Q3 2021 Earnings Call

Company Participants

- Marc Rowan, Co-Founder and Chief Executive Officer
- Martin Kelly, Chief Financial Officer and Co-Chief Operating Officer
- Noah Gunn, Managing Director and Global Head of Investor Relations
- Scott Kleinman, Co-President

Other Participants

- Alexander Blostein
- Brian McKenna
- Gerald O'Hara
- Glenn Schorr
- Michael Cyprys
- Patrick Davitt
- Robert Lee
- Rufus Hone
- William Katz

Presentation

Operator

Good morning, and welcome to Apollo Global Management's Third Quarter 2021 Earnings Conference Call. During today's discussion, all callers will be placed in a listen-only mode, and following management's prepared remarks, the conference call will be open for questions. This conference call is being recorded.

I would now like to turn the call over to Noah Gunn, Global Head of Investor Relations.

Noah Gunn {BIO 18319821 <GO>}

Thanks, operator, and thanks to all of you for tuning into our call this morning. Joining me today are Marc Rowan, CEO and Co-Founder; Scott Kleinman, Co-President; and Martin Kelly, our Chief Financial Officer and Co-Chief Operating Officer.

Earlier this morning we issued an earnings release and financial supplement, which are available on our website. As a reminder, today's call may include forward-looking statements and projections, which do not guarantee future events or performance. We do not undertake any duty to revise or update such statements to reflect new information, subsequent events, or changes in strategy. Please refer to our most recent quarterly and annual reports and other SEC filings for a discussion of the factors that could cause actual results to differ materially from those expressed or implied. We will be discussing certain Non-GAAP measures on this call, which we believe are relevant in assessing the financial performance of the business, and you'll find reconciliations of these metrics within our earnings materials available at apollo.com/stockholders.

With that, I'd now like to turn it over to Marc to kick off our comments for today.

Marc Rowan {BIO 1457142 <GO>}

Thank you, Noah. Good morning. It's my pleasure to start by outlining another quarter of very strong results. DE for the quarter was $1.71 per share our highest quarter on record. FRE of $300 million or $0.68 a share, very strong performance. FRE for the first nine-months $2.01 per share, up 16% year-over-year for the same period. And as you will hear from Scott, we're seeing strong momentum across all fronts whether it's investment, deployment, realization, or fundraising.

Year-to-date organic Athene inflows plus third-party fundraising were $44 billion and we expect them to exceed $55 billion for the year. Importantly, this will be a record year of organic growth at Athene. And equally, as important, this will be a record year of fundraising in a non-flagship year for Apollo. And this again is despite headwinds from the end of 2020. We are well-positioned to execute on our long-term targets and deliver for our shareholders.

Let me now pivot from the quarter and focus on next year and the next five years. Two weeks ago, many of you endured five hours of us walking you through our strategic plan. We enjoyed the opportunity to share our roadmap and to show you how we are positioned to drive the business forward. Rather than rehearse or repeat five hours' worth of material for those who are interested, let's hit the cliff notes.

We're in a growth business driven by the need for retirement income in an anemic market. Our addressable market is the largest among our alternative peers focused in particular on fixed income replacement. Athene is a competitive differentiator and a growth accelerant. Our model is highly capital efficient and I will focus a little bit on this quarter's activities and show you just how efficient and we have the strong momentum behind a fully aligned industry-leading team and continue to add amazing talent.

A reminder, our business is not about just scale, it is not about AUM, it is about delivering excess return per unit of risk to our clients. That is the promise of alternatives, and so long as we do that we will continue to grow, and the reminder to everyone in our firm is that AUM growth is the reward for good performance it is not the goal.

As many of you took away from the five hour dialogue, our plan embeds three key bets. One an expansion into retail following the democratization of finance. The second, growth in capital solutions. And the third, direct origination, and scaling of direct origination from roughly $80 billion on an annual basis run rate this year to a $150 billion five years out. Well, progress was made against all three objectives. This quarter was all about origination with numerous platform additions within our ecosystem. The team led by Chris Edson is laser-focused on continuing to scale our origination, which ultimately is one of the drivers of growth in our fixed income replacement business and our yield business.

