UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2022 OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM __________ TO __________

Commission File Number: 001-41197

APOLLO GLOBAL MANAGEMENT, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**86-3155788**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

9 West 57th Street, 42nd Floor
New York, New York 10019
(Address of principal executive offices) (Zip Code)
(212) 515-3200
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	**APO**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

As of November 4, 2022, there were 572,283,625 shares of the registrant's common stock outstanding.

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Forward-Looking Statements

This report may contain forward-looking statements that are within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements include, but are not limited to, discussions related to Apollo's expectations regarding the performance of its business, its liquidity and capital resources and the other non-historical statements in the discussion and analysis. These forward-looking statements are based on management's beliefs, as well as assumptions made by, and information currently available to, management. When used in this report, the words "believe," "anticipate," "estimate," "expect," "intend," "target" and similar expressions are intended to identify forward-looking statements. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. These statements are subject to certain risks, uncertainties and assumptions, including risks relating to the impact of COVID-19, the impact of energy market dislocation, inflation, market conditions and interest rate fluctuations generally, our ability to manage our growth, our ability to operate in highly competitive environments, the performance of the funds we manage, our ability to raise new funds, the variability of our revenues, earnings and cash flow, our dependence on certain key personnel, the accuracy of management's assumptions and estimates, our use of leverage to finance our businesses and investments by the funds we manage, Athene's ability to maintain or improve financial strength ratings, the impact of Athene's reinsurers failing to meet their assumed obligations, Athene's ability to manage its business in a highly regulated industry, changes in our regulatory environment and tax status, litigation risks and our ability to recognize the benefits expected to be derived from the merger of Apollo with Athene, among others. We believe these factors include but are not limited to those described under the section entitled "Risk Factors" in our quarterly report on Form 10-Q filed with the Securities and Exchange Commission (the "SEC") on May 10, 2022 and "Item 1A. Risk Factors" in this quarterly report, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other filings with the SEC. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Terms Used in This Report

In this report, references to "Apollo," "we," "us," "our," and the "Company" for periods (i) on or before December 31, 2021 refer to Apollo Asset Management, Inc. (f/k/a Apollo Global Management, Inc.) ("AAM") and its subsidiaries unless the context requires otherwise and (ii) subsequent to December 31, 2021, refer to Apollo Global Management, Inc. (f/k/a Tango Holdings, Inc.) ("AGM") and its subsidiaries unless the context requires otherwise. Moreover, references to "Class A shares" refers to the Class A common stock, $0.00001 par value per share, of AAM prior to the Mergers; "Class B share" refers to the Class B common stock, $0.00001 par value per share, of AAM prior to the Mergers (as defined below); "Class C share" refers to the Class C common stock, $0.00001 par value per share, of AAM prior to the Mergers; "Series A Preferred shares" refers to the 6.375% Series A preferred stock of AAM both prior to and following the Mergers; "Series B Preferred shares" refers to the 6.375% Series B preferred stock of AAM both prior to and following the Mergers; and "Preferred shares" refers to the Series A Preferred shares and the Series B Preferred shares, collectively, both prior to and following the Mergers. In addition, for periods on or before December 31, 2021, references to "AGM common stock" or "common stock" of the Company refer to Class A shares unless the context otherwise requires, and for periods subsequent to December 31, 2021 refer to shares of common stock, par value $0.00001 per share, of AGM.

The use of any defined term in this report to mean more than one entity, person, security or other item collectively is solely for convenience of reference and in no way implies that such entities, persons, securities or other items are one indistinguishable group. For example, notwithstanding the use of the defined terms "Apollo," "we," "us," "our," and the "Company" in this report to refer to AGM and its subsidiaries, each subsidiary of AGM is a standalone legal entity that is separate and distinct from AGM and any of its other subsidiaries. Any AGM entity (including any Athene entity) referenced herein is responsible for its own financial, contractual and legal obligations.

Term or Acronym	Definition
AAA	Apollo Aligned Alternatives, L.P., together with its parallel funds and alternative investment vehicles
AADE	Athene Annuity & Life Assurance Company
AAIA	Athene Annuity and Life Company
AARe	Athene Annuity Re Ltd., a Bermuda reinsurance subsidiary
ABS	Asset-backed securities
Accord+	Apollo Accord+ Fund, L.P.
Accord I	Apollo Accord Fund, L.P.

Accord II	Apollo Accord Fund II, L.P.
Accord III	Apollo Accord Fund III, L.P.
Accord III B	Apollo Accord Fund III B, L.P.
Accord IV	Apollo Accord Fund IV, L.P.
Accord V	Apollo Accord Fund V, L.P.
ACRA	Athene Co-Invest Reinsurance Affiliate Holding Ltd., together with its subsidiaries
ADIP	Apollo/Athene Dedicated Investment Program, a fund managed by Apollo including third-party capital that invests alongside Athene in certain investments
ADS	Apollo Debt Solutions BDC, a non-traded business development company managed by Apollo
AFS	Available-for-Sale
AIOF I	Apollo Infrastructure Opportunities Fund, L.P.
AIOF II	Apollo Infrastructure Opportunities Fund II, L.P.
ALRe	Athene Life Re Ltd., a Bermuda reinsurance subsidiary
Alternative investments	Alternative investments, including investment funds, CLO equity positions and certain other debt instruments considered to be equity-like
AmeriHome	AmeriHome Mortgage Company, LLC
AMH	Apollo Management Holdings, L.P., a Delaware limited partnership, that is an indirect subsidiary of AGM
ANRP I	Apollo Natural Resources Partners, L.P., together with its parallel funds and alternative investment vehicles
ANRP II	Apollo Natural Resources Partners II, L.P., together with its parallel funds and alternative investment vehicles
ANRP III	Apollo Natural Resources Partners III, L.P., together with its parallel funds and alternative investment vehicles
AOCI	Accumulated other comprehensive income (loss)
AOG Unit Payment	On December 31, 2021, holders of units of the Apollo Operating Group ("AOG Units") (other than Athene and the Company) sold and transferred a portion of such AOG Units to APO Corp., a wholly-owned consolidated subsidiary of the Company, in exchange for an amount equal to $3.66 multiplied by the total number of AOG Units held by such holders immediately prior to such transaction.
Apollo funds, our funds and references to the funds we manage	The funds (including the parallel funds and alternative investment vehicles of such funds), partnerships, accounts, including strategic investment accounts or "SIAs," alternative asset companies and other entities for which subsidiaries of Apollo provide investment management or advisory services.
Apollo Operating Group	(i) The entities through which we currently operate our asset management business and (ii) one or more entities formed for the purpose of, among other activities, holding certain of our gains or losses on our principal investments in the funds, which we refer to as our "principal investments."
Apollo Origination Partners	Apollo Origination Partnership, L.P.
APSG I	Apollo Strategic Growth Capital
APSG II	Apollo Strategic Growth Capital II
ARI	Apollo Commercial Real Estate Finance, Inc.
Asia RE Fund I	Apollo Asia Real Estate Fund I, L.P., including co-investment vehicles
Asia RE Fund II	Apollo Asia Real Estate Fund II, L.P., including co-investment vehicles

Assets Under Management, or AUM	The assets of the funds, partnerships and accounts to which Apollo provides investment management, advisory, or certain other investment-related services, including, without limitation, capital that such funds, partnerships and accounts have the right to call from investors pursuant to capital commitments. Our AUM equals the sum of: 1. the NAV, plus used or available leverage and/or capital commitments, or gross assets plus capital commitments, of the yield and certain hybrid funds, partnerships and accounts for which we provide investment management or advisory services, other than CLOs, CDOs, and certain perpetual capital vehicles, which have a fee-generating basis other than the mark-to-market value of the underlying assets; for certain perpetual capital vehicles in yield, gross asset value plus available financing capacity; 2. the fair value of the investments of the equity and certain hybrid funds, partnerships and accounts Apollo manages or advises, plus the capital that such funds, partnerships and accounts are entitled to call from investors pursuant to capital commitments, plus portfolio level financings; 3. the gross asset value associated with the reinsurance investments of the portfolio company assets Apollo manages or advises; and 4. the fair value of any other assets that Apollo manages or advises for the funds, partnerships and accounts to which Apollo provides investment management, advisory, or certain other investment-related services, plus unused credit facilities, including capital commitments to such funds, partnerships and accounts for investments that may require pre-qualification or other conditions before investment plus any other capital commitments to such funds, partnerships and accounts available for investment that are not otherwise included in the clauses above. Apollo's AUM measure includes Assets Under Management for which Apollo charges either nominal or zero fees. Apollo's AUM measure also includes assets for which Apollo does not have investment discretion, including certain assets for which Apollo earns only investment-related service fees, rather than management or advisory fees. Apollo's definition of AUM is not based on any definition of Assets Under Management contained in its governing documents or in any management agreements of the funds Apollo manages. Apollo considers multiple factors for determining what should be included in its definition of AUM. Such factors include but are not limited to (1) Apollo's ability to influence the investment decisions for existing and available assets; (2) Apollo's ability to generate income from the underlying assets in the funds it manages; and (3) the AUM measures that Apollo uses internally or believe are used by other investment managers. Given the differences in the investment strategies and structures among other alternative investment managers, Apollo's calculation of AUM may differ from the calculations employed by other investment managers and, as a result, this measure may not be directly comparable to similar measures presented by other investment managers. Apollo's calculation also differs from the manner in which its affiliates registered with the SEC report "Regulatory Assets Under Management" on Form ADV and Form PF in various ways. Apollo uses AUM, Gross capital deployed and Dry powder as performance measurements of its investment activities, as well as to monitor fund size in relation to professional resource and infrastructure needs.
Athene	Athene Holding Ltd. ("Athene Holding" or "AHL" together with its subsidiaries), a leading financial services company specializing in retirement services that issues, reinsures and acquires retirement savings products designed for the increasing number of individuals and institutions seeking to fund retirement needs, and to which Apollo, through its consolidated subsidiary ISG, provides asset management and advisory services.
Athora	Athora Holding, Ltd. ("Athora Holding", together with its subsidiaries), a strategic platform that acquires or reinsures blocks of insurance business in the German and broader European life insurance market (collectively, the "Athora Accounts"). The Company, through ISGI, provides investment advisory services to Athora. Athora Non-Sub-Advised Assets includes the Athora assets which are managed by Apollo but not sub-advised by Apollo nor invested in Apollo funds or investment vehicles. Athora Sub-Advised includes assets which the Company explicitly sub-advises as well as those assets in the Athora Accounts which are invested directly in funds and investment vehicles Apollo manages.
AUM with Future Management Fee Potential	The committed uninvested capital portion of total AUM not currently earning management fees. The amount depends on the specific terms and conditions of each fund.
AUSA	Athene USA Corporation
BMA	Bermuda Monetary Authority
BSCR	Bermuda Solvency Capital Requirement
CDI	California Department of Insurance
CDO	Collateralized debt obligation
CLO	Collateralized loan obligation
CMBS	Commercial mortgage-backed securities
CML	Commercial mortgage loans
Contributing Partners	Partners and their related parties (other than Messrs. Leon Black, Joshua Harris and Marc Rowan, our co-founders) who indirectly beneficially owned Apollo Operating Group units.
Cost of crediting	The interest credited to the policyholders on our fixed annuities, including, with respect to our fixed indexed annuities, option costs, as well as institutional costs related to institutional products, presented on an annualized basis for interim periods.

