Moschovakis Capital

WEALTH PRESERVATION
EQUITY RESEARCH REPORT

Apollo Global Management, Inc.

NYSE: APO

RECOMMENDATION: HOLD / WATCHLIST

Current Price	**$114.20**	WP Score	**52 / 100**
Fair Value (Base)	**$148.00**	Downside Protection	**42 / 100**
Margin of Safety	**+29.6%**	Return Adequacy	**85 / 100**
Dividend Yield	**1.8%**	Quality Score	**62 / 100**
Expected Return (Base)	**11.8% CAGR**	Risk Level	**ELEVATED**
Bear Case Return	**-3.2% CAGR**	Recession Profile	**SENSITIVE**

One-Line Thesis: Apollo is a high-quality, high-growth alternative asset manager with exceptional origination capabilities and durable earnings power, but its inherent cyclicality, complex balance sheet (via Athene), and elevated beta make it unsuitable for a high-conviction wealth preservation position at current prices; monitor for a 20-25% pullback to improve risk-adjusted entry.

Report Date: February 27, 2026

Analyst: Moschovakis Capital Research

Sector: Financial Services — Asset Management

Framework Version: 7-Stage WP Analysis

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

Recommendation & Valuation

Metric	Value
Recommendation	HOLD / WATCHLIST
Current Price (Feb 27, 2026)	$114.20
Fair Value (Base Case)	$148.00
Margin of Safety	+29.6% upside to fair value
Target Entry Price	$90.00 - $95.00
52-Week Range	$102.58 - $157.28
All-Time High	$175.41 (Dec 11, 2024)

Return Profile

Metric	Value
Dividend Yield (Current)	1.8% ($2.04/share)
Expected Dividend Growth	10.0% CAGR (guided)
Expected Price Appreciation (Base)	10.0% CAGR
Total Expected Return (Base Case)	11.8% CAGR
Bear Case Total Return	-3.2% CAGR
Bull Case Total Return	19.5% CAGR
Probability-Weighted Expected Return	10.0% CAGR

Risk Assessment

Metric	Value
Wealth Preservation Score	52 / 100
Downside Protection Score	42 / 100
Quality Score	62 / 100
Risk Level	ELEVATED
Beta (5-Year)	1.60
Probability of >50% Permanent Loss	15-20%
Recession Profile	SENSITIVE

2. INVESTMENT THESIS

Apollo Global Management is one of the world's premier alternative asset managers, with approximately $938 billion in total assets under management as of December 31, 2025. The firm operates a uniquely integrated business model combining a high-growth asset management platform (generating fee-related earnings) with Athene, its retirement services subsidiary (generating spread-related earnings). This dual-engine structure produced combined FRE and SRE of $5.9 billion in 2025, with adjusted net income of $5.2 billion ($8.38/share adjusted), representing 14% year-over-year growth.

The bull case for Apollo centers on its dominant origination capabilities — the firm originated over $305 billion in assets during 2025, up nearly 40% year-over-year, with robust spreads of 350 basis points over Treasuries at an average BBB rating. Management has guided for 20%+ FRE growth and 10% SRE growth in 2026, underpinned by secular tailwinds in private credit, retirement solutions, and the ongoing convergence of public and private markets. The firm's competitive moat in proprietary origination is widening, and its multiple growth vectors (global wealth channel, third-party insurance, capital solutions) provide diversification.

However, from a wealth preservation standpoint, Apollo presents several meaningful challenges. The stock carries a beta of 1.60, indicating significantly higher volatility than the broader market. Alternative asset managers are inherently cyclical — their earnings are sensitive to capital markets conditions, fundraising environments, and credit spreads. The consolidated balance sheet, inclusive of Athene's insurance liabilities, shows substantial leverage that complicates traditional solvency analysis. While the asset-light management fee business is highly attractive, the spread-based retirement services business introduces interest rate sensitivity and credit risk.

At $114.20, the stock has declined approximately 35% from its all-time high of $175 and trades near the lower end of its 52-week range. This pullback has improved the valuation meaningfully — the forward P/E of approximately 13-14x adjusted earnings represents a reasonable entry point for growth investors. However, the bear case total return remains negative (-3.2% CAGR), the dividend yield is modest at 1.8%, and the probability of significant drawdown (>40%) in a severe recession is meaningful given the firm's historical volatility and business model sensitivity.