Just to highlight three additions to our ecosystem announced or closed this quarter. The first was MaxCap. MaxCap is an Australian CRE financier and fund manager. The second is Newfi. Newfi is a technology-driven multi-channel mortgage lender. And the third is Wheels, which will be merged with our existing Donlen fleet platform creating a combined fleet business with 5 billion proforma assets and 550,000 customers. Each of these three will drive significant amounts of investment-grade, private, and spread enhancing origination. Origination and the ability to find spread without taking on increased risk is the driver to success in our yield business.

Importantly, none of the capital to add to these three platforms or to acquire these three platforms was required from the Apollo Holding Company. As many of you who tuned in to our Investor Day understand, we run an incredibly capital efficient business and are able to scale these origination platforms without capital from the holding company leaving us free to deploy that capital toward growth initiatives or to return to shareholders.

In summary, our business is changing rapidly: markets, rates, and technology, and democratization of finance are all sources of this change, rather than fear this change we embrace this change. We're going to continue to lead into technology and innovation and capitalize on these disruptive trends. The platform continues to attract incredibly high-quality talent, and I'd highlight just two for this quarter. Our first Bill Lewis, joining us as a Senior Partner and a Member of Apollo's Management Committee. And the second Dave Stangis, our new Chief Sustainability Officer also a Member of Apollo's Management Committee.

With that, I'll now turn over to Scott to review the quarter in more detail.

Scott Kleinman {BIO 2322865 <GO>}

Thanks, Mark, and thank you all for joining us this morning. As you've heard us say before, our strategic differentiator is our ability to source excess returns across the risk-reward spectrum. The breathe and scale of our platform gives us confidence in our ability to originate attractive investment opportunities for our clients and deploy capital in a variety of environments.

For the third quarter, total deployment of over $28 billion set another quarterly record. Year-to-date deployment volume is tracking nearly $81 billion compared with $88 billion for full year 2020, and $75 billion for full year 2019. These figures indicate the tremendous amounts of investment activity taking place across our platform. In our private equity business, draw down funds invested $5 billion, including for Yahoo, Great Canadian, and WR Grace, and committed to invest an additional $6.5 billion as of quarter-end.

Additionally, investing activity for Athene accelerated significantly from second quarter levels as cash was put to work.

Moving onto debt origination, total origination volume of $19 billion in the third quarter is run rating at the $80 billion level that we disclosed at Investor Day. Our origination machine continues to build momentum, led by robust mid-cap volume, Redding Ridge CLO formation, and strength out of our Europe origination platform. We also have line of sight into a healthy high-grade alpha pipeline over the next couple of quarters.

While we spend most of our time sourcing incremental investment opportunities, today's environment opportunities, today's environment has been accommodative to harvest ripe investments within our portfolio. You can see from our results that were in the midst of a robust realization cycle with overlap from Fund VIII and Fund IX monetization activity. We're delivering tremendous value back to our LPs while at the same time generating attractive performance fees for our shareholders.

During the third quarter, we returned $8.8 billion of capital to our fund investors, including $6.2 billion from our private equity funds. Year-to-date, private equity realizations have reached $16 billion, which compares to $5 billion for all of 2020. Looking out over the next several quarters, the realization pipeline remains strong for our flagship private equity funds. As Marc highlighted earlier, overall investment performance remains solid within the PE portfolio up 4.8% and core credit up 2.1% during the quarter.

In private equity, we saw a divergence in returns between our funds' private and public positions, which is not uncommon given the volatility in public markets. Private markets were up 12%, while public holdings representing roughly 20% of our portfolio declined 12%. Additionally, our private equity portfolio has appreciated 58% over the last 12-months. Overall, our flagship private equity fund performance remains quite strong with Fund IX generating a gross IRR of 47% and 28% net. Our inaugural hybrid value fund also continues to deliver exceptional performance with a gross IRR of 32% and 26% net.