Cost of funds	Cost of funds includes liability costs related to cost of crediting on both deferred annuities and institutional products, as well as other liability costs. Cost of funds is computed as the total liability costs divided by the average net invested assets for the relevant period and is presented on an annualized basis for interim periods.
DAC	Deferred acquisition costs
Deferred annuities	Fixed indexed annuities, annual reset annuities, multi-year guaranteed annuities and registered index-linked annuities
Dry Powder	The amount of capital available for investment or reinvestment subject to the provisions of the applicable limited partnership agreements or other governing agreements of the funds, partnerships and accounts we manage. Dry powder excludes uncalled commitments which can only be called for fund fees and expenses and commitments from Perpetual Capital vehicles.
DSI	Deferred sales inducement
ECR	Enhanced Capital Requirement
EPF I	Apollo European Principal Finance Fund I
EPF II	Apollo European Principal Finance Fund II
EPF III	Apollo European Principal Finance Fund III
EPF IV	Apollo European Principal Finance Fund IV
Equity Plan	Refers collectively to the Company’s 2019 Omnibus Equity Incentive Plan and the Company’s 2019 Omnibus Equity Incentive Plan for Estate Planning Vehicles.
FABN	Funding agreement backed notes
FABR	Funding agreement backed repurchase agreement
FCI I	Financial Credit Investment Fund I
FCI II	Financial Credit Investment Fund II
FCI III	Financial Credit Investment Fund III
FCI IV	Financial Credit Investment Fund IV
Fee-Generating AUM	Fee-Generating AUM consists of assets of the funds, partnerships and accounts to which we provide investment management, advisory, or certain other investment-related services and on which we earn management fees, monitoring fees or other investment-related fees pursuant to management or other fee agreements on a basis that varies among the Apollo funds, partnerships and accounts. Management fees are normally based on “net asset value,” “gross assets,” “adjusted par asset value,” “adjusted cost of all unrealized portfolio investments,” “capital commitments,” “adjusted assets,” “stockholders’ equity,” “invested capital” or “capital contributions,” each as defined in the applicable management agreement. Monitoring fees, also referred to as advisory fees, with respect to the structured portfolio company investments of the funds, partnerships and accounts we manage or advise, are generally based on the total value of such structured portfolio company investments, which normally includes leverage, less any portion of such total value that is already considered in Fee-Generating AUM.
Fee Related Earnings, or FRE	Component of Adjusted Segment Income that is used to assess the performance of the Asset Management segment. FRE is the sum of (i) management fees, (ii) advisory and transaction fees, (iii) fee-related performance fees from indefinite term vehicles, that are measured and received on a recurring basis and not dependent on realization events of the underlying investments and (iv) other income, net, less (a) fee-related compensation, excluding equity-based compensation, (b) non-compensation expenses incurred in the normal course of business, (c) placement fees and (d) non-controlling interests in the management companies of certain funds the Company manages.
FIA	Fixed indexed annuity, which is an insurance contract that earns interest at a crediting rate based on a specified index on a tax-deferred basis
Fixed annuities	FIAs together with fixed rate annuities
Former Managing Partners	Messrs. Leon Black, Joshua Harris and Marc Rowan collectively and, when used in reference to holdings of interests in Apollo or AP Professional Holdings, L.P. includes certain related parties of such individuals
Gross capital deployment	The gross capital that has been invested in investments by the funds and accounts we manage during the relevant period, but excludes certain investment activities primarily related to hedging and cash management functions at the firm. Gross capital deployment is not reduced or netted down by sales or refinancings, and takes into account leverage used by the funds and accounts we manage in gaining exposure to the various investments that they have made.
GLWB	Guaranteed lifetime withdrawal benefit
GMDB	Guaranteed minimum death benefit
Gross IRR of accord series, financial credit investment, structured credit recovery and the European principal finance funds	The annualized return of a fund based on the actual timing of all cumulative fund cash flows before management fees, performance fees allocated to the general partner and certain other expenses. Calculations may include certain investors that do not pay fees. The terminal value is the net asset value as of the reporting date. Non-U.S. dollar denominated (“USD”) fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, gross IRRs at the fund level will differ from those at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Gross IRR does not represent the return to any fund investor.

Gross IRR of a traditional private equity or hybrid value fund	The cumulative investment-related cash flows (i) for a given investment for the fund or funds which made such investment, and (ii) for a given fund, in the relevant fund itself (and not any one investor in the fund), in each case, on the basis of the actual timing of investment inflows and outflows (for unrealized investments assuming disposition on September 30, 2022 or other date specified) aggregated on a gross basis quarterly, and the return is annualized and compounded before management fees, performance fees and certain other expenses (including interest incurred by the fund itself) and measures the returns on the fund's investments as a whole without regard to whether all of the returns would, if distributed, be payable to the fund's investors. In addition, gross IRRs at the fund level will differ from those at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Gross IRR does not represent the return to any fund investor.
Gross IRR of real estate equity, hybrid real estate or infrastructure funds	The cumulative investment-related cash flows in the fund itself (and not any one investor in the fund), on the basis of the actual timing of cash inflows and outflows (for unrealized investments assuming disposition on September 30, 2022 or other date specified) starting on the date that each investment closes, and the return is annualized and compounded before management fees, performance fees, and certain other expenses (including interest incurred by the fund itself) and measures the returns on the fund's investments as a whole without regard to whether all of the returns would, if distributed, be payable to the fund's investors. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, gross IRRs at the fund level will differ from those at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Gross IRR does not represent the return to any fund investor.
Gross Return or Gross ROE of a total return yield fund or the hybrid credit hedge fund	The monthly or quarterly time-weighted return that is equal to the percentage change in the value of a fund's portfolio, adjusted for all contributions and withdrawals (cash flows) before the effects of management fees, incentive fees allocated to the general partner, or other fees and expenses. Returns for these categories are calculated for all funds and accounts in the respective strategies. Returns over multiple periods are calculated by geometrically linking each period's return over time. Gross return and gross ROE do not represent the return to any fund investor.
HoldCo	Apollo Global Management, Inc. (f/k/a Tango Holdings, Inc.)
HVF I	Apollo Hybrid Value Fund, L.P., together with its parallel funds and alternative investment vehicles
HVF II	Apollo Hybrid Value Fund II, L.P., together with its parallel funds and alternative investment vehicles
Inflows	(i) At the individual strategy level, subscriptions, commitments, and other increases in available capital, such as acquisitions or leverage, net of inter-strategy transfers, and (ii) on an aggregate basis, the sum of inflows across the yield, hybrid and equity investing strategies.
IPO	Initial Public Offering
ISG	Apollo Insurance Solutions Group LP
ISGI	Refers collectively to Apollo Asset Management Europe LLP, a subsidiary of Apollo ("AAME") and Apollo Asset Management PC LLP, a wholly-owned subsidiary of AAME ("AAME PC")
Jackson	Jackson Financial, Inc., together with its subsidiaries
Management Fee Offset	Under the terms of the limited partnership agreements for certain funds, the management fee payable by the funds may be subject to a reduction based on a certain percentage of such advisory and transaction fees, net of applicable broken deal costs.
Merger Agreement	The Agreement and Plan of Merger dated as of March 8, 2021 by and among AAM, AGM, AHL, Blue Merger Sub, Ltd., a Bermuda exempted company, and Green Merger Sub, Inc., a Delaware corporation.
Merger Date	January 1, 2022
MFIC	MidCap Financial Investment Corporation (f/k/a Apollo Investment Corporation or "AINV")
MidCap	MidCap FinCo Designated Activity Company
MMS	Minimum margin of solvency
Modco	Modified coinsurance
NAIC	National Association of Insurance Commissioners
NAV	Net Asset Value
Net invested assets	The sum of (a) total investments on the consolidated balance sheets with AFS securities at cost or amortized cost, excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) investments in related parties, (d) accrued investment income, (e) VIE assets, liabilities and noncontrolling interest adjustments, (f) net investment payables and receivables, (g) policy loans ceded (which offset the direct policy loans in total investments) and (h) an allowance for credit losses. Net invested assets includes our economic ownership of ACRA investments but does not include the investments associated with the noncontrolling interest.
Net investment earned rate	Income from our net invested assets divided by the average net invested assets for the relevant period, presented on an annualized basis for interim periods.
Net investment spread	Net investment spread measures our investment performance less the total cost of our liabilities, presented on an annualized basis for interim periods.

Net IRR of accord series, financial credit investment, structured credit recovery and the European principal finance funds	The annualized return of a fund after management fees, performance fees allocated to the general partner and certain other expenses, calculated on investors that pay such fees. The terminal value is the net asset value as of the reporting date. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, net IRR at the fund level will differ from that at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Net IRR does not represent the return to any fund investor.
Net IRR of a traditional private equity or the hybrid value funds	The gross IRR applicable to the funds, including returns for related parties which may not pay fees or performance fees, net of management fees, certain expenses (including interest incurred or earned by the fund itself) and realized performance fees all offset to the extent of interest income, and measures returns at the fund level on amounts that, if distributed, would be paid to investors of the fund. The timing of cash flows applicable to investments, management fees and certain expenses, may be adjusted for the usage of a fund's subscription facility. To the extent that a fund exceeds all requirements detailed within the applicable fund agreement, the estimated unrealized value is adjusted such that a percentage of up to 20.0% of the unrealized gain is allocated to the general partner of such fund, thereby reducing the balance attributable to fund investors. In addition, net IRR at the fund level will differ from that at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Net IRR does not represent the return to any fund investor.
Net IRR of real estate equity, hybrid real estate and infrastructure funds	The cumulative cash flows in the fund (and not any one investor in the fund), on the basis of the actual timing of cash inflows received from and outflows paid to investors of the fund (assuming the ending net asset value as of the reporting date or other date specified is paid to investors), excluding certain non-fee and non-performance fee bearing parties, and the return is annualized and compounded after management fees, performance fees, and certain other expenses (including interest incurred by the fund itself) and measures the returns to investors of the fund as a whole. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, net IRR at the fund level will differ from that at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Net IRR does not represent the return to any fund investor.
Net reserve liabilities	The sum of (a) interest sensitive contract liabilities, (b) future policy benefits, (c) dividends payable to policyholders, and (d) other policy claims and benefits, offset by reinsurance recoverable, excluding policy loans ceded. Net reserve liabilities also includes the reserves related to assumed Modco agreements in order to appropriately match the costs incurred in the consolidated statements of operations with the liabilities. Net reserve liabilities is net of the ceded liabilities to third-party reinsurers as the costs of the liabilities are passed to such reinsurers and therefore we have no net economic exposure to such liabilities, assuming our reinsurance counterparties perform under our agreements. Net reserve liabilities is net of the reserve liabilities attributable to the ACRA noncontrolling interest.
Net Return or Net ROE of a total return yield fund or the hybrid credit hedge fund	The gross return after management fees, performance fees allocated to the general partner, or other fees and expenses. Returns over multiple periods are calculated by geometrically linking each period's return over time. Net return and net ROE do not represent the return to any fund investor.
Non-Fee-Generating AUM	AUM that does not produce management fees or monitoring fees. This measure generally includes the following: (i) fair value above invested capital for those funds that earn management fees based on invested capital; (ii) net asset values related to general partner and co-investment interests; (iii) unused credit facilities; (iv) available commitments on those funds that generate management fees on invested capital; (v) structured portfolio company investments that do not generate monitoring fees; and (vi) the difference between gross asset and net asset value for those funds that earn management fees based on net asset value.
NYC UBT	New York City Unincorporated Business Tax
NYSDFS	New York State Department of Financial Services
Other liability costs	Other liability costs include DAC, DSI and VOBA amortization, change in rider reserves, the cost of liabilities on products other than deferred annuities and institutional products, excise taxes, as well as offsets for premiums, product charges and other revenues.
"Other operating expenses" within the Principal Investing segment	Expenses incurred in the normal course of business and includes allocations of non-compensation expenses related to managing the business.
"Other operating expenses" within the Retirement Services segment	Expenses incurred in the normal course of business inclusive of compensation and non-compensation expenses.
Payout annuities	Annuities with a current cash payment component, which consist primarily of single premium immediate annuities, supplemental contracts and structured settlements.
PCD	Purchased Credit Deteriorated Investments
Performance allocations, Performance fees, Performance revenues, Incentive fees and Incentive income	The interests granted to Apollo by a fund managed by Apollo that entitle Apollo to receive allocations, distributions or fees which are based on the performance of such fund or its underlying investments.

