

Apollo Global Management: Scale the engine-or put gates on it?

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Teaching-case scenario: Assume you are a senior strategy executive preparing a resource-allocation recommendation for a hypothetical Apollo management committee. The public record does not establish that Apollo held this internal vote or that this role existed. The case is not investment advice.

Apollo had joined its alternative-asset-management platform with Athene, a retirement-services business, effective January 1, 2022. A year later, Apollo's public materials described a linked growth model: Athene raises retirement liabilities; Apollo-managed teams and affiliated platforms source and originate assets; originated assets can be allocated in part to Athene, third-party funds or managed accounts, and capital-solutions clients. The model can support asset access and multiple sources of fees and spread income. Its success depends on the quality, pricing, capital use and liquidity of the assets and liabilities being added.

Your assignment is to recommend how Apollo should approach a stated goal of **more than \$150 billion in annual origination volume by 2026**. Should it pursue the goal broadly, pace growth behind evidence-based risk gates, or place more emphasis on third-party, global-wealth and capital-solutions channels? The decision concerns a growth posture and its safeguards, not whether Apollo should enter a new business.

A target with a scope question

At its June 2022 Retirement Services Business Update, Apollo said it wanted to expand annual origination volume to \$150 billion or more by 2026. A later slide described roughly \$100 billion of annualized origination volume at that time. Apollo noted that roughly \$25 billion of that run-rate came from platforms, with a goal to grow that platform component to more than \$60 billion over the next three to five years. The presentation said there was no assurance the targets would be achieved. It traced the long-term plan to Apollo's October 2021 Investor Day ([Business Update, slides 6, 125 and 129](#)).

The target is a **company-defined volume objective**, not a commitment that Athene would fund or retain \$150 billion of assets. Apollo's presentation depicts partial allocations of originated assets to three pools: Retirement Services balance sheets, third-party commingled or managed accounts, and Capital Solutions. The presentation does not provide a transaction-by-transaction allocation rule ([Business Update, slide 124](#)).

Apollo's February 2023 earnings release reported **\$26 billion of debt origination volume in Q4 2022**, which it described as over \$100 billion annualized; it said acquisitions of origination

platforms had helped (Q4/FY2022 results release, Business Highlights). This quarterly debt figure and the June presentation's broader annual origination target have different labels and dates. The public disclosures do not establish that their scopes are identical. Nor does one quarter's annualization establish a full-year level or future capacity.

The platform at year-end 2022

Apollo reported \$547.6 billion in total assets under management (AUM) at December 31, 2022, including \$412.1 billion of fee-generating AUM. Its largest asset-management strategy was Yield, with \$392.5 billion AUM. Direct Origination represented \$35.5 billion AUM and included loans tied primarily to middle-market lending and aviation finance (FY2022 Form 10-K, Item 1, pp. 11-12). Apollo cautioned that total AUM may include assets on which it earns nominal or no fees, or assets for which it lacks investment discretion. AUM is not cash available to invest, annual origination volume, or a like-for-like measure of a competitor's scale.

Apollo reported \$236.0 billion AUM managed or advised in accounts owned by or related to Athene at year-end; \$234.8 billion was fee-generating (FY2022 Form 10-K, Item 1, p. 14). The figure shows the scale of the relationship, but not the marginal profit or risk of the next asset placed there.

Exhibit 1. Growth ambition and originations

Measure	Reported value	What it describes
Annual origination-volume target	\$150B+ by 2026	Apollo target, June 2022; target not guaranteed
Annual origination run-rate	Approximately \$100B	Apollo run-rate statement in June 2022; not a reported full-year result
Platform component of run-rate	Approximately \$25B	June 2022 estimate; company goal of \$60B+ in 3-5 years
Q4 2022 debt origination volume	\$26B	Quarterly actual reported Feb. 9, 2023; release described it as over \$100B annualized

Sources: Apollo, *Retirement Services Business Update 2022*, slides 6, 125 and 129, June 13, 2022 (SEC exhibit); Apollo Q4/FY2022 results release, Business Highlights, Feb. 9, 2023 (Apollo IR). The reported measures use different dates and stated scopes; do not assume direct comparability.