In credit, we saw particularly good gross returns in direct origination of 3.2% and in structured credit of 2.9% during the quarter. Overall we continue to be positioned cautiously across the portfolio. With that said, we continue to see substantial demand for fixed income replacement assets.

Moving to capital raising, we're encouraged by recent LP conversations and new strategic mandates winds as third quarter AUM increased $9 billion sequentially. Total inflows were quite strong at $18 billion, up from $12 billion in the second quarter and were broad-based. We continue to see impressive organic growth from Athene driven by the diversity of their low-cost funding origination capabilities as we recently highlighted at our Investor Day.

Gross inflows from Athene totaled $12 billion in the third quarter and $28 billion year-to-date, and we still expect approximately $35 billion of gross inflows for the full year 2021. Third-party inflows exceeded $5 billion in the third quarter, bringing the year-to-date total to approximately $15 billion. Third quarter activity was driven by nearly $2.5 billion from high-grade Alpha mandates, bringing total high-grade Alpha SMAs to over $4 billion.

As we communicated at Investor Day, we expect to raise approximately $23 billion of third party capital for full year '21, which implies a pickup in fourth quarter fundraising levels. The near-term fundraising pipeline includes fundraising for Accord+, EPF IV and Revolver II. Additionally, with Fund IX 75% committed as of quarter-end. We expect to launch the formal fundraising process for Fund X in the first quarter of 2022.

In conclusion, we're encouraged by the progress we've already made to execute on our vision for tomorrow's Apollo. As Marc emphasized, we're continuing to build out our origination ecosystem to capitalize on a larger fixed-income addressable market. The upcoming merger with Athene is key to this strategy, especially as a provider of a growing stream of low-cost funding

So, with that I'll hand it over to Martin to go through this quarter's financial results in more detail.

Martin Kelly {BIO 15261625 <GO>}

Right. Thanks, Scott. From a financial perspective, today's results provided a strong and supportive first step toward multi-year goals that we laid out at our recent Investor Day.

In the third quarter, we generated record after-tax distributable earnings of $752 million, or $1.71 per share. DE was up sharply quarter-over-quarter driven by private equity, net realized performance fees of $0.74 per share, and realized investment income of $0.66 per share. Robust net realized performance fees of $312 million were up $90 million, sequentially, primarily related to strong realization activity in Fund VIII with notable transactions including One Main Financial, Double Eagle Energy, and Apollo Education, and the first realized carry distribution from Fund IX driven by Tech Data and Smart & Final.

Particularly strong realized investment income during the quarter was driven by the monetization of our platform investment in Venerable, which was sold to certain funds we manage and Athora. This mutually beneficial transaction allowed Apollo to redeploy capital into other strategic priorities while presenting a compelling investment opportunity at an attractive entry valuation for Athora and our fund investors.

Our record DE result in the quarter was also attributable to a strong and consistent fee-related earnings, which amounted to $300 million, or $0.68 per share. Despite strong realization activity, management fees continue to demonstrate growth increasing 9% year-over-year. We generated $65 million of transaction and advisory fees during the third quarter, primarily driven by our private equity business and reflecting transaction fees in connection with a number of portfolio investments, including co-investment activity on the Yahoo transaction.

As we discussed at Investor Day with an increasing focus on building and leveraging our capital solutions capabilities, you should expect the annual revenue contribution from transaction and advisory fees to increase meaningfully over the coming years. Fee-related performance fees rose $12 million, sequentially. As a reminder, these fees represent incentive-based fees from platforms or permanent capital vehicles, including Redding Ridge, the public BDC we manage and Midcap.

The third quarter level is a reasonable approximation for the quarterly revenue we expect going forward. Fee-related expenses were relatively flat sequentially despite continued hiring due to start date timing. We expect fee-related expenses, both comp and non-comp costs, to increase in the fourth quarter related to this elevated hiring trend in line with our full year 2021 margin target of approximately 54%. We expect the place of headcount and compensation growth to normalize as we move through 2022 and the accelerated investments fund is fully incorporated into our run rate.