Performance Fee-Eligible AUM	AUM that may eventually produce performance fees. All funds for which we are entitled to receive a performance fee allocation or incentive fee are included in Performance Fee-Eligible AUM, which consists of the following: (i) “Performance Fee-Generating AUM”, which refers to invested capital of the funds, partnerships and accounts we manage, advise, or to which we provide certain other investment-related services, that is currently above its hurdle rate or preferred return, and profit of such funds, partnerships and accounts is being allocated to, or earned by, the general partner in accordance with the applicable limited partnership agreements or other governing agreements; (ii) “AUM Not Currently Generating Performance Fees”, which refers to invested capital of the funds, partnerships and accounts we manage, advise, or to which we provide certain other investment-related services, that is currently below its hurdle rate or preferred return; and (iii) “Uninvested Performance Fee-Eligible AUM”, which refers to capital of the funds, partnerships and accounts we manage, advise, or to which we provide certain other investment-related services, that is available for investment or reinvestment subject to the provisions of applicable limited partnership agreements or other governing agreements, which capital is not currently part of the NAV or fair value of investments that may eventually produce performance fees allocable to, or earned by, the general partner.
Perpetual Capital	Assets under management of indefinite duration, that may only be withdrawn under certain conditions or subject to certain limitations, including but not limited to satisfying required hold periods or percentage limits on the amounts that may be redeemed over a particular period. The investment management, advisory or other service agreements with our Perpetual Capital vehicles may be terminated under certain circumstances.
Principal Investing Income, or PII	Component of Adjusted Segment Income that is used to assess the performance of the Principal Investing segment. For the Principal Investing segment, PII is the sum of (i) realized performance fees, excluding realizations received in the form of shares, (ii) realized investment income, less (x) realized principal investing compensation expense, excluding expense related to equity-based compensation, and (y) certain corporate compensation and non-compensation expenses.
Principal investing compensation	Realized performance compensation, distributions related to investment income and dividends, and includes allocations of certain compensation expenses related to managing the business.
Policy loan	A loan to a policyholder under the terms of, and which is secured by, a policyholder’s policy
Realized Value	All cash investment proceeds received by the relevant Apollo fund, including interest and dividends, but does not give effect to management fees, expenses, incentive compensation or performance fees to be paid by such Apollo fund.
Redding Ridge	Redding Ridge Asset Management, LLC and its subsidiaries, which is a standalone, self-managed asset management business established in connection with risk retention rules that manages collateralized loan obligations (“CLOs”) and retains the required risk retention interests.
Redding Ridge Holdings	Redding Ridge Holdings LP
Remaining Cost	The initial investment of a fund in a portfolio investment, reduced for any return of capital distributed to date on such portfolio investment
Rider reserves	Guaranteed lifetime withdrawal benefits and guaranteed minimum death benefits reserves
RMBS	Residential mortgage-backed securities
RML	Residential mortgage loan
RSUs	Restricted share units
SCRF I	Structured Credit Recovery Master Fund I
SCRF II	Structured Credit Recovery Master Fund II
SCRF III	Structured Credit Recovery Master Fund III
SCRF IV	Structured Credit Recovery Master Fund IV
SIA	Strategic investment account
SPACs	Special purpose acquisition companies
Spread Related Earnings, or SRE	Component of Adjusted Segment Income that is used to assess the performance of the Retirement Services segment, excluding certain market volatility and certain expenses related to integration, restructuring, equity-based compensation, and other expenses. For the Retirement Services segment, SRE equals the sum of (i) the net investment earnings on Athene’s net invested assets and (ii) management fees earned on the ADIP share of ACRA assets, less (x) cost of funds, (y) operating expenses excluding equity-based compensation and (z) financing costs including interest expense and preferred dividends, if any, paid to Athene preferred stockholders.
Surplus assets	Assets in excess of policyholder obligations, determined in accordance with the applicable domiciliary jurisdiction’s statutory accounting principles.
Tax receivable agreement	The tax receivable agreement entered into by and among APO Corp., the Former Managing Partners, the Contributing Partners, and other parties thereto
TDI	Texas Department of Insurance
Total Invested Capital	The aggregate cash invested by the relevant Apollo fund and includes capitalized costs relating to investment activities, if any, but does not give effect to cash pending investment or available for reserves and excludes amounts, if any, invested on a financed basis with leverage facilities
Total Value	The sum of the total Realized Value and Unrealized Value of investments

Traditional private equity funds	Apollo Investment Fund I, L.P. (“Fund I”), AIF II, L.P. (“Fund II”), a mirrored investment account established to mirror Fund I and Fund II for investments in debt securities (“MIA”), Apollo Investment Fund III, L.P. (together with its parallel funds, “Fund III”), Apollo Investment Fund IV, L.P. (together with its parallel fund, “Fund IV”), Apollo Investment Fund V, L.P. (together with its parallel funds and alternative investment vehicles, “Fund V”), Apollo Investment Fund VI, L.P. (together with its parallel funds and alternative investment vehicles, “Fund VI”), Apollo Investment Fund VII, L.P. (together with its parallel funds and alternative investment vehicles, “Fund VII”), Apollo Investment Fund VIII, L.P. (together with its parallel funds and alternative investment vehicles, “Fund VIII”) and Apollo Investment Fund IX, L.P. (together with its parallel funds and alternative investment vehicles, “Fund IX”).
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S. RE Fund I	AGRE U.S. Real Estate Fund, L.P., including co-investment vehicles
U.S. RE Fund II	Apollo U.S. Real Estate Fund II, L.P., including co-investment vehicles
U.S. RE Fund III	Apollo U.S. Real Estate Fund III, L.P., including co-investment vehicles
U.S. Treasury	United States Department of the Treasury
Unrealized Value	The fair value consistent with valuations determined in accordance with GAAP, for investments not yet realized and may include payments in kind, accrued interest and dividends receivable, if any, and before the effect of certain taxes. In addition, amounts include committed and funded amounts for certain investments.
Venerable	Venerable Holdings, Inc., together with its subsidiaries
VIAC	Venerable Insurance and Annuity Company, formerly Voya Insurance and Annuity Company
VIE	Variable interest entity
Vintage Year	The year in which a fund’s final capital raise occurred, or, for certain funds, the year of a fund’s effective date or the year in which a fund’s investment period commences pursuant to its governing agreements.
VIVAT N.V.	Athora Netherlands N.V. (formerly known as: VIVAT N.V.)
VOBA	Value of business acquired
VOE	Voting interest entity
WACC	Weighted average cost of capital

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Index to Condensed Consolidated Financial Statements (unaudited)

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APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

(In millions, except share data)	As of September 30, 2022	As of December 31, 2021
Assets		
Asset Management		
Cash and cash equivalents	$ 1,119	$ 917
Restricted cash and cash equivalents	697	708
Investments	5,854	11,354
Assets of consolidated variable interest entities		
Cash and cash equivalents	155	463
Investments	3,032	14,737
Other assets	48	252
Due from related parties	430	490
Goodwill	264	117
Other assets	2,291	1,464
	13,890	30,502
Retirement Services		
Cash and cash equivalents	9,823	—
Restricted cash and cash equivalents	1,024	—
Investments	162,088	—
Investments in related parties	23,134	—
Assets of consolidated variable interest entities		
Cash and cash equivalents	418	—
Investments	15,040	—
Other assets	94	—
Reinsurance recoverable	4,356	—
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,191	—
Goodwill	4,058	—
Other assets	11,224	—
	236,450	—
Total Assets	**$ 250,340**	**$ 30,502**

(Continued)

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

(In millions, except share data)	As of September 30, 2022	As of December 31, 2021
Liabilities, Redeemable non-controlling interests and Equity		
Liabilities		
Asset Management		
Accounts payable, accrued expenses, and other liabilities	$ 3,032	$ 2,847
Due to related parties	1,023	1,222
Debt	2,810	3,134
Liabilities of consolidated variable interest entities		
Debt, at fair value	1,709	7,943
Notes payable	50	2,611
Other liabilities	660	781
	9,284	18,538
Retirement Services		
Interest sensitive contract liabilities	166,894	—
Future policy benefits	54,709	—
Debt	3,271	—
Payables for collateral on derivatives and securities to repurchase	7,015	—
Other liabilities	5,010	—
Liabilities of consolidated variable interest entities		
Other liabilities	1,271	—
	238,170	—
Total Liabilities	**247,454**	**18,538**
Commitments and Contingencies (note 17)		
Redeemable non-controlling interests		
Redeemable non-controlling interests	1,024	1,770
Equity		
Series A Preferred Stock, 0 and 11,000,000 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	—	264
Series B Preferred Stock, 0 and 12,000,000 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	—	290
Class A Common Stock, $0.00001 par value, 0 and 90,000,000,000 shares authorized, 0 and 248,896,649 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	—	—
Class B Common Stock, $0.00001 par value, 0 and 999,999,999 shares authorized, 0 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	—	—
Class C Common Stock, $0.00001 par value, 0 and 1 share authorized, 0 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	—	—
Common Stock, $0.00001 par value, 90,000,000,000 shares authorized, 572,670,634 shares issued and outstanding as of September 30, 2022	—	—
Additional paid in capital	15,256	2,096
Retained earnings (accumulated deficit)	(2,837)	1,144
Accumulated other comprehensive income (loss)	(13,758)	(5)
Total Apollo Global Management, Inc. Stockholders’ Equity (Deficit)	(1,339)	3,789
Non-controlling interests	3,201	6,405
Total Equity	**1,862**	**10,194**
Total Liabilities, Redeemable non-controlling interests and Equity	**$ 250,340**	**$ 30,502**