Verdict: Apollo is a high-quality business with exceptional growth prospects, but it does not meet our strict wealth preservation criteria for a high-conviction position. The asymmetric risk/reward profile favors upside but does not sufficiently cap downside. We place APO on the **WATCHLIST** with a target entry price of $90-95, where the margin of safety would provide adequate downside protection and the dividend yield would approach 2.5%, significantly improving the wealth preservation calculus.

3. STAGE 1: SECTOR & THEME IDENTIFICATION

1.1 Initial Screening Questions

Question	Assessment	Verdict
Is the sector understandable?	Yes — asset management & insurance are well-understood financial businesses with transparent fee structures	PASS ✓
Is the sector in secular decline?	No — alternative asset management is in secular growth; AUM industry-wide expanding rapidly	PASS ✓
Defensive or Cyclical?	Moderately to Highly Cyclical — earnings tied to capital markets, fundraising, credit spreads	CAUTION ■
Sector-level tailwinds?	Strong: private credit expansion, retirement crisis, public-private convergence, wealth channel growth	FAVORABLE ✓
Sector valuation vs. history	Alt managers trading below 2024 peaks; APO at ~14x forward adj. EPS vs 5Y avg ~18-20x	FAVORABLE ✓

1.2 Sector Verdict

CONTINUE WITH HEIGHTENED SCRUTINY. The alternative asset management sector is in secular growth with powerful tailwinds. However, the cyclical nature of the business requires exceptional balance sheet strength and valuation discipline to qualify for wealth preservation. Apollo's integrated model (asset management + retirement services) adds complexity but also diversification.

4. STAGE 2: FUNDAMENTAL GATEKEEPING

2.1 Solvency Check

Apollo's balance sheet requires nuanced analysis due to Athene's insurance operations. The consolidated entity carries ~$35-38 billion in debt alongside ~$28-36 billion in cash and investments. The asset management business alone operates with relatively low leverage, while Athene's balance sheet reflects standard insurance industry leverage (policyholder reserves backed by investment portfolios).

Metric	Value	WP Threshold	Assessment
Debt-to-Equity (Asset Mgmt)	0.32x	<1.0x	PASS ✓
Debt-to-Equity (Consolidated)	0.95x	<1.0x	MARGINAL ■
Interest Coverage	N/M (complex structure)	>5.0x	INCONCLUSIVE
Current Ratio	1.27 - 1.99	>1.5x	ADEQUATE ✓
Free Cash Flow (TTM)	$2.57 Billion	Positive	PASS ✓
FCF Positive (5Y)	4 of 5 years	5/5	ADEQUATE ✓
Cash / Total Debt	~80%	>20%	PASS ✓

Solvency Verdict: ADEQUATE — The asset management business is well-capitalized. The consolidated balance sheet reflects Athene's insurance leverage, which is standard for the industry but introduces complexity. In a severe credit crisis, Athene's investment portfolio could face mark-to-market losses, though insurance reserves provide structural backing.

2.2 Earnings Quality Check

Metric	Assessment
GAAP Net Income (FY2025)	$3.4 billion ($5.58/share GAAP)
Adjusted Net Income (FY2025)	$5.2 billion ($8.38/share adjusted)
GAAP vs. Adjusted Gap	Significant — $1.8B gap reflects non-cash items, tax adjustments
Fee-Related Earnings (FRE)	$2.5B — high quality, recurring management fees
Spread-Related Earnings (SRE)	$3.4B — depends on credit spreads & investment returns
Operating Cash Flow / Net Income	~75% — below 80% threshold; timing-driven
Financial Restatements (5Y)	None identified

Earnings Quality: ACCEPTABLE — FRE is high-quality and recurring. SRE introduces variability based on spreads and alternative investment returns. The gap between GAAP and adjusted earnings warrants monitoring but is standard for alternative asset managers.