The spread proposition-and its constraints

Apollo described Athene's approach as sourcing long-term retirement liabilities and investing in assets consistent with their risk-return characteristics. The company said it sought incremental yield through measured liquidity and complexity risk rather than additional credit risk. Its June 2022 presentation emphasized downside protection, asset expertise and origination. These are management's descriptions of its strategy, not independent assessments of realized asset quality.

For 2022, Apollo reported a 1.63% net investment spread for Athene. It also reported \$39.3 billion of floating-rate investments and \$14.2 billion of floating-rate liabilities at year-end. In the same annual report, Apollo estimated Athene had \$5.2 billion of capital available to deploy: \$2.3 billion excess equity capital, \$2.7 billion untapped debt capacity and \$0.2 billion of ACRA

capital. The debt-capacity estimate assumed a 25% adjusted debt-to-capitalization ratio and depended on market availability. Apollo identified competing uses of capital, including growth, dividends and ratings support.

The year's reported earnings measures describe different things. Apollo reported \$2.327 billion in Spread Related Earnings (SRE), a company-defined non-GAAP measure. It also reported \$12.7 billion in investment-related losses in the GAAP Retirement Services segment, including fair-value changes, derivatives and other items. That figure is not a measure of credit principal lost. SRE excludes or normalizes specified items, and therefore does not erase the economic and capital relevance of volatility.

Liquidity also presents a mixed picture. Apollo reported that the AHL credit facility was undrawn on December 31, 2022. It also disclosed that Athene borrowed \$1.0 billion from a separate AHL liquidity facility on February 7, 2023 for short-term cash-flow needs. The filing describes additional liquidity sources and scenario analysis. The borrowing alone does not establish distress or show that origination growth caused the need.

Exhibit 2. Financial and liquidity indicators

Measure	Reported value	Interpretation boundary
Athene net investment spread, FY2022	1.63%	Historical company-calculated measure, not an expected marginal spread
Floating-rate investments, Dec. 31, 2022	\$39.3B	Reported asset exposure
Floating-rate liabilities, Dec. 31, 2022	\$14.2B	Reported liability exposure
Estimated capital available to deploy	\$5.2B	Management estimate; includes assumed debt capacity and ACRA capital
Athene borrowing from AHL liquidity facility, Feb. 7, 2023	\$1.0B	Disclosed as for short-term cash-flow needs; not evidence of distress by itself
Retirement Services investment-related GAAP losses, FY2022	\$12.7B	Aggregates valuation, derivative, credit-allowance and other effects; not equivalent to principal losses
Athene Spread Related Earnings, FY2022	\$2.327B	Apollo-defined non-GAAP measure; see company reconciliation and definition

Sources: Apollo FY2022 Form 10-K, Item 1, pp. 18-19; Item 7, pp. 71-72, 79-80 and 95; Item 1A, p. 30 ([SEC filing](#)). Figures reflect differing dates, scopes and accounting definitions.

Where else can growth go?

Apollo's June 2022 presentation showed origination feeding three pools of capital. It said the model could support fees from management, deployment and syndication, and spread income when assets were held by retirement-services entities. It also presented third-party fundraising, new wealth products, capital solutions and expansion into new markets as growth opportunities. The presentation reported a \$130 billion third-party AUM run-rate and \$366 million third-party FRE run-rate as of March 31, 2022, while cautioning these run-rates might not be achieved ([Business Update, slide 125 and footnote 1](#)).

This creates a resource-allocation question. Holding an asset at Athene can contribute to insurance spread economics but brings capital and liability constraints. Distributing or managing assets for third parties can provide fee economics and broader funding, but depends on fundraising, client performance, mandates and distribution. The available public information does not show the marginal, risk-adjusted return from directing the next originated asset to any one pool.