(Concluded)

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(In millions, except per share data)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Revenues				
Asset Management				
Management fees	$ 389	$ 475	$ 1,100	$ 1,402
Advisory and transaction fees, net	110	63	286	205
Investment income (loss)	(31)	535	475	3,125
Incentive fees	9	5	17	24
	477	1,078	1,878	4,756
Retirement Services				
Premiums	3,045	—	10,769	—
Product charges	184	—	525	—
Net investment income	2,033	—	5,667	—
Investment related gains (losses)	(2,847)	—	(12,823)	—
Revenues of consolidated variable interest entities	114	—	148	—
Other revenues	(27)	—	(38)	—
	2,502	—	4,248	—
Total Revenues	2,979	1,078	6,126	4,756
Expenses				
Asset Management				
Compensation and benefits	386	501	1,429	1,984
Interest expense	31	35	94	105
General, administrative and other	167	112	472	328
	584	648	1,995	2,417
Retirement Services				
Interest sensitive contract benefits	89	—	(573)	—
Future policy and other policy benefits	3,294	—	10,988	—
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	125	—	375	—
Policy and other operating expenses	343	—	982	—
	3,851	—	11,772	—
Total Expenses	4,435	648	13,767	2,417
Other income (loss) – Asset Management				
Net gains (losses) from investment activities	(16)	173	164	1,439
Net gains (losses) from investment activities of consolidated variable interest entities	85	142	465	400
Other income (loss), net	28	(13)	26	(25)
Total Other income (loss)	97	302	655	1,814
Income (loss) before income tax (provision) benefit	(1,359)	732	(6,986)	4,153
Income tax (provision) benefit	185	(101)	1,280	(498)
Net income (loss)	(1,174)	631	(5,706)	3,655
Net (income) loss attributable to non-controlling interests	298	(373)	1,909	(2,060)
Net income (loss) attributable to Apollo Global Management, Inc.	(876)	258	(3,797)	1,595
Preferred stock dividends	—	(9)	—	(27)
Net income (loss) attributable to Apollo Global Management, Inc. common stockholders	$ (876)	$ 249	$ (3,797)	$ 1,568
Earnings (loss) per share				
Net income (loss) attributable to common stockholders - Basic	$ (1.52)	$ 1.01	$ (6.55)	$ 6.47
Net income (loss) attributable to common stockholders - Diluted	$ (1.52)	$ 1.01	$ (6.55)	$ 6.47
Weighted average shares outstanding – Basic	584.3	239.5	585.2	233.5
Weighted average shares outstanding – Diluted	584.3	239.5	585.2	233.5

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	2022	2021	2022	2021
Net income (loss)	$ (1,174)	$ 631	$ (5,706)	$ 3,655
Other comprehensive income (loss), before tax				
Unrealized investment gains (losses) on available-for-sale securities, net of offsets	(5,699)	1	(19,404)	1
Unrealized gains (losses) on hedging instruments	(80)	—	(126)	—
Foreign currency translation and other adjustments	11	(10)	(81)	(21)
Other comprehensive income (loss), before tax	(5,768)	(9)	(19,611)	(20)
Income tax expense (benefit) related to other comprehensive income (loss)	(991)	—	(3,444)	—
Other comprehensive income (loss)	(4,777)	(9)	(16,167)	(20)
Comprehensive income (loss)	(5,951)	622	(21,873)	3,635
Comprehensive (income) loss attributable to non-controlling interests	1,107	(364)	4,323	(2,041)
Comprehensive income (loss) attributable to Apollo Global Management, Inc.	$ (4,844)	$ 258	$ (17,550)	$ 1,594

See accompanying notes to the unaudited condensed consolidated financial statements.

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APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

	For the three and nine months ended September 30, 2021										
	Apollo Global Management, Inc. Stockholders										
(In millions)	Class A Common Stock	Class B Common Stock	Class C Common Stock	Series A Preferred Stock	Series B Preferred Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Apollo Global Management, Inc. Stockholders' Equity (Deficit)	Non-Controlling Interests	Total Equity
Balance at July 1, 2021	**231**	**—**	**—**	**$ 264**	**$ 290**	**$ 823**	**$ 991**	**$ (3)**	**$ 2,365**	**$ 5,847**	**$ 8,212**
Deconsolidation of VIEs	—	—	—	—	—	—	—	—	—	(23)	(23)
Accretion of redeemable non-controlling interests	—	—	—	—	—	(7)	—	—	(7)	—	(7)
Issuance of common stock related to equity transactions	—	—	—	—	—	22	—	—	22	—	22
Dilution impact of issuance of common stock	—	—	—	—	—	(7)	—	—	(7)	—	(7)
Capital increase related to equity-based compensation	—	—	—	—	—	46	—	—	46	—	46
Capital contributions	—	—	—	—	—	—	—	—	—	177	177
Dividends/ Distributions	—	—	—	(4)	(5)	—	(126)	—	(135)	(395)	(530)
Payments related to issuances of common stock for equity-based awards	2	—	—	—	—	33	(35)	—	(2)	—	(2)
Repurchase of common stock	(1)	—	—	—	—	(78)	—	—	(78)	—	(78)
Exchange of AOG Units for common stock	13	—	—	—	—	186	—	—	186	(144)	42
Net income (loss)	—	—	—	4	5	—	249	—	258	373	631
Accumulated other comprehensive income (loss)	—	—	—	—	—	—	—	—	—	(9)	(9)
Balance at September 30, 2021	**245**	**—**	**—**	**$ 264**	**$ 290**	**$ 1,018**	**$ 1,079**	**$ (3)**	**$ 2,648**	**$ 5,826**	**$ 8,474**
Balance at January 1, 2021	**229**	**—**	**—**	**$ 264**	**$ 290**	**$ 877**	**$ —**	**$ (2)**	**$ 1,429**	**$ 4,084**	**$ 5,513**
Deconsolidation of VIEs	—	—	—	—	—	—	—	—	—	(148)	(148)
Accretion of redeemable non-controlling interests	—	—	—	—	—	(50)	—	—	(50)	—	(50)
Issuance of common stock related to equity transactions	—	—	—	—	—	22	—	—	22	—	22
Dilution impact of issuance of common stock	—	—	—	—	—	(8)	—	—	(8)	—	(8)
Capital increase related to equity-based compensation	—	—	—	—	—	132	—	—	132	—	132
Capital contributions	—	—	—	—	—	—	—	—	—	1,189	1,189
Dividends/ distributions	—	—	—	(13)	(14)	—	(390)	—	(417)	(1,181)	(1,598)
Payments related to issuances of common stock for equity-based awards	3	—	—	—	—	37	(99)	—	(62)	—	(62)
Repurchase of common stock	(3)	—	—	—	—	(201)	—	—	(201)	—	(201)
Exchange of AOG Units for common stock	16	—	—	—	—	209	—	—	209	(159)	50
Net income (loss)	—	—	—	13	14	—	1,568	—	1,595	2,060	3,655
Accumulated other comprehensive income (loss)	—	—	—	—	—	—	—	(1)	(1)	(19)	(20)
Balance at September 30, 2021	**245**	**—**	**—**	**$ 264**	**$ 290**	**$ 1,018**	**$ 1,079**	**$ (3)**	**$ 2,648**	**$ 5,826**	**$ 8,474**

(Continued)

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

	For the three and nine months ended September 30, 2022								
	Apollo Global Management, Inc. Stockholders								
(In millions)	Common Stock	Series A Preferred Stock	Series B Preferred Stock	Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Apollo Global Management, Inc. Stockholders' Equity (Deficit)	Non-Controlling Interests	Total Equity
Balance at July 1, 2022	**571**	**$ —**	**$ —**	**$ 15,412**	**$ (1,943)**	**$ (9,790)**	**$ 3,679**	**$ 3,479**	**$ 7,158**
Consolidation/ deconsolidation of VIEs	—	—	—	—	—	—	—	678	678
Accretion of redeemable non-controlling interests	—	—	—	(11)	—	—	(11)	—	(11)
Capital increase related to equity-based compensation	2	—	—	100	—	—	100	—	100
Capital contributions	—	—	—	—	—	—	—	278	278
Dividends/ distributions	—	—	—	(241)	—	—	(241)	(127)	(368)
Transactions between entities under common control	—	—	—	20	—	—	20	—	20
Payments related to issuances of common stock for equity-based awards	—	—	—	2	(18)	—	(16)	—	(16)
Repurchase of common stock	—	—	—	(26)	—	—	(26)	—	(26)
Net income (loss)	—	—	—	—	(876)	—	(876)	(298)	(1,174)
Accumulated other comprehensive income (loss)	—	—	—	—	—	(3,968)	(3,968)	(809)	(4,777)
Balance at September 30, 2022	**573**	**$ —**	**$ —**	**$ 15,256**	**$ (2,837)**	**$ (13,758)**	**$ (1,339)**	**$ 3,201**	**$ 1,862**
Balance at January 1, 2022	**249**	**$ 264**	**$ 290**	**$ 2,096**	**$ 1,144**	**$ (5)**	**$ 3,789**	**$ 6,405**	**$ 10,194**
Merger with Athene	166	—	—	13,050	—	—	13,050	4,942	17,992
Issuance of warrants	—	—	—	149	—	—	149	—	149
Reclassification of preferred stock to non-controlling interests	—	(264)	(290)	—	—	—	(554)	554	—
Consolidation/ deconsolidation of VIEs	—	—	—	8	(7)	—	1	(4,704)	(4,703)
Issuance of common stock related to equity transactions	4	—	—	252	—	—	252	—	252
Accretion of redeemable non-controlling interests	—	—	—	(59)	—	—	(59)	—	(59)
Capital increase related to equity-based compensation	3	—	—	358	—	—	358	—	358
Capital contributions	—	—	—	—	—	—	—	3,955	3,955
Dividends/ distributions	—	—	—	(723)	—	—	(723)	(1,037)	(1,760)
Transactions between entities under common control	—	—	—	20	—	—	20	—	20
Payments related to issuances of common stock for equity-based awards	3	—	—	33	(177)	—	(144)	—	(144)
Repurchase of common stock	(8)	—	—	(463)	—	—	(463)	—	(463)
Exchange of AOG Units for common stock	156	—	—	535	—	—	535	(2,591)	(2,056)
Net income (loss)	—	—	—	—	(3,797)	—	(3,797)	(1,909)	(5,706)
Accumulated other comprehensive income (loss)	—	—	—	—	—	(13,753)	(13,753)	(2,414)	(16,167)
Balance at September 30, 2022	**573**	**$ —**	**$ —**	**$ 15,256**	**$ (2,837)**	**$ (13,758)**	**$ (1,339)**	**$ 3,201**	**$ 1,862**