2.3 Dilution Check

Metric	Value	Assessment
Shares Outstanding (Current)	580.4 million	—
YoY Share Change	+1.80%	ACCEPTABLE

Metric	Value	Assessment
QoQ Share Change	+2.96%	CONCERNING (Bridge acquisition)
Insider Ownership	19.72%	EXCELLENT
Primary Dilution Source	SBC + M&A; (Bridge Investment Group)	Monitor

Dilution Assessment: ACCEPTABLE — Annual dilution of 1.8% is within tolerance. The recent quarterly spike reflects the Bridge Investment Group acquisition. Insider ownership at nearly 20% provides strong alignment. CEO Marc Rowan and senior management have substantial skin in the game.

2.4 Dividend Sustainability

Metric	Value	Threshold	Assessment
Current Yield	1.8%	1.5-5.0%	LOW END ✓
Annual Dividend	$2.04 (increasing to $2.25)	—	Growing ✓
Payout Ratio (GAAP EPS)	~37%	<60%	EXCELLENT ✓
Payout Ratio (Adj. EPS)	~24%	<60%	EXCELLENT ✓
Dividend Growth (1Y)	10%	>3%	STRONG ✓
Consecutive Years Paid	~4 years (post-restructuring)	>10 preferred	LIMITED HISTORY ■
Dividend Coverage (Adj. EPS/Div)	4.1x	>1.3x	EXCELLENT ✓

Dividend Sustainability: SUSTAINABLE — The payout ratio is extremely conservative at ~24% of adjusted earnings, providing ample room for continued 10%+ annual growth as guided. However, the dividend history is short (Apollo restructured from an LP to a C-corp in 2022), and the yield is modest at 1.8%. In a 40% earnings decline, dividend coverage would still be ~2.5x.

2.5 Capital Efficiency: ROIC/ROE Assessment

Metric	Value	Assessment
Return on Equity (ROE)	16.55%	GOOD
Return on Assets (ROA)	1.44%	Low (insurance-driven)
ROIC	~6.6% (consolidated)	MARGINAL (below WACC)
ROIC (Asset Mgmt only)	~25%+ (estimated)	EXCELLENT
5Y Earnings Growth CAGR	37.8%	EXCEPTIONAL
Adjusted Net Income CAGR (post-Athene)	17%	STRONG

Capital Efficiency Verdict: The consolidated ROIC is distorted by Athene's insurance balance sheet. The asset management business alone generates exceptional returns on capital. ROE of 16.55% is respectable. The 17% compound annual growth in adjusted net income since the Athene merger demonstrates strong value creation. **Trend: IMPROVING.**

2.6 Valuation Screening

Metric	Current	5Y Avg (est.)	vs. History	Assessment
P/E (Trailing GAAP)	20.5x	~25x	Below	FAVORABLE
P/E (Forward Adj.)	~13.6x	~18x	Well Below	ATTRACTIVE
P/S	~2.6x	~4x	Below	FAVORABLE
P/B	~3.0x	~4.5x	Below	FAVORABLE
Dividend Yield	1.8%	~1.2%	Above	FAVORABLE
EV/Adj. Net Income	~13x	~18x	Below	ATTRACTIVE

Valuation Verdict: ATTRACTIVE — Apollo is trading well below its 5-year average multiples on virtually every metric, reflecting broader concerns about private credit markets and alt-manager valuations. At ~13-14x forward adjusted earnings with 15-20% earnings growth guided, the PEG ratio is under 1.0x, suggesting the market is undervaluing growth prospects.

5. STAGE 3: PEER COMPARISON & QUALITY RANKING

3.1 Competitive Cohort

Dimension	APO	BX	KKR	CG	Best for WP
Total AUM	$938B	$1.1T+	$744B	$437B	BX
Div. Yield	1.8%	~3.0%	0.8%	~3.0%	BX / CG
Payout Ratio	~24%	~80%	~29%	~50%	APO
P/E (Fwd Adj.)	~14x	~25x	~23x	~12x	CG
AUM Growth (YoY)	25%	~12%	~18%	~8%	APO
FRE Growth (YoY)	23%	~10%	~15%	~5%	APO
Insider Own. %	19.7%	~20%	~30%	~25%	KKR
Beta	1.60	1.50	1.75	1.55	BX
Dividend Growth	10%	~5%	~6%	~7%	APO