As we explained in Investor Day, we are focused on completing a significant compensation reset that will create better alignment with investment performance and drive our future FRE compensation ratio downward. These changes will create strong alignment with shareholders and serve to increase our highest value earnings trends.

As a result of this reset, we expect to experience an accelerated stock-based compensation charge around the time of the merger closes. This number was reflected in the proforma share count of approximately 600 million total shares we presented at Investor Day and does not change any of our forward earnings goals. We expect this non-cash item will impact our GAAP net income, but not our operating results.

Turning to AUM, total AUM of $481 billion was up 2% quarter-over-quarter, and 11% year-over-year driven by $18 billion of inflows, which Scott detailed, and solid investment performance partially offset by higher realizations. We declared a dividend of $0.50 per share in line with our previous guidance as we continue to glide path to our new fixed dividend policy. We retained excess DE of approximately $500 million for continued growth opportunities, which funded our investments of approximately $350 million in the quarter in Motive and Challenger.

We expect the fourth quarter dividend paid in February to reflect our new dividend policy of $0.40 per quarter or $1.60 per year. Our net balance sheet value in the third quarter increased to $5.1 billion up from $4.8 billion in the second quarter, and our cash on hand increased to $2.1 billion. Additionally, we expect to exceed the $4 DE per share guidance for 2021 that we communicated on our prior earnings call in light of the $3.51 DE per share we reported year-to-date.

I'd like to wrap up our prepared remarks by reiterating how much we all enjoyed the opportunity to outline our strategic vision and financial targets at a recent Investor Day. We feel confident in achieving our base plan over the next five years, which includes growing fee-related revenue by 2.25x driven by growth in AUM and capital solutions, FRE by 2.5x due to positive operating leverage, and SRE by 1.75x as the retirement services platforms continue to scale with the benefit of third party capital.

Overall our goal is to more than double our DE to more than $9 per share by 2026 even before driving accretion from investing $5 billion of growth capital or executing share repurchases. We hope our strong Q3 results provide you early confidence in our ability to execute on this plan with trailing 12-month FRE and DE, up 16% and 81% year-over-year, respectively. While certain quarterly or annual periods may show lower or higher growth, particularly as we wrap up our accelerated investments across the platform, we remain confident in our ability to deliver on our goal of 18% compound growth in FRE and 60% plus margins over the next five years.

With that, I'll turn the call back to the operator for Q&A.

Questions And Answers

Operator

(Question And Answer

(Operator Instructions)Our first question comes from Michael Cyprys with Morgan Stanley.

Q - Michael Cyprys {BIO 16672489 <GO>}

Hey. Good morning. Thanks for taking the question. Just wanted to come back to some of the strategic mandate wins that you alluded to earlier. I think this was an incredible. Just hope you can maybe, give us an update on how much capital you manage and some of these strategic mandates today, and maybe, if you can elaborate on where you're seeing some of the strengths of flows coming into these mandates. And if you could just also talk about how you think about scaling these sort of customized mandates over time?

A - Martin Kelly {BIO 15261625 <GO>}

Hey, Mike. It's Martin. So, we spoke to mandates, which were specific in the quarter to high-grade alpha. But this has been a focus of us for a long time and we have over $30 billion in mandates across the platform today and that number continues to increase as we bring vantage on which are customized for individual LPs and provide access to investments across the platform.

A - Marc Rowan {BIO 1457142 <GO>}

It's Marc. I'll expand on it for one second. Martin is right. He has given you all the numbers. But let me kind of describe what it is we're trying to do. A strategic mandate definitionally, is with a large account, who's prepared to invest across the platform. But what is it they're trying to achieve, really what they're trying to achieve is alignment? And so we are pro forma for the merger with Athene, an immense investor in our own products. There is nothing more comforting for another large strategic account than to have us invested side-by-side. I think you will see us more and more emphasized the notion of alignment, both in the fixed income area and increasingly in the in the equity area as no other firm will have the kind of alignment and therefore investment in product side by side with our clients that we will perform.

Operator

Our next question comes from Glenn Schorr with Evercore ISI.