(Concluded)

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine months ended September 30,	
(In millions)	2022	2021
Cash Flows from Operating Activities		
Net Income (Loss)	$ (5,706)	$ 3,655
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Equity-based compensation	410	166
Net investment income	(810)	(3,125)
Net recognized (gains) losses on investments and derivatives	5,856	(1,848)
Depreciation and amortization	433	20
Net amortization of net investment premiums, discount and other	234	—
Policy acquisition costs deferred	(750)	—
Other non-cash amounts included in net income (loss), net	(62)	388
Changes in consolidation	(513)	(48)
Changes in operating assets and liabilities:		
Purchases of investments by Funds and VIEs	(8,403)	(2,887)
Proceeds from sale of investments by Funds and VIEs	3,488	3,188
Interest sensitive contract liabilities	(2,002)	—
Future policy benefits and reinsurance recoverable	5,240	—
Other assets and liabilities, net	4,909	2,628
Net cash provided by operating activities	2,324	2,137
Cash Flows from Investing Activities		
Purchases of investments and contributions to equity method investments	(52,373)	(2,259)
Sales, maturities and repayments of investments and distributions from equity method investments	29,283	1,970
Cash acquired through merger	10,420	—
Other investing activities, net	499	(55)
Net cash used in investing activities	(12,171)	(344)
Cash Flows from Financing Activities		
Issuance of debt	3,751	842
Repayment of debt	(791)	(1,539)
Repurchase of common stock	(463)	(201)
Common stock dividends	(722)	(390)
Preferred stock dividends	—	(27)
Distributions paid to non-controlling interests	(1,034)	(1,177)
Contributions from non-controlling interests	3,955	1,189
Distributions to redeemable non-controlling interests	(776)	—
Proceeds from issuance of Class A units of SPAC, net of underwriting and offering costs	—	1,001
Deposits on investment-type policies and contracts	23,329	—
Withdrawals on investment-type policies and contracts	(7,903)	—
Net change in cash collateral posted for derivative transactions and securities to repurchase	(22)	—
Other financing activities, net	1,689	(142)
Net cash provided by (used in) financing activities	21,013	(444)
Effect of exchange rate changes on cash and cash equivalents	(18)	—
Net Increase in Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities	11,148	1,349
Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities, Beginning of Period	2,088	2,467
Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities, End of Period	$ 13,236	$ 3,816

(Continued)

APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine months ended September 30,	
(In millions)	**2022**	**2021**
Supplemental Disclosure of Cash Flow Information		
Cash paid for taxes	762	79
Cash paid for interest	432	417
Non-cash transactions		
Non-Cash Investing Activities		
Asset Management and Other		
Contributions to principal investments	—	58
Acquisition of goodwill and intangibles	335	—
Distributions from principal investments	6	92
Purchases of other investments, at fair value	22	—
Sales of other investments, at fair value	116	—
Retirement Services		
Investments received from settlements on reinsurance agreements	36	—
Investments received from pension group annuity premiums	3,812	—
Non-Cash Financing Activities		
Retirement Services		
Deposits on investment-type policies and contracts through reinsurance agreements	808	—
Withdrawals on investment-type policies and contracts through reinsurance agreements	6,190	—
Reconciliation of Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities to the Condensed Consolidated Statements of Financial Condition:		
Cash and cash equivalents	10,942	2,090
Restricted cash and cash equivalents	1,721	1,053
Cash and cash equivalents held at consolidated variable interest entities	573	673
Total Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities	$ 13,236	$ 3,816

(Concluded)

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Organization

Apollo Global Management, Inc. together with its consolidated subsidiaries (collectively, “Apollo” or the “Company”) is a global alternative asset manager that offers asset management and retirement services solutions. Through its asset management business, Apollo seeks to provide clients excess return at every point along the risk-reward spectrum from investment grade to private equity with a focus on three investing strategies: yield, hybrid and equity. Through its asset management business, Apollo raises, invests and manages funds, accounts and other vehicles, on behalf of pension, endowment and sovereign wealth funds, as well as other institutional and individual investors. Apollo’s retirement services business, which is operated by Athene, seeks to provide policyholders with financial security by providing a suite of retirement savings products and acting as a solutions provider to institutions. Athene specializes in issuing, reinsuring and acquiring retirement savings products in the United States and internationally.

Merger with Athene

On January 1, 2022, Apollo and Athene completed the previously announced merger transactions pursuant to the Merger Agreement (the “Mergers”). As a result of the Mergers, AAM and AHL became consolidated subsidiaries of AGM.

Athene’s results are included in the condensed consolidated financial statements commencing from the Merger Date. References herein to “Apollo” and the “Company” refer to AGM and its subsidiaries, including Athene, unless the context requires otherwise such as in sections where it refers to the asset management business only. See note 3 for additional information.

Corporate Recapitalization

In connection with the closing of the Mergers, the Company completed a corporate recapitalization (the “Corporate Recapitalization”) which resulted in the recapitalization of the Company from an umbrella partnership C corporation (“Up-C”) structure to a corporation with a single class of common stock with one vote per share.

Griffin Capital Acquisitions

On May 3, 2022, the Company completed the acquisition of the U.S. asset management business of Griffin Capital in exchange for closing consideration of $ 213 million and contingent consideration of $64 million, substantially all of which was settled in shares of AGM common stock, per the transaction agreement signed December 2, 2021. This follows the March 2022 close of Griffin Capital’s U.S. wealth distribution business. As a result of the final close, the Griffin Institutional Access Real Estate Fund and the Griffin Institutional Access Credit Fund are advised by Apollo and have been renamed the Apollo Diversified Real Estate Fund and Apollo Diversified Credit Fund, respectively.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements are prepared in accordance with U.S. GAAP. These condensed consolidated financial statements should be read in conjunction with the annual financial statements included in AAM’s annual report on Form 10-K for the year ended December 31, 2021. Certain disclosures included in the annual financial statements have been condensed or omitted as they are not required for interim financial statements under U.S. GAAP and the rules of the SEC. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year.

The results of the Company and its subsidiaries are presented on a consolidated basis. Any ownership interest other than the Company’s interest in its subsidiaries is reflected as a non-controlling interest. Intercompany accounts and transactions have been eliminated. Management believes it has made all necessary adjustments (consisting only of normal recurring items) so that the condensed consolidated financial statements are presented fairly and that any estimates made are reasonable and prudent. Certain reclassifications have been made to previously reported amounts to conform to the current period’s presentation.

Furthermore, in conjunction with the Mergers, Apollo was deemed to be the accounting acquirer and Athene the accounting acquiree, which, for financial reporting purposes, results in Apollo's historical financial information prior to the Mergers becoming that of the Company. Athene's results before the Mergers have not been included in the condensed consolidated financial statements of the Company. The unaudited consolidated financial statements include the assets, liabilities, operating results and cash flows of Athene from the date of acquisition. For information on Athene prior to the Mergers, please refer to the annual financial statements included in AHL's annual report on Form 10-K for the year ended December 31, 2021.

Following the Mergers, the Company's principal subsidiaries, AAM and AHL, together with their subsidiaries, operate an asset management business and a retirement services business, respectively, which possess distinct characteristics. As a result, the Company's financial statement presentation is organized into two tiers: asset management and retirement services. The Company believes that separate presentation provides a more informative view of the Company's consolidated financial condition and results of operations than an aggregated presentation.

The following summary of significant accounting policies first includes those most significant to the overall Company and then specific accounting policies for each of the asset management and retirement services businesses, respectively.

Significant Accounting Policies— Overall

Consolidation

When an entity is consolidated, the accounts of the consolidated entity, including its assets, liabilities, revenues, expenses and cash flows, are presented on a gross basis. Consolidation does not have an effect on the amounts of net income reported. The Company consolidates entities where it has a controlling financial interest unless there is a specific scope exception that prevents consolidation. The types of entities with which the Company is involved generally include, but are not limited to:

- subsidiaries, including management companies and general partners of funds that the Company manages
- entities that have attributes of an investment company (e.g., funds)
- SPACs
- CLOs
- AAM and its subsidiaries
- AHL and its subsidiaries

Each of these entities is assessed for consolidation based on its specific facts and circumstances. In determining whether to consolidate an entity, the Company first evaluates whether the entity is a VIE or a VOE and applies the appropriate consolidation model as discussed below. If an entity is not consolidated, then the Company's investment is generally accounted for under the equity method of accounting or as a financial instrument as discussed in the related policy discussions below.

Investment Companies

Judgment is required to evaluate whether an entity has the necessary characteristics to be accounted for as an investment company. Funds we manage that meet the investment company criteria are generally not required to consolidate operating companies and generally reflect their investments in operating companies and other investment companies at fair value. The Company has retained this specialized accounting for investment companies in consolidation.

Variable Interest Entities

All entities are first considered under the VIE model. VIEs are entities that 1) do not have sufficient equity at risk to finance activities without additional subordinated financial support or 2) have equity investors that do not have the ability to make significant decisions related to the entity's operations, absorb expected losses, or receive expected residual returns.

The Company consolidates a VIE if it is the primary beneficiary of the entity. The Company is deemed the primary beneficiary when it has a controlling financial interest in the VIE, which is defined as possessing both (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance ("primary beneficiary power") and (ii) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant ("significant variable interest"). The Company performs the VIE and primary beneficiary assessment at inception of its involvement with a VIE and on an ongoing basis if facts and circumstances change.

To assess whether the Company has the primary beneficiary power under the VIE consolidation model, it considers the design of the entity as well as ongoing rights and responsibilities. In general, the parties that can make the most significant decisions regarding asset management have control over servicing, liquidation rights or the unilateral right to remove the decision-makers. To assess whether the Company has a significant variable interest, the Company considers all its economic interests that are considered variable interests in the entity including interests held through related parties. This assessment requires judgement in considering whether those interests are significant.

Assets and liabilities of the consolidated VIEs, other than SPACs, are primarily shown in separate sections within the condensed consolidated statements of financial condition. Changes in the fair value of the consolidated VIEs' assets and liabilities and related interest, dividend and other income and expenses are primarily presented within net gains from investment activities of consolidated variable interest entities in the condensed consolidated statements of operations. The portion attributable to non-controlling interests is reported within net income attributable to non-controlling interests in the condensed consolidated statements of operations. For additional disclosures regarding VIEs, see notes 6 and 16.

Voting Interest Entities

Entities that are not determined to be VIEs are generally considered VOEs. Under the voting interest model, the Company consolidates those entities it controls through a majority voting interest. The Company does not consolidate those VOEs in which substantive kick-out rights have been granted to the unrelated investors to either dissolve the fund or remove the general partner.