3.2 Wealth Preservation Quality Score

Component	Criteria	APO Score	Max
Balance Sheet Fortress	D/E, Interest Coverage, FCF consistency	22	40
D/E (consolidated 0.95x)	0.5-1.0x range	10	15
Interest Coverage	Complex structure — inconclusive	5	15
FCF Positive (5Y)	4 of 5 years	7	10
Income Reliability	Dividend yield, growth, history	15	30
Div Yield 1.8% / Payout 24%	Below sweet spot but very safe	10	15
Div Growth 10% CAGR	Above 5% threshold	7	10
Div History ~4 years	Below 10-year threshold	-2	5
Capital Efficiency	ROIC, ROE trends	12	15
ROE 16.55% / Earnings growth 17%	Good and improving	7	10
Trend improving	Strong improvement trajectory	5	5
Valuation	Trading vs. historical range	13	15
Below 25th percentile of 5Y range	Near lows on most metrics	13	15
TOTAL		62	100

Quality Score: 62 / 100 — Secondary Candidate. Apollo scores well on capital efficiency and valuation but is held back by the complex consolidated balance sheet and limited dividend history. The score falls in the 60-75 range (compare carefully) but below the 75+ threshold for a primary high-conviction candidate.

6. STAGE 4: QUALITATIVE DEEP DIVE

4.1 Competitive Moat Assessment

Moat Type	Evidence	Durability	WP Value
Origination Scale	Record $309B originated in 2025; 350bps spread at BBB avg	8/10	EXCELLENT
Switching Costs	Institutional LPs locked into long-duration funds; Athene policyholder stickiness	8/10	EXCELLENT
Network Effects	Dual platform (AM + retirement) creates self-reinforcing capital formation	7/10	GOOD
Brand / Reputation	30+ year track record; top-tier institutional brand; Fund X 22% net IRR	7/10	GOOD
Scale Advantages	$938B AUM enables cost-efficient operations; 57% FRE margin	7/10	GOOD

Primary Moat: Proprietary Origination at Scale — Durability: 8/10. Apollo's ability to originate $300B+ in assets annually with consistent 350bps spreads is a widening competitive advantage that competitors are struggling to replicate. The integrated Athene platform provides captive demand, creating a flywheel effect. **Moat Erosion Risk: LOW to MODERATE** — increased competition in private credit is real but Apollo's scale and track record provide significant barriers.

4.2 Management Quality & Capital Allocation

CEO: Marc Rowan — Co-founder of Apollo, serving as CEO since 2021. Rowan is widely regarded as one of the most capable executives in financial services. He architected the Athene merger, transforming Apollo's business model and earnings durability. His emphasis on 'purchase price matters' and disciplined origination aligns well with wealth preservation principles.

Dimension	Assessment	Rating
CEO Tenure	Co-founder; CEO since 2021	STRONG
Insider Ownership	19.72% — exceptional alignment	EXCELLENT
Capital Allocation	$1.5B returned to shareholders in 2025; 10% dividend raise planned	STRONG
Acquisitions	Bridge Investment Group — strategic; early integration positive	ACCEPTABLE
Communication	Clear, consistent guidance; investor day targets being met	EXCELLENT
Compensation	Aligned with AUM growth, FRE/SRE targets, and shareholder returns	GOOD

Management Quality: EXCELLENT. Capital Allocation Track Record: **STRONG.**

4.3 Recession Performance History

Apollo's recession history must be evaluated carefully. The firm was private during 2008-2009 and IPO'd in 2011. During COVID-2020, the stock dropped from ~$50 to ~$20 (approximately 60% peak-to-trough decline) before recovering. As an LP pre-2022, distribution patterns were erratic. The C-corp restructuring and Athene merger fundamentally changed the business model, making historical comparisons less directly applicable.

Period	Revenue Impact	Stock Decline	Dividend Action	Recovery
COVID-2020	Significant decline	~60% peak-to-trough	Distributions reduced	~12 months
2022 Rate Shock	Revenue volatile	~40% decline	N/A (restructuring year)	~18 months
2025-2026 (current)	Revenue growth maintained	~35% from ATH	Maintained + 10% increase	Ongoing

Recession Profile: SENSITIVE. Alternative asset managers are inherently cyclical businesses. Apollo's high beta (1.60) and historical drawdowns of 40-60% confirm significant price volatility in downturns. The Athene integration provides more earnings stability via SRE, but the stock price will likely remain sensitive to market sentiment and credit conditions.

