but I do think on a lot of ETFs, if you look at – you can look up what's on the underlying collateral. And I think people are surprised when they see what we've done recently. It's been an activity of really more of the investment-grade purview. So I think for us, investors are asking for it. They have a different view of the volatility and I think that they're trying to broaden out the idea of fixed income replacement in the investment grade...

Matthew Stopnik

Analyst, RBC Capital Markets

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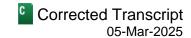
Yeah. It makes sense in IG.

James Charles Zelter

President, Apollo Global Management, Inc.

...which is different.

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Matthew Stopnik

Analyst, RBC Capital Markets I want to hit a couple other things here, we talked about this – the democratization of finance is obviously

expected to be – continue to be some real shifts going between institutional and retail. But curious how you each see that playing out over the next 5, 10 years? And also as you market to that retail investor, what are they looking for, how do you differentiate your product to get their attention?

Doug Irving Ostrover

Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.

Well, look, I think we're both really bullish on the wealth channel. So if I took you back to when I was leading Blackstone, I was trying to figure out what could we do with this new firm that could be different than the biggest firms in the market. Believe it or not, just 10 years ago, all the big firms were outsourcing distribution. There was something called the advisor, subadvisor model, where the advisor would go out, raise the money, and then firms like Blackstone, KKR, Carlyle would manage the money. And there was a lot of tension and it didn't work that well. And I was a big believer in wealth, so we decided to build it 10 years ago and bring everything in-house and the market has moved that way.

But why are people so excited about them? Well, one, it's expected that there will be \$300 trillion of savings, wealth savings by 2028-2029, \$300 trillion. The penetration of all at that point is expected to be in in and around 3%. The institutional markets over 25%. It's just indulge me for a second and assume this wealth channel over time, with more and more products coming in the market could go from 3%, just to make the math simple, it grows by 20 points to 23% on the \$300 trillion market. That's \$60 trillion that could flow into our marketplace. And so we obviously all see that. There's we have different estimates of what will come in, the size of the market.

But there is a belief, as we continue to offer good products, products that work, what we're trying to bring to the market is not where I was describing that left side of all, but more of the right side, and that is good current income, downside protected with a chance and some of the products were meaningful capital gains.

And we've been able to attract, just to give an idea, we're about \$275 billion of assets, close to 40% of our capital comes from wealth, 60% institutional, last year it was 50/50, and I think it will stay like that for some time. So I think it's a big opportunity. I think we're in the really early innings and working with firms like yours and others and with education. I don't know if we get to that 23%, 25% penetration, but I think it's possible to.

Matthew Stopnik

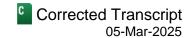
Analyst, RBC Capital Markets

Jim, in terms of...

James Charles Zelter President, Apollo Global Management, Inc.

See, the only thing I'd add is I think it's on top of what would Doug articulately put forth. I think there's not a 100 winners here. I think there's a handful of winners. I think scale, brand, education, feet on the street, breadth of product, partnership, the moat is being created today, this is – there's a war for talent. There's a war for beachfront property. There is a war for shelf space. And so I think as you come back in five years from now, there will be a few select firms. I believe both of us will be part of that, that have cemented their role in that distribution system.

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Doug Irving Ostrover

Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.

Yeah, I read a stat yesterday that six firms have 65% of the market and we're fortunate to be in those, both of us. And I agree with you, I don't see that's changing in a meaningful way. [indiscernible] (00:45:15).

Matthew Stopnik

Analyst, RBC Capital Markets

So we want to be mindful of time here. Just to wrap up. Five years, you guys are invited to come back, my sense is you may tell me its successors at that point. We sit down five years from now, what are some of the key themes that you expect us to be talking about? Consolidation one of them is.

James Charles Zelter

President, Apollo Global Management, Inc.

I think it's more this public-private convergence. I think there will be a much broader commentary about private market solutions across equity and fixed income. I think it will be more global. There will be more partnerships. There's going to be some consolidation. Doug's been more active in that space than we have, that's a bit more challenging. But certainly, I think it's going to be evolution. And I think that this is a massive secular trend. We're very fortunate we sit at this very interesting intersection where there's demand on both sides of our equation. So – but I think it's a further evolution of that. So I think both of us will still be around and we're both bad golfers. So we need an excuse.

Doug Irving Ostrover

Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.

We know we play.

James Charles Zelter

President, Apollo Global Management, Inc.

So – but if you ask me, I think wealth is going to exceed expectation. I think in the near term, we have a tendency to overestimate the impact of AI and looking out a number of years, we underestimated. So I think there will be a tremendous technological game. If you just look at the CapEx of Microsoft, Google, Facebook and others, I think \$400 billion this year on AI. I won't get into things robots, drones, but I think we're going to see big changes in productivity and then also along with that, I think cyberattacks are going to be up dramatically. And we have a big software lending business and cyber secure is something we're really focused on.

And then the other thing that's just really obvious to me, if we're back in five years, many of you are going to say, why didn't I buy Blue Owl and Apollo stock? So anyway, thanks for having us.

Doug Irving Ostrover

Chairman & Co-Chief Executive Officer, Blue Owl Capital, Inc.

And that's a perfect way to answer.

Matthew Stopnik

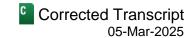
Analyst, RBC Capital Markets

I was always told to bring a present when you get invited somewhere. So I have asked for both of you make IG liquid again.

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James Charles Zelter

President, Apollo Global Management, Inc.

All right.

Matthew Stopnik

Analyst, RBC Capital Markets

So I want to give it both of you to the Apollo [indiscernible] (00:47:48).

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