Use of Estimates

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and related footnotes. The Company's most significant estimates include goodwill and intangible assets, income taxes, performance allocations, incentive fees, non-cash compensation, fair value of investments (including derivatives) and debt, impairment of investments and allowances for expected credit losses, DAC, DSI and VOBA, and future policy benefit reserves. While such impact may change considerably over time, the estimates and assumptions affecting the Company's condensed consolidated financial statements are based on the best available information as of September 30, 2022. Actual results could differ materially from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid short-term investments, including money market funds and U.S. Treasury securities, with original maturities of three months or less when purchased to be cash equivalents. Interest income from cash and cash equivalents is recorded in other income for asset management and net investment income for retirement services in the condensed consolidated statements of operations. The carrying values of the money market funds and U.S. Treasury securities represent their fair values due to their short-term nature. Substantially all of the Company's cash on deposit is in interest bearing accounts with major financial institutions and exceed insured limits.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represent balances that are restricted as to withdrawal or usage.

Restricted cash consists of cash and cash equivalents held in funds in trust as part of certain coinsurance agreements to secure statutory reserves and liabilities of the coinsured parties. For periods prior to June 30, 2022, cash held in reserve accounts was also used to make required payments in respect of the 2039 Senior Secured Guaranteed Notes. Restricted cash also includes cash deposited at a bank that is pledged as collateral in connection with leased premises.

Foreign Currency

The Company holds foreign currency denominated assets and liabilities. Non-monetary assets and liabilities of the Company's international subsidiaries are remeasured into the functional currency using historical exchange rates specific to each asset and liability, the exchange rates prevailing at the end of each reporting period are used for all others. The results of the Company's foreign operations are remeasured using an average exchange rate for the respective reporting period. Currency remeasurement adjustments and gains and losses on the settlement of foreign currency translations are included within other income (loss), net for asset management or investment related gains (losses) for retirement services in the condensed consolidated statements of operations. Foreign currency denominated assets and liabilities are translated into the reporting currency using the exchange rates prevailing at the end of each reporting period. Currency translation adjustments are included within other comprehensive income (loss), before tax within the condensed consolidated statements of comprehensive income (loss). The change in unrealized foreign currency exchange of any non-U.S. dollar denominated available-for-sale ("AFS") securities are included in other comprehensive income ("OCI") unless they are designated as part of a fair value hedge.

Investments

Equity Method Investments

For investments in entities over which the Company exercises significant influence but does not meet the requirements for consolidation and has not elected the fair value option, the Company uses the equity method of accounting. Under the equity method of accounting, the Company records its share of the underlying income or loss of such entities adjusted for distributions. The Company's share of the underlying net income or loss of such entities is recorded in Investment income (loss) for asset management and Net investment income for retirement services in the condensed consolidated statements of operations.

The carrying amounts of equity method investments are recorded in investments in the condensed consolidated statements of financial condition. Generally, the underlying entities that the Company manages and invests in are primarily investment companies, and the carrying value of the Company's equity method investments approximates fair value.

Financial Instruments held by Consolidated VIEs

The consolidated VIEs managed by the Company are primarily investment companies and CLOs. Their investments include debt and equity securities held at fair value. Financial instruments are generally accounted for on a trade date basis.

Under a measurement alternative permissible for consolidated collateralized financing entities, the Company measures both the financial assets and financial liabilities of consolidated CLOs in its condensed consolidated financial statements in both cases using the fair value of the financial assets or financial liabilities, whichever are more observable.

Where financial assets are more observable, the financial assets of the consolidated CLOs are measured at fair value and the financial liabilities are measured in consolidation as: (i) the sum of the fair value of the financial assets and the carrying value of any non-financial assets that are incidental to the operations of the CLOs less (ii) the sum of the fair value of any beneficial interests retained by the Company (other than those that represent compensation for services) and the Company's carrying value of any beneficial interests that represent compensation for services. The resulting amount is allocated to the individual financial liabilities (other than the beneficial interest retained by the Company) using a reasonable and consistent methodology.

Where financial liabilities are more observable, the financial liabilities of the consolidated CLOs are measured at fair value and the financial assets are measured in consolidation as: (i) the sum of the fair value of the financial liabilities, and the carrying value of any non-financial liabilities that are incidental to the operations of the CLOs less (ii) the carrying value of any non-financial assets that are incidental to the operations of the CLOs. The resulting amount is allocated to the individual financial assets using a reasonable and consistent methodology.

Net income attributable to Apollo Global Management, Inc. reflects the Company's own economic interests in the consolidated CLOs including (i) changes in the fair value of the beneficial interests retained by the Company and (ii) beneficial interests that represent compensation for collateral management services.

Certain consolidated VIEs have applied the fair value option for certain investments in private debt securities that otherwise would not have been carried at fair value with gains and losses in net income.

Fair Value of Financial Instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date under current market conditions. The actual realized gains or losses will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may ultimately differ significantly from the assumptions on which the valuations were based.

Fair Value Option

Entities are permitted to elect the fair value option ("FVO") to carry at fair value certain financial assets and financial liabilities, including investments otherwise accounted for under the equity method of accounting. The FVO election is irrevocable and is applied to financial instruments on an individual basis at initial recognition or at eligible remeasurement events. Please refer to note 4 for additional information and other instances of when the Company has elected the FVO.

Fair Value Hierarchy

U.S. GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is affected by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of fair values, as follows:

Level 1 – Quoted prices are available in active markets for identical financial instruments as of the reporting date. The Company does not adjust the quoted price for these financial instruments, even in situations where the Company holds a large position and the sale of such position would likely deviate from the quoted price.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. These financial instruments exhibit higher levels of liquid market observability as compared to Level 3 financial instruments.

Level 3 – Pricing inputs are unobservable for the financial instrument and includes situations where there is little observable market activity for the financial instrument. The inputs into the determination of fair value may require significant management judgment or estimation. Financial instruments that are included in this category generally include investments where the fair value is based on observable inputs as well as unobservable inputs.

When a security is valued based on broker quotes, the Company subjects those quotes to various criteria in making the determination as to whether a particular financial instrument would qualify for classification as Level 2 or Level 3. These criteria include, but are not limited to, the number and quality of the broker quotes, the standard deviations of the observed broker quotes, and the percentage deviation from external pricing services.

Investments in securities that are traded on a securities exchange or comparable over-the-counter quotation systems are valued based on the last reported sale price at that date. If no sales of such investments are reported on such date, and in the case of over-the-counter securities or other investments for which the last sale date is not available, valuations are based on independent market quotations obtained from market participants, recognized pricing services or other sources deemed relevant, and the prices are based on the average of the "bid" and "ask" prices, or at ascertainable prices at the close of business on such day. Market quotations are generally based on valuation pricing models or market transactions of similar securities adjusted for security-specific factors such as relative capital structure priority and interest and yield risks, among other factors. When market quotations are not available, a model-based approach is used to determine fair value.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument when the fair value is based on unobservable inputs.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting where the purchase price of the acquisition is allocated to the assets acquired and liabilities assumed using the fair values determined by management as of the acquisition date. Contingent consideration obligations that are elements of the consideration transferred are recognized as of the acquisition date as part of the fair value transferred in exchange for the acquired business. Acquisition-related costs incurred in connection with a business combination are expensed as incurred.

Goodwill

Goodwill represents the excess of cost over the fair value of identifiable net assets of an acquired business. Goodwill is tested annually for impairment or more frequently if circumstances indicate impairment may have occurred. The Company will perform its annual goodwill impairment test on October 1, 2022. The impairment test is performed at the reporting unit level, which is generally at the level of the Company's reportable segments. Goodwill is recorded in separate line items for both the Asset Management and Retirement Services segments. See note 3 for disclosure regarding the goodwill recorded related to the Mergers.

Compensation and Benefits

Compensation consists of (i) salary, bonus, and benefits, which includes base salaries, discretionary and non-discretionary bonuses, severance and employee benefits, (ii) equity-based compensation granted to employees and non-employees that is measured based on the grant date fair value of the award and (iii) profit sharing expense, which primarily consists of a portion of performance revenues earned from certain funds that are allocated to employees and former employees. Compensation costs are recorded in compensation and benefits for asset management and policy and other operating expense for retirement services in the condensed consolidated statements of operations.

Equity-based awards granted to employees and non-employees as compensation are measured based on the grant date fair value of the award. Equity-based awards that do not require future service (i.e., vested awards) are expensed immediately. Equity-based employee awards that require future service are expensed over the relevant period of service. Equity-based awards that require performance metrics to be met are expensed only when the performance metric is met or deemed probable. Profit sharing amounts are recognized as the related performance revenues are earned. Accordingly, profit sharing amounts can be reversed during periods when there is a decline in performance revenues that were previously recognized. Profit sharing amounts are generally not paid until the related performance revenue is distributed to the general partner upon realization of the fund's investments (which may be distributed in cash or in-kind).

Non-controlling Interests

For entities that are consolidated, but not wholly owned, a portion of the income or loss and corresponding equity is allocated to owners other than the Company. The aggregate of the income or loss and corresponding equity that is not owned by the Company is included in non-controlling interests in the condensed consolidated financial statements. Non-controlling interests also include ownership interests in certain consolidated funds and VIEs.

Non-controlling interests are presented as a separate component of equity on the Company's condensed consolidated statements of financial condition. Net income (loss) includes the net income (loss) attributable to the holders of non-controlling interests on the Company's condensed consolidated statements of operations. Profits and losses are allocated to non-controlling interests in proportion to their relative ownership interests regardless of their basis.

Earnings Per Share

As the Company has issued participating securities, the two-class method of computing earnings per share is used for all periods presented for common stock and participating securities as if all earnings for the period had been distributed. Under the two-class method, during periods of net income, the net income is first reduced for distributions declared on all classes of securities to arrive at undistributed earnings. During periods of net losses, the net loss is reduced for distributions declared on participating securities only if the security has the right to participate in the earnings of the entity and an objectively determinable contractual obligation to share in net losses of the entity. Participating securities include vested and unvested RSUs that participate in distributions, as well as unvested restricted shares.

Whether during a period of net income or net loss, under the two-class method the remaining earnings are allocated to common stock and participating securities to the extent that each security shares in earnings as if all of the earnings for the period had been distributed. Earnings or losses allocated to each class of security are then divided by the applicable weighted average outstanding shares to arrive at basic earnings per share. For the diluted earnings, the denominator includes all outstanding shares of common stock and includes the number of additional shares of common stock that would have been outstanding if the dilutive potential shares of common stock had been issued. The numerator is adjusted for any changes in income or loss that would result from the issuance of these potential shares of common stock.

Share Repurchase

When shares are repurchased, the Company can choose to record treasury shares or account for the repurchase as a constructive retirement. The Company accounted for share repurchases as constructive retirement, whereby it reduced common stock and additional paid-in capital by the amount of the original issuance, with any excess purchase price recorded as a reduction to retained earnings. Under this method, issued and outstanding shares are reduced by the shares repurchased, and no treasury stock is recognized on the condensed consolidated statements of financial condition.