Q - Glenn Schorr {BIO 1881019 <GO>}

Hi. Thanks very much. So, I just want to dig into the expansion into retail. For you all, I wouldn't mind getting a little bit more about what you think in terms of product development. You've mentioned half-joking A cred, but talk timing, focus and key attributes that will differentiate your products there. And then just while we have it, I'll just give my follow-up as well. Since Investor Day, we see two deals and I would just describe them as traditional asset managers buying their way into the alternatives, where they have retail distribution and navigating product. I'm curious to get your thoughts on that reverse commute as opposed to U.S. product building out distribution. Thank you.

A - Marc Rowan {BIO 1457142 <GO>}

Sure. So, I'll take the first part of that. So, as we described on Investor Day, we are in the midst of dramatically building out our retail capabilities. By year end, we'll have about 30 professionals on our way to about 100 over the next couple of years. That's going to really help us move a number of products, both purpose-built for retail type products as well as further driving retail components of our traditional institutional products, the one of the first products coming to market is our private BDC, which will be fully in the market by the beginning of the year. That's going to be our expectation, one of our flagship retail products given the strength of our credit capabilities. But over the course of the year, we're going to have a few other products coming out as well. So, we're incredibly optimistic on what our retail capabilities will be and the product development behind it.

First, thanks for tuning in after suffering through five hours. But I guess, I'd give you the following perspective. The thing that's in short supply is assets. Yes, building (inaudible is assets. Yes, building out and reaching a retail channel is -- requires effort and requires infrastructure. But ultimately, every asset that offers a good risk reward has a home. There is no shortage of capital to find those assets. To reach a retail audience, one needs the retail audience to accept some amount of a liquidity that is ultimately, what moving into an alternative is. Increasingly, we've seen better acceptance of high net worth and retail investors of this amount of illiquidity whether it's a private BDC, a private REIT, or a true alternative in terms of the equity area.

The big firms, the traditional asset managers that are buying -- in many ways, are simply validating what's there, which is the traditional markets cannot offer sustainable alpha and sustainable outperformance. And so they are recognizing that they have to go and purchase that. Ultimately, this trend, the ability of a retail firm to distribute these products will depend in part on their -- the capacity of their retail system. Many of these traditional retail systems are not set up to offer illiquid products. And so everyone is essentially building toward this market in retail. But I come back to the place I started. Generating assets that offer attractive risk rewards is ultimately, the key to success. They will go to retail, they will go to institutional, they will go to capital solutions, they will go to retirement services balance sheets and we want to serve all of those. We currently serve three of those very well and we're building on the fourth.

Operator

Our next question comes from Patrick Davitt with Autonomous Research.

Q - Patrick Davitt {BIO 15433277 <GO>}

Hey. Good morning. On Australia, you mentioned MaxCap in the prepared remarks and I think there's -- you've hired a bunch of other senior origination type people there this week. Could you update us on the opportunity there to maybe, build something like that the unit its feels like you're starting to build a portfolio of origination capability there, perhaps specifically for something similar. So, any thoughts around what the opportunity there is and could we start thinking about this being something like a theme in Australia?

A - Marc Rowan {BIO 1457142 <GO>}

Yes. Look as we highlighted at Investor Day. Asia is probably the biggest untapped market for us on the retirement services side, massive market, very fragmented, different regulatory environments. So, it really plays to the strengths of Apollo. We've started entering that market in a few different ways. We've made investments in a couple of large established retirement service platforms over there. We've also been entering into a number of flow reinsurance agreements in Asia as well as another way to play to our strength. I think over time, you'll see more activity out of us in this both on the asset and liability side and could ultimately, create a consolidated platform for ourselves. But right now, the strategy is really getting into the market through some well-established players.

Operator

Our next question comes from Bill Katz with Citi.

Q - William Katz {BIO 1542109 <GO>}

Okay. Thank you very much for taking the questions this morning. I may have missed it, I apologize. Can you just sort of go back and sort of talk through the sizable investment income on the quarter? I think, you mentioned that there's maybe, some inter company sale going on sort of wondering what that was. And so I think about the go-forward impact of that. Thank you.