7. STAGE 5: VALUATION & SCENARIO ANALYSIS

5.1 Total Return Model (10-Year Horizon)

We model Apollo's total return using adjusted earnings as the primary driver, supplemented by dividend income. Given the firm's growth trajectory and management guidance, we project three scenarios using conservative, base, and optimistic assumptions.

Component	Bear	Base	Bull
Starting Price	$114.20	$114.20	$114.20
Revenue CAGR (10Y)	3.0%	8.0%	12.0%
Adj. EPS CAGR (10Y)	2.0%	10.0%	15.0%
Terminal Adj. P/E	10.0x	16.0x	20.0x
Year 10 Adj. EPS	$10.22	$21.74	$33.89
Year 10 Price Target	$102.20	$347.84	$677.80
Avg. Dividend Yield	2.2%	2.0%	1.8%
Cumulative Dividend Return	+22%	+20%	+18%
Price CAGR	-1.1%	+11.8%	+19.5%
Total Return CAGR	-3.2%	+9.8%	+17.3%

5.2 Scenario Detail

BEAR CASE (25% weight): Prolonged private credit dislocation, significant redemptions from Athene products, regulatory headwinds on private fund structures, recession reduces origination volumes by 40%+. FRE growth stalls, SRE compresses due to credit losses in Athene's portfolio. Stock re-rates to historical trough multiple of 10x adj. earnings. Dividend maintained but growth halts. 10-Year total return: **-3.2% CAGR.**

BASE CASE (50% weight): Apollo executes on its 5-year plan with moderate success. AUM grows to ~$1.5-2T by 2035. FRE grows at 12-15% CAGR, SRE at 8-10% CAGR. Adj. EPS compounds at 10% annually. Multiple mean-reverts to 16x from current ~14x. Dividend grows 10% annually as guided. 10-Year total return: **11.8% CAGR.**

BULL CASE (25% weight): Private markets expand faster than expected. Apollo achieves $2.5T+ AUM. Wealth channel and third-party insurance become massive growth vectors. FRE margin expands to 65%+. Market re-rates alt managers to premium growth multiples (20x+). 10-Year total return: **19.5% CAGR.**

5.3 Probability-Weighted Expected Return

Scenario	Total CAGR	Weight	Contribution
Bear Case	-3.2%	25%	-0.8%
Base Case	11.8%	50%	+5.9%
Bull Case	19.5%	25%	+4.9%
Expected Total Return			10.0% CAGR

5.4 Critical Downside Check

Metric	Value	WP Threshold	Pass/Fail
Bear Case Total Return	-3.2% CAGR	>= 0%	FAIL ✗
Bear Case Price Decline	-10.5%	<-20%	PASS ✓
Max Historical Drawdown	~60%	<40%	FAIL ✗
Probability of >50% Loss	15-20%	<10%	FAIL ✗
Dividend at Risk in Bear	Growth halts, not cut	Maintained	PASS ✓

Critical Finding: The bear case total return is NEGATIVE (-3.2% CAGR), which violates the absolute requirement for wealth preservation candidates. Additionally, the probability of >50% permanent loss exceeds our 10% threshold. These failures prevent a BUY recommendation under the wealth preservation framework at current prices.

8. STAGE 6: INVESTMENT DECISION FRAMEWORK

6.1 Wealth Preservation Scoring System

Input 1: Downside Protection Score

Factor	Points	Rationale
Starting score	+50	Neutral baseline
Bear case return negative	-15	Bear case CAGR is -3.2%
D/E (consolidated) <1.0x	+5	0.95x — barely passes
Dividend maintained through crises	+0	Limited history to confirm
Max historical drawdown >40%	-15	~60% COVID drawdown
Current yield >3%	+0	Yield is only 1.8%
Bear case shows >20% price decline	+0	Bear case decline is ~10.5%
FCF positive 5/5 years	+7	4/5 years positive
Beta >1.5	-5	Beta is 1.60
Athene credit risk exposure	-5	Insurance portfolio risk
TOTAL DOWNSIDE PROTECTION	42 / 100	

Input 2: Return Adequacy Score

Base Case Total Return CAGR: 11.8% → Maps to **85 / 100** (10-12% range).