Income Taxes

AGM is a Delaware corporation and generally all of its income is subject to U.S. corporate income taxes. Certain subsidiaries of AGM operate as partnerships for U.S. income tax purposes and are subject to NYC UBT. In conjunction with the Mergers, Apollo underwent a reorganization from an Up-C structure to a C-corporation with a single class of common stock. Athene, and certain of its non-U.S. subsidiaries, are Bermuda exempted companies that have historically not been subject to U.S. corporate income taxes on their earnings. Due to the Mergers, Athene's non-U.S. earnings will generally be subject to U.S. corporate income taxes.

Significant judgment is required in determining tax expense and in evaluating certain and uncertain tax positions. The Company's tax positions are reviewed and evaluated quarterly to determine whether the Company has uncertain tax positions that require financial statement recognition. The Company recognizes the tax benefit of uncertain tax positions only where the position is "more likely than not" to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. If a tax position were not considered more likely than not to be sustained, then no benefits of the position would be recognized.

Deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the financial statement carrying amount of assets and liabilities and their respective tax bases using currently enacted tax rates in the period the temporary difference is expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period during which the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that all or a portion of the deferred tax assets will not be realized. In determining the realizability of deferred tax assets, the Company evaluates all positive and negative evidence in addition to the ability to carry back losses, the timing of future reversals of taxable temporary differences, tax planning strategies and future expected earnings.

Recently Issued Accounting Pronouncements

Fair Value Measurement — Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (ASU 2022-03)

In June 2022, the FASB issued clarifying guidance that a restriction which is a characteristic of the holding entity rather than a characteristic of the equity security itself should not be considered in its fair value measurement. As a result, the Company is required to measure the fair value of equity securities subject to contractual restrictions attributable to the holding entity on the basis of the market price of the same equity security without those contractual restrictions. Companies are not permitted to recognize a contractual sale restriction attributable to the holding entity as a separate unit of account. The guidance also requires disclosures for these equity securities.

The new guidance is mandatorily effective for the Company by January 1, 2024 with early adoption permitted. The Company will apply the guidance on a prospective basis as an adjustment to current-period earnings with the adoption impact disclosed in the period of adoption.

The Company is currently evaluating the new guidance and its impact on the consolidated financial statements.

Business Combinations – Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (ASU 2021-08)

In October 2021, the FASB issued guidance to add contract assets and contract liabilities from contracts with customers acquired in a business combination to the list of exceptions to the fair value recognition and measurement principles that apply to business combinations, and instead require them to be accounted for in accordance with revenue recognition guidance. The new guidance is mandatorily effective for the Company on January 1, 2023 and applied prospectively, with early adoption permitted. The Company is currently evaluating the guidance and its impact on the consolidated financial statements.

Insurance – Targeted Improvements to the Accounting for Long-Duration Contracts (ASU 2020-11, ASU 2019-09, ASU 2018-12)

These updates amend four key areas pertaining to the accounting and disclosures for long-duration insurance and investment contracts.

- The update requires cash flow assumptions used to measure the liability for future policy benefits to be updated at least annually and no longer allows a provision for adverse deviation. The remeasurement of the liability associated with the update of assumptions is required to be recognized in net income. Loss recognition testing is eliminated for traditional and limited-payment contracts. The update also requires the discount rate used in measuring the liability to be an upper-medium grade fixed-income instrument yield, which is to be updated at each reporting date. The change in liability due to changes in the discount rate is to be recognized in OCI.
- The update simplifies the amortization of deferred acquisition costs and other balances amortized in proportion to premiums, gross profits, or gross margins, requiring such balances to be amortized on a constant level basis over the expected term of the contracts. Deferred costs are required to be written off for unexpected contract terminations but are not subject to impairment testing.
- The update requires certain contract features meeting the definition of market risk benefits to be measured at fair value. Among the features included in this definition are the guaranteed lifetime withdrawal benefit (GLWB) and guaranteed minimum death benefit (GMDB) riders attached to annuity products. The change in fair value of the market risk benefits is to be recognized in net income, excluding the portion attributable to changes in instrument-specific credit risk which is recognized in OCI.
- The update also introduces disclosure requirements around the liability for future policy benefits, policyholder account balances, market risk benefits, separate account liabilities, and deferred acquisition costs. This includes disaggregated rollforwards of these balances and information about significant inputs, judgments, assumptions and methods used in their measurement.

The Company is required to adopt these updates on January 1, 2023. Certain provisions of the update are required to be adopted on a fully retrospective basis, while others may be adopted on a modified retrospective basis. Early adoption is permitted. The Company does not expect that the adoption of this standard will have a material effect on stockholders' equity as of the Company's transition date, which is January 1, 2022. Subsequent to the transition date, the remeasurement of liabilities for certain products and features that include use of current discount rates can reasonably be expected to have a significant positive impact on the Company's U.S. GAAP stockholders' equity as of September 30, 2022, given the increase in rates for the nine months then ended. The Company is continuing to evaluate the impact of adopting this guidance on the consolidated financial statements for periods subsequent to the Company's transition date.

Significant Accounting Policies – Asset Management

U.S. Treasury Securities, at fair value

U.S. Treasury securities, at fair value includes U.S. Treasury bills with original maturities greater than three months when purchased. These securities are recorded at fair value in investments in the condensed consolidated statements of financial condition. Interest income on such securities is separately presented from the overall change in fair value and is recognized in interest income for asset management in the condensed consolidated statements of operations. Any remaining change in fair value of such securities, that is not recognized as interest income, is recognized in net gains (losses) from investment activities for asset management in the condensed consolidated statements of operations.

Due from/to Related Parties

Due from/to related parties includes amounts due from and due to existing employees, certain former employees, portfolio companies of the funds and non-consolidated funds.

Deferred Revenue

Apollo records deferred revenue, which is a type of contract liability, when consideration is received in advance of management services provided. Deferred revenue is reversed and recognized as revenue over the period that the agreed upon services are performed. It is included in accounts payable, accrued expenses, and other liabilities in the condensed consolidated statements of financial condition.

Apollo also earns management fees which are subject to an offset. When Apollo receives cash for advisory and transaction fees, a certain percentage of such advisory and/or transaction fees, as applicable, is allocated as a credit to reduce future management fees, otherwise payable by the relevant fund. Such credit is recorded as deferred revenue in the condensed consolidated statements of financial condition within the accounts payable, accrued expenses and other liabilities line item. A portion of any excess advisory and transaction fees may be required to be returned to the limited partners of certain funds upon such fund's liquidation. As the management fees earned by Apollo are presented on a gross basis, any management fee offsets calculated are presented as a reduction to advisory and transaction fees in the condensed consolidated statements of operations.

Additionally, Apollo earns advisory fees pursuant to the terms of the advisory agreements with certain of the portfolio companies that are owned by the funds Apollo manages. When Apollo receives a payment from a portfolio company that exceeds the advisory fees earned at that point in time, the excess payment is recorded as deferred revenue in the condensed consolidated statements of financial condition. The advisory agreements with the portfolio companies vary in duration and the associated fees are received monthly, quarterly, or annually.

Deferred revenue is reversed and recognized as revenue over the period that the agreed upon services are performed. There was $ 109.7 million of revenue recognized during the nine months ended September 30, 2022 that was previously deferred as of January 1, 2022.

Under the terms of the funds' partnership agreements, Apollo is normally required to bear organizational expenses over a set dollar amount and placement fees or costs in connection with the offering and sale of interests in the funds it manages to investors. In cases where the limited partners of the funds are determined to be the customer in an arrangement, placement fees may be capitalized as a cost to acquire a customer contract and amortized over the life of the customer contract. Capitalized placement fees are recorded within other assets in the condensed consolidated statements of financial condition, while amortization is recorded within general, administrative and other in the condensed consolidated statements of operations. In certain instances, the placement fees are paid over a period of time. Based on the management agreements with the funds, Apollo considers placement fees and organizational costs paid in determining if cash has been received in excess of the management fees earned. Placement fees and organizational costs are normally the obligation of Apollo but can be paid for by the funds. When these costs are paid by the fund, the resulting obligations are included within deferred revenue. The deferred revenue balance will also be reduced during future periods when management fees are earned but not paid.

Redeemable Non-Controlling Interests

Redeemable non-controlling interests are attributable to VIEs and primarily represent the shares issued by the Company's consolidated SPACs whose shares are redeemable for cash by the respective public shareholders in connection with the applicable SPAC's failure to complete a business combination or its tender offer/stockholder approval provisions. The redeemable non-controlling interests are initially recorded at their original issue price, net of issuance costs and the initial fair value of separately traded warrants. The carrying amount is accreted to its redemption value over the period from the date of issuance to the earliest redemption date of the instrument. The accretion to redemption value is generally recorded against additional paid-in capital. Refer to note 16 for further detail.

Revenues

The revenues of the asset management business include (i) management fees; (ii) advisory and transaction fees, net; (iii) investment income, which is comprised of performance allocations and principal investment income; and (iv) incentive fees.

The revenue guidance requires that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services (i.e., the transaction price). When determining the transaction price under the revenue guidance, an entity may recognize variable consideration only to the extent that it is probable to not be significantly reversed. The revenue guidance also requires disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized.

Performance allocations are accounted for under guidance applicable to equity method investments, and therefore not within the scope of the revenue guidance. Apollo recognizes performance allocations within investment income along with the related principal investment income (as further described below) in the condensed consolidated statements of operations and within the investments line in the condensed consolidated statements of financial condition.

Refer to disclosures below for additional information on each of the revenue streams of the asset management business.

Management Fees

Management fees are recognized over time during the periods in which the related services are performed in accordance with the contractual terms of the related agreement. Management fees are generally based on (1) a percentage of the capital committed during the commitment period, and thereafter based on the remaining invested capital of unrealized investments, or (2) net asset value, gross assets or as otherwise provided in the respective agreements. Included in management fees are certain expense reimbursements where Apollo is considered the principal under the agreements and is required to record the expense and related reimbursement revenue on a gross basis.

Advisory and Transaction Fees, Net

Advisory fees, including management consulting fees and directors' fees, are generally recognized over time as the underlying services are provided in accordance with the contractual terms of the related agreement. Apollo receives such fees in exchange for ongoing management consulting services provided to portfolio companies of funds it manages. Transaction fees, including structuring fees and arranging fees related to Apollo's funds, portfolio companies of funds and third parties are generally recognized at a point in time when the underlying services rendered are complete.

The amounts due from fund portfolio companies are recorded in due from related parties on the condensed consolidated statements of financial condition. Under the terms of the limited partnership agreements for certain funds, the management fee payable by the funds may be subject to a reduction based on a certain percentage of such advisory and transaction fees, net of applicable broken deal costs. Advisory and transaction fees are presented net of these management fee offsets in the condensed consolidated statements of operations.