A - Martin Kelly {BIO 15261625 <GO>}

Yes, Bill. It's Martin. So that earnings related to our investment in Venerable, which was the variable annuity platform that we set up some years back. It was not an intercompany sale that was sold to fund investors into Athora. And it was -- this was a great investment and it was something that was ultimately, not intended to be a part of the whole ecosystem. And so we realized a great return and we're recycling that capital back into other users.

A - Marc Rowan {BIO 1457142 <GO>}

Bill, it's Marc. I'll probably just expand on Venerable was a private entity that Apollo, Athene and two other private equity firms bought, created really some number of years ago in connection with the acquisition of Voya's Variable Annuity business.

In our view, variable is not a great product to be part of a public company, given the inherent volatility of GAAP results if the business is run properly. Having said that, it's been an amazing investment all around. In the last year, a second block of business was added in connection with the Equitable transaction and Equitable became an investor in the platform side-by-side with the existing private equity firms and with Apollo, and with Athene. At the Equitable mark, Apollo sold its position in Venerable to one of its funds and to Athora, there was obviously demand from other entities including the other private equity firms for that same stake. But this again -- this was a great investment and it's a great tool to have in our toolbox to offer in the industry complete solutions in connection with deleveraging their insurance and retirement services balance sheets, but it is not a permanent part of Apollo on a recurring basis.

Operator

Our next question comes from Robert Lee with KBW.

Q - Robert Lee {BIO 1495505 <GO>}

Great. Thanks. Good morning. Thanks for my questions. I have a question since I guess relates more specifically to Athene going forward. But I guess, there's been some accounting changes relates to insurance companies as you know LDTI, I guess. And I mean in the second half, would that have any impact at all on how you think about Athene's ability to maybe, not originate product. But from an accounting or capital perspective, or how you would think about reporting the results.

A - Martin Kelly {BIO 15261625 <GO>}

In short, no. I mean, one of the interesting things about Athene is Athene was started as you know in 2008 and 2009, and therefore acquired a set of liabilities at a point in time when interest rates were very low and when there was pretty good understanding of where accounting was going. And so we, at Apollo, have been on top of -- and Athene has been on top of -- the setting up of the reserves at each point in time and Athene has it's call tomorrow and I think it would be a good question for you to ask them about the LDTI. And specifically, the percentage of their business that is comes with riders and other forms of variability versus the industry, and you'll -- I believe receive a very satisfactory answer.

Operator

Our next question comes from Alexander Blostein with Goldman Sachs.

Q - Alexander Blostein {BIO 15412167 <GO>}

Thanks for the question. Good morning, guys. Scott, as you embark on Fund 10, it sounds like first quarter, you guys going to begin to fundraising? Can you maybe talk us through your latest thinking about sizing and what you started to hear from LPs? How much of the fund you expect ultimately be re-ups from existing will be used versus some new folks? Just general thoughts around how you expect this fund to unfold. Thanks.

A - Scott Kleinman {BIO 2322865 <GO>}

Yes, sure. So, as you can imagine, I've been out as others have talking to LPs over the last couple of months, and feedback is incredibly strong. So, I'm feeling very confident going into the fundraise early next year. The backdrop of demand is incredibly strong in the alternative space particularly in private equity, and we have thankfully been posting really good performance.

So, all those things really point towards a very robust fundraise. We're not sort of giving a specific numbers, but we'd expect the fundraise to be at least as large as the current fund, the $25 billion. So like I said, feel really good about that. Look as far as the mix -- each of our last several funds have been about 80%, re-ups 20% new investors, based on our relationship building that probably feels like a good number. But ultimately, we'll see over the next couple of quarters.

Operator

Our next question comes from Rufus Hone with Bank of Montreal.

Q - Rufus Hone {BIO 19726898 <GO>}

Great. Good morning. Thanks for taking my question. I had a longer-term one on Athora and I'd love to hear your thoughts around how you view the organic growth potential of the time? Because when you look back at their theme, the organic growth really started to pick up around five years ago and I was wondering if there are any structural differences between the way Athora is set up in Europe, that might make it harder to scale the business organically over time. Thank you.