KKR provides one competitor reference. Its 2022 Form 10-K reported a 63.3% economic interest in Global Atlantic and that Global Atlantic operated separately under its existing brands and management and reported as a separate segment (Item 1, p. 29); KKR described its majority controlling interest in Item 1, pp. 7-10, and disclosed that it held all voting rights in the organization-chart note 5, p. 38 ([FY2022 Form 10-K](#)). KKR described retirement and institutional insurance products and disclosed risks around liquidity, ratings, reinsurance and executing its growth strategy. The ownership, reporting and operating arrangements differ from Apollo's Athene combination; the two companies' raw AUM or earnings are not directly comparable.

What research can-and cannot-tell you

Research on insurers suggests several mechanisms worth testing. Möhlmann's study of 75 German life insurers estimated a 2014 aggregate asset-duration measure of 11.4 years and liability duration of 17.1 years (Table 2; §4-5, pp. 598-608); the paper does not identify an optimal match, and its products and regulatory environment differ from Athene's ([article](#)). Becker and Ivashina found secondary-market insurer holdings responded positively and significantly to bond yield in the pre-crisis period within their investment-grade NAIC 1/2 sample; the yield coefficient was not significant during the crisis (2013 working-paper version, Table VI, printed p. 45; discussion pp. 20-22; [working-paper PDF](#)). They do not study Apollo's private origination. The final journal publication is in *Journal of Finance* (2015; [DOI](#)). Kirti and Sarin's 2020 working paper studies 57 earlier private-equity acquisitions of life insurers (§3, pp. 9-13) and reports changes in asset mix and capital counterfactuals (Tables 3-8, §§5-6, pp. 14-22); it does not identify Apollo or Athene, and its results are tied to an earlier regulatory setting ([working paper](#)). Metrick and Yasuda's study of older venture and buyout funds finds fund-fee economics that may help explain a distinct third-party growth path (Tables 5-6, pp. 2326-32), but does not estimate Apollo's current economics ([article](#)).

These studies identify possible benefits and risks; none supplies an Apollo-specific forecast, hurdle rate, credit-loss assumption or universal growth threshold. The company-specific evidence required to evaluate such thresholds-product-level liability cash flows, asset defaults and recoveries, ratings migration, capital consumption, stress liquidity and economics by capital pool-is not available in the public materials here.

Your assignment

Prepare a recommendation for the hypothetical management committee. Address:

1. Whether Apollo should pursue the \$150B+ public target broadly, gate or pace growth, or shift emphasis toward third-party/global-wealth/capital-solutions channels.
2. What “annual origination volume” should mean for monitoring: originated, funded, syndicated, retained, or another defined measure. Explain how you would reconcile the June target with the Q4 debt-origination figure.
3. Which measures and evidence should govern the next stage of growth, and what additional data the committee should request before committing resources.
4. The strongest argument against your recommendation and the conditions that would cause you to change it.

Do not use information published after March 1, 2023. Label every assumption or proposed threshold you introduce; the case contains no Apollo-approved numerical gate.

Sources

- Apollo Global Management, FY2022 Form 10-K, filed Mar. 1, 2023: [SEC filing](#).
- Apollo Q4 and FY2022 results release, Feb. 9, 2023: [Apollo IR](#).
- Apollo, *Retirement Services Business Update 2022*, June 13, 2022: [SEC Exhibit 99.1](#).
- KKR & Co., FY2022 Form 10-K, filed Feb. 27, 2023: [SEC filing](#).
- Axel Möhlmann, “Interest Rate Risk of Life Insurers: Evidence from Accounting Data,” *Financial Management* 50(2), 2021, 587-612: [DOI](#).
- Bo Becker and Victoria Ivashina, “Reaching for Yield in the Bond Market”: 2013 working-paper version (pagination used for the Table VI locator): [PDF](#); final publication, *Journal of Finance* 70(5), 2015, 1863-1902: [DOI](#).
- Divya Kirti and Natasha Sarin, “What Private Equity Does Differently: Evidence from Life Insurance,” 2020 working paper: [SSRN](#).
- Andrew Metrick and Ayako Yasuda, “The Economics of Private Equity Funds,” *Review of Financial Studies* 23(6), 2010, 2303-2341: [DOI](#).