Composite Wealth Preservation Score

Component	Score	Weight	Contribution
Downside Protection	42	45%	18.9
Return Adequacy	85	30%	25.5
Quality Score	62	25%	15.5
WP Score			52 / 100

Interpretation: WP Score of 52 / 100 falls in the 45-55 range (Marginal). The framework indicates that better alternatives likely exist for wealth preservation. Apollo's exceptional return potential is offset by inadequate downside protection for our mandate.

6.2 Decision Threshold Check

Absolute Requirement	Status	Pass/Fail
Bear case total return >= 0%	-3.2% CAGR	FAIL ✗
Base case total return >= 7%	11.8% CAGR	PASS ✓
Solvency: FORTRESS or ADEQUATE	ADEQUATE	PASS ✓
Dividend sustainability	SUSTAINABLE	PASS ✓
Prob. of >50% permanent loss <10%	15-20%	FAIL ✗

Result: TWO absolute requirements FAIL. The bear case return is negative and the probability of significant permanent capital loss exceeds 10%. Under the wealth preservation framework, this prevents a BUY recommendation regardless of upside potential.

9. STAGE 7: FINAL RECOMMENDATION

RECOMMENDATION: HOLD / WATCHLIST

Metric	Value
Current Price	$114.20
Target Entry Price	$90.00 - $95.00 (21-26% below current)
Position Size at Target Entry	Reduced position (50-75% of standard allocation)
Entry Strategy	Scale in via limit orders at $95, $90, $85

Why HOLD / WATCHLIST (Not AVOID):

Despite failing two absolute requirements at current prices, Apollo is NOT an AVOID because the underlying business quality is genuinely exceptional. The failures are primarily price-driven rather than business-quality-driven. At our target entry of $90-95:

Metric	At $114 (Current)	At $92 (Target Entry)
Forward P/E (Adj.)	~14x	~11x
Dividend Yield	1.8%	2.4%
Bear Case Return	-3.2% CAGR	+1.5% CAGR (positive)
Margin of Safety to Fair Value	29.6%	60.9%
WP Score (estimated)	52	~68
Prob. of >50% Loss	15-20%	~8-10%

A 20-25% pullback from current levels would transform Apollo from a marginal candidate to a solid wealth preservation holding by (1) pushing the bear case return into positive territory, (2) raising the dividend yield closer to 2.5%, (3) significantly reducing the probability of permanent capital loss, and (4) lifting the WP Score above the 65-point threshold for a standard position.

Triggers for Upgrade to BUY:

- Price decline to $90-95 range (provides adequate margin of safety)
- Two consecutive quarters of FRE growth >15% at lower price (confirms growth thesis)
- Dividend yield approaching 2.5% (improved income floor)
- Broader market correction providing entry with sector-wide multiple compression
- Continued execution on $938B+ AUM growth trajectory with stable credit quality

Expected Outcome at Target Entry ($92) — 10-Year Projection:

Scenario	Total Return CAGR	$100 Becomes
Bear Case	+1.5%	$116
Base Case	14.2%	$379
Bull Case	22.0%	$730
Probability-Weighted	12.8%	$335

Scenario	Total Return CAGR	$100 Becomes
vs. HYSA (4%)	4.0%	$148
Outperformance vs. HYSA	+8.8%	+$187

10. RISK ASSESSMENT

Risk Category	Score (1-10)	Key Concern	Mitigation
Balance Sheet	6	Athene's insurance leverage; complex structure	Insurance reserves; separate regulatory oversight
Earnings Volatility	7	SRE sensitive to spreads/rates; GAAP vs adj gap	FRE provides recurring fee stability; diversification
Competitive Threat	5	Rising competition in private credit space	Scale advantage; $300B+ origination moat
Regulatory Risk	6	SEC scrutiny of private funds; insurance regulation	Proactive compliance; diversified globally
Management Risk	3	Key-man risk (Rowan); succession planning	Deep bench; co-presidents; institutional processes
Valuation Risk	4	Already corrected 35% from highs	Trading below historical averages
Market/Cyclical	8	High beta (1.60); sensitive to credit cycles	Diversified across credit, equity, real assets
Aggregate Risk	5.6	ELEVATED — primarily cyclical/market exposure	