A - Marc Rowan {BIO 1457142 <GO>}

Right, sure. So, Athora was -- has been set up like Athene initially was, as buying blocks of runoff insurance. Athene got into the organic growth business over time through acquisitions and through development of their various retail and organic channels. Athora, if you look at for its first several years, has largely been that same runoff business. However, through an acquisition, it's just announced in Italy, it actually is picking up a meaningful new organic business platform and would expect, as it grows its Italian presence and is looking at certain other countries, could certainly consider to look at organic growth as well as the inorganic activity.

In addition, the European PRT market is in its early stages, but is clearly poised to be as big or bigger than the U.S. market. And so -- Athora is getting organized around that as well. So, to answer your initial question, nothing is structurally different or would structurally prevent that. Obviously, there are slightly different markets with different products, but where it makes sense, I would expect that, that will be the case.

Operator

Our next question comes from Gerald O'Hara with Jeffries.

Q - Gerald O'Hara

Okay. Thanks for taking the question. I think, in the prepared remarks, you all mentioned, a kind of a pickup in 4Q fundraising. I was kind of hoping you might be able to flush that out a little bit. And also, I guess as we think about moving into next year beyond Fund 10, what -- kind of what you're looking for to drive fundraising efforts. Thank you.

A - Marc Rowan {BIO 1457142 <GO>}

Sure. So, as I alluded to in the comments, we have a number of funds expecting closes in the fourth quarter. So, things like EPF is going to have its first sizable, first close accord plus hybrid value. We'll have another close. So, just a number of variety of different funds across the PE hybrid and yield platforms. Next year, as you can imagine, a big part of the focus in the first part of the year will be our Fund 10 flagship, but EPF, an impact plus in several of our credit products will be having fundraisers going on as well throughout the year.

Operator

Our next question comes from Devin Ryan with JMP Securities.

Q - Brian McKenna {BIO 19999914 <GO>}

Hi. This is Brian McKenna for Devin. So, at the Investor Day, you spoke at length about the opportunity within fintech and how you can leverage this to drive a number of benefits and efficiencies across the platform. This might be difficult to answer, but is there any way to quantify the impact of this longer term specifically, as it relates to revenues and expenses?

A - Marc Rowan {BIO 1457142 <GO>}

In short, no. I think it is difficult, I think as I mentioned on -- it's Marc by the way, as we mentioned on Investor Day, this is a multi-pronged opportunity. And the easiest is to understand is cost. Obviously, moving securitizations from their current form to block chain is an information advantage and a cost advantage. It's AUM providing our capacity to accept large amounts of committed yield in the origination area to fintech challengers should be a source of AUM growth and it takes up a considerable amount of our time, investing in and benefiting from the fintech ecosystem with us as a large customer and as a large financial institution is also part of the playbook. But I think you should think about this very holistically.

Technology is going to impact every part of our business. Ultimately, you'll see it probably first in capital solutions, which is the business that Craig Farr runs. Today, that business runs salesperson to salesperson. It will not surprise you that we believe it will ultimately run link to link. And it will be just a much more efficient way and someone will -- an investor will be able to enter an Apollo ecosystem, and decide how to invest and where to invest, in addition to the traditional methods. That does not mean that funds and fundraising are going to disappear quite the contrary. I think this is for a certain set of products and certain set of institutions, but I do think innovation and change are coming to our corner of the industry and (inaudible) welcoming.

Operator

That concludes the Q&A portion of today's call. I will now return the floor to Noah Gunn for any additional or closing remarks.

A - Noah Gunn {BIO 18319821 <GO>}

Great. Thank you, again, everyone for joining us this morning and for your continued interest in Apollo. If you have any questions regarding anything we discussed on today's call, please feel free to reach out to us and we look forward to speaking with you all next quarter.

Operator

This concludes today's conference call. Thank you for participating. You may now disconnect.