Recession Stress Test Summary

Metric	Scenario	Impact
Revenue decline (recession)	-20 to -30%	Primarily investment income; fees more resilient
Adj. EPS decline	-30 to -40%	SRE most affected; FRE declines ~10-15%
Dividend action	Likely maintained	24% payout ratio provides massive cushion
Estimated max drawdown	40-55%	Based on historical beta and alt-manager patterns
Recovery time	12-24 months	Post-COVID recovered in ~12 months

11. MANAGEMENT & GOVERNANCE

CEO: Marc Rowan — Co-founder, CEO since February 2021. Previously served as Senior Managing Director overseeing credit and insurance businesses. Architect of the Athene merger that transformed Apollo's business model. Known for disciplined approach to investing and emphasis on origination as the primary driver of alpha generation.

Co-Presidents: Scott Kleinman & James Zelter — Provide deep operational leadership across equity and credit platforms respectively. This dual-leadership structure provides succession depth and reduces key-man risk.

Capital Allocation (FY2025)	Assessment
Dividend Growth: 10% increase to $2.25/share for 2026	✓ Consistent, well-covered
Buybacks: Part of $1.5B total shareholder return	✓ At reasonable valuations given pullback
Acquisitions: Bridge Investment Group	✓ Strategic; early integration on track
Debt Management: Conservative at asset mgmt level	✓ Prudent
Organic Investment: Senior hires, technology, AI	✓ Building for future growth

Management Quality: EXCELLENT. Capital Allocation: STRONG.

12. MONITORING CHECKLIST

Quarterly Review Items:

- ■ Adjusted EPS vs. consensus expectations
- ■ FRE and SRE growth rates vs. management guidance
- ■ AUM growth and inflow trends (target: $85B+ annual inflows)
- ■ Dividend maintained and growing per 10% annual guidance
- ■ Balance sheet metrics stable; Athene credit quality
- ■ Origination volume and spread trends
- ■ FRE margin progression (target: ~100bps annual expansion)

Watchlist Triggers (Upgrade to BUY):

Condition	Action
Price reaches $90-95	Initiate reduced position; reassess WP Score
Price reaches $80-85	Consider full position; bear case turns significantly positive
FRE growth >15% sustained + price <$100	Strong BUY signal
Dividend yield >2.5%	Income floor becomes meaningful

Exit Triggers (If Position Initiated):

Condition	Action
Dividend cut	Reassess immediately; likely sell
AUM declines >10% (net redemptions)	Sell — franchise impairment
ROIC falls below WACC for 2+ years	Sell
Regulatory action materially impacting operations	Reduce / Sell

Condition	Action
Bear case return turns significantly negative at new price	Reduce / Sell
Forward return <5% after price appreciation	Trim to lock gains

13. ANALYST NOTES & DISCLAIMERS

Key Assumptions:

Base case Adj. EPS CAGR of 10%: Assumes Apollo achieves ~80% of its 5-year plan targets; sensitivity: each 1% change in EPS CAGR impacts 10Y price target by ~$15-20.

Terminal P/E of 16x: Assumes modest multiple expansion from current ~14x toward 5Y average; sensitivity: each 1x change impacts fair value by ~$8-10.

Dividend growth of 10% annually: Per management guidance; well-covered by current payout ratio; sensitivity: low — dividend is a small component of total return.

No systemic credit crisis: Bear case assumes cyclical recession, not 2008-style systemic event; in a systemic crisis, downside could be significantly worse.

Limitations:

• Apollo's consolidated balance sheet (including Athene) makes traditional solvency analysis challenging; insurance company metrics differ fundamentally from pure asset managers.

• The C-corp restructuring (2022) and Athene merger fundamentally changed the business model, limiting the value of pre-2022 historical comparisons.

• Alternative asset manager earnings contain significant non-cash components; GAAP vs. adjusted earnings divergence requires careful interpretation.

• Private credit market conditions are evolving rapidly; increased competition could compress origination spreads below our modeled assumptions.

Confidence Level: MEDIUM — The business quality assessment carries HIGH confidence (Apollo is demonstrably a best-in-class franchise). The valuation analysis carries MEDIUM confidence given the complexity of modeling the integrated AM + retirement services business. The downside protection assessment carries MEDIUM-LOW confidence due to limited post-restructuring recession data.

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