Underwriting fees, which are also included within advisory and transaction fees, net, include gains, losses and fees, arising from securities offerings in which one of the Company's subsidiaries participates in the underwriter syndicate. Underwriting fees are recognized at a point in time when the underwriting is completed. Underwriting fees recognized but not received are recorded in other assets on the condensed consolidated statements of financial condition.
During the normal course of business, Apollo incurs certain costs related to certain transactions that are not consummated, or "broken deal costs". These costs (e.g., research costs, due diligence costs, professional fees, legal fees and other related items) are determined to be broken deal costs upon management's decision to no longer pursue the transaction. In accordance with the related fund agreement, in the event the deal is deemed broken, all of the costs are reimbursed by the funds and then included as a component of the calculation of the management fee offset. If a deal is successfully completed, Apollo is reimbursed by the fund or fund's portfolio company for all costs incurred and no offset is generated. As Apollo acts as an agent for the funds it manages, any transaction costs incurred and paid by Apollo on behalf of the respective funds relating to successful or broken deals are recorded net on the Company's condensed consolidated statements of operations, and any receivable from the respective funds is recorded in due from related parties on the condensed consolidated statements of financial condition.

Performance Allocations

Performance allocations are a type of performance revenue (i.e., income earned based on the extent to which an entity's performance exceeds predetermined thresholds). Performance allocations are generally structured from a legal standpoint as an allocation of capital in which Apollo's capital account receives allocations of the returns of an entity when those returns exceed predetermined thresholds. The determination of which performance revenues are considered performance allocations is primarily based on the terms of an agreement with the entity.

Apollo recognizes performance allocations within investment income along with the related principal investment income (as described further below) in the condensed consolidated statements of operations and within the investments line in the condensed consolidated statements of financial condition.

When applicable, Apollo may record a general partner obligation to return previously distributed performance allocations. The general partner obligation is based upon an assumed liquidation of a fund's net assets as of the reporting date and is reported within due to related parties on the condensed consolidated statements of financial condition. The actual determination and any required payment of any such general partner obligation would not take place until the final disposition of a fund's investments based on the contractual termination of the fund or as otherwise set forth in the respective governing document of the fund.

Principal Investment Income

Principal investment income includes Apollo's income or loss from equity method investments and certain other investments in entities in which Apollo is generally eligible to receive performance allocations. Income from equity method investments includes Apollo's share of net income or loss generated from its investments, which are not consolidated, but in which it exerts significant influence.

Incentive Fees

Incentive fees are a type of performance revenue. Incentive fees differ from performance allocations in that incentive fees do not represent an allocation of capital but rather a contractual fee arrangement with the entity. Incentive fees are considered a form of variable consideration as they are subject to clawback or reversal and therefore must be deferred until the fees are probable to not be significantly reversed. Accrued but unpaid incentive fees are reported within other assets in Apollo's condensed consolidated statements of financial condition. Apollo's incentive fees are generally received from CLOs, managed accounts and certain other vehicles it manages.

Profit Sharing

Profit sharing expense and profit sharing payable primarily consist of a portion of performance revenues earned from certain funds that are allocated to employees and former employees. Profit sharing amounts are recognized as the related performance revenues are earned. Accordingly, profit sharing amounts can be reversed during periods when there is a decline in performance revenues that were previously recognized. Profit sharing expense is recorded in compensation and benefits for asset management in the condensed consolidated statements of operations. Profit sharing payable is recorded in accounts payable, accrued expenses and other liabilities for Asset Management in the condensed consolidated statements of financial condition.

Profit sharing amounts are generally not paid until the related performance revenue is distributed to the general partner upon realization of the fund's investments. Under certain profit-sharing arrangements, Apollo requires that a portion of certain of the performance revenues distributed to its employees be used to purchase restricted common stock issued under the Equity Plan. Prior to distribution of the performance revenue, the Company records the value of the equity-based awards expected to be granted in other assets and other liabilities within the condensed consolidated statements of financial condition. Such equity-based awards are recorded as equity-based compensation expense over the relevant service period once granted.

Additionally, profit sharing amounts previously distributed may be subject to clawback from employees and former employees. When applicable, the accrual for potential clawback of previously distributed profit sharing amounts, which is a component of due from related parties on the condensed consolidated statements of financial condition, represents all amounts previously distributed to employees and former employees that would need to be returned to the general partner if the funds were to be liquidated based on the fair value of the underlying funds' investments as of the reporting date. The actual general partner receivable, however, would not become realized until the final disposition of a fund's investments based on the contractual termination of the fund or as otherwise set forth in the respective governing document of the fund.

Profit sharing payable also includes contingent consideration obligations that were recognized in connection with certain acquisitions. Changes in the fair value of the contingent consideration obligations are reflected in the condensed consolidated statements of operations as compensation and benefits for asset management.

Apollo has a performance-based incentive arrangement for certain employees designed to more closely align compensation on an annual basis with the overall realized performance of the Company's asset management business. This arrangement enables certain employees to earn discretionary compensation based on performance revenue earned by Apollo's asset management business in a given year, which amounts are reflected in compensation and benefits in the accompanying condensed consolidated financial statements for asset management. Apollo may also use dividends it receives from investments in certain perpetual capital vehicles to compensate employees. These amounts are recorded as compensation and benefits in the condensed consolidated statements of operations for asset management.

Significant Accounting Policies – Retirement Services

Investments

Fixed Maturity Securities

Fixed maturity securities includes bonds, CLOs, ABS, RMBS, CMBS and redeemable preferred stock. Athene classifies fixed maturity securities as AFS or trading at the time of purchase and subsequently carries them at fair value. Classification is dependent on a variety of factors including expected holding period, election of the fair value option and asset and liability matching.

AFS Securities

AFS securities are held at fair value on the condensed consolidated statements of financial condition with unrealized gains and losses, net of allowances for expected credit losses, tax and adjustments to DAC, DSI, and future policy benefits, if applicable, generally reflected in accumulated other comprehensive income (loss) ("AOCI") on the condensed consolidated statements of financial condition. Unrealized gains or losses relating to identified risks within AFS securities in fair value hedging relationships are reflected in investment related gains (losses) on the condensed consolidated statements of operations.

Trading Securities

The fair value option is elected for certain fixed maturity securities. These fixed maturity securities are classified as trading, with changes to fair value included in investment related gains (losses) on the condensed consolidated statements of operations. Although the securities are classified as trading, the trading activity related to these investments is primarily focused on asset and liability matching activities and is not intended to be an income strategy based on active trading. As such, the activity related to these investments on the condensed consolidated statements of cash flows is classified as investing activities.

Transactions in trading securities are generally recorded on a trade date basis, with any unsettled trades recorded in other assets or other liabilities on the condensed consolidated statements of financial condition. Bank loans, private placements and investment funds are recorded on settlement date basis.

Equity Securities

Equity securities includes common stock, mutual funds and non-redeemable preferred stock. Equity securities with readily determinable fair values are carried at fair value with subsequent changes in fair value recognized in net income. Athene has elected to account for certain equity securities without readily determinable fair values that do not qualify for the practical expedient to estimate fair values based on NAV per share (or its equivalent) at cost less impairment, subject to adjustments based on observable price changes in orderly transactions for identical or similar investments of the same issuer.

Purchased Credit Deteriorated Investments

Athene purchases certain structured securities, primarily RMBS, and re-performing mortgage loans having experienced a more-than-insignificant deterioration in credit quality since their origination which upon assessment have been determined to meet the definition of PCD investments. Additionally, structured securities classified as beneficial interests follow the initial measurement guidance for PCD investments if there is a significant difference between contractual cash flows adjusted for expected prepayments and expected cash flows at the date of recognition. The initial allowance for credit losses for PCD investments is recorded through a gross-up adjustment to the initial amortized cost. For structured securities classified as beneficial interests, the initial allowance is calculated as the present value of the difference between contractual cash flows adjusted for expected prepayments and expected cash flows at the date of recognition. The non-credit purchase discount or premium is amortized into investment income using the effective interest method. The credit discount, represented by the allowance for expected credit losses, is remeasured each period following the policies for measuring credit losses described in *Credit Losses – Available-for-Sale Securities* section below.

Mortgage Loans

Athene elected the fair value option on Athene's mortgage loan portfolio. Interest income is accrued on the principal amount of the loan based on its contractual interest rate. Interest is accrued on loans until it is probable it will not be received, or the loan is 90 days past due, unless guaranteed by U.S. government-sponsored agencies. Interest income and prepayment fees are reported in net investment income on the condensed consolidated statements of operations. Changes in the fair value of the mortgage loan portfolio are reported in investment related gains (losses) on the condensed consolidated statements of operations.

Investment Funds

Athene invests in certain non-fixed income, alternative investments in the form of limited partnerships or similar legal structures (investment funds). For investment funds in which it does not hold a controlling financial interest, Athene typically accounts for such investments using the equity method, where the cost is recorded as an investment in the fund, or it has elected the fair value option. Adjustments to the carrying amount reflect pro rata ownership percentage of the operating results as indicated by NAV in the investment fund financial statements, which can be on a lag of up to three months when investee information is not received in a timely manner.

Athene's proportionate share of investment fund income is recorded within net investment income on the condensed consolidated statements of operations. Contributions paid or distributions received by Athene are recorded directly to the investment fund balance as an increase to carrying value or as a return of capital, respectively.

Policy Loans

Policy loans are funds provided to policyholders in return for a claim on the policyholder's account balance. The funds provided are limited to a specified percentage of the account balance. The majority of policy loans do not have a stated maturity and the balances and accrued interest are repaid with proceeds from the policyholder's account balance. Policy loans are reported at the unpaid principal balance. Interest income is recorded as earned using the contract interest rate and is reported in net investment income on the condensed consolidated statements of operations.

Funds Withheld at Interest

Funds withheld at interest represents a receivable for amounts contractually withheld by ceding companies in accordance with funds withheld coinsurance (funds withheld) and modified coinsurance ("modco") reinsurance agreements in which Athene acts as the reinsurer. Generally, assets equal to statutory reserves are withheld and legally owned by the ceding company, and any excess or shortfall is settled periodically. The underlying agreements contain embedded derivatives as discussed below.

Short-term Investments

Short-term investments consist of financial instruments with maturities of greater than three months but less than twelve months when purchased. Short-term debt securities are accounted for as trading or AFS consistent with the policies for those investments. Short-term loans are carried at amortized cost.

Other Investments

Other investments includes, but is not limited to, term loans collateralized by mortgages on residential and commercial real estate and other uncollateralized loans. Athene elected the fair value option on these loans. Interest income is accrued on the principal amount of the loan based on its contractual interest rate. Interest on loans is accrued until it is probable it will not be received or the loan is 90 days past due. Interest income and prepayment and other fees are reported in net investment income on the condensed consolidated statements of operations. Changes in fair value are reported in investment related gains (losses) on the condensed consolidated statements of operations.

Securities Repurchase and Reverse Repurchase Agreements

Securities repurchase and reverse repurchase transactions involve the temporary exchange of securities for cash or other collateral of equivalent value, with agreement to redeliver a like quantity of the same or similar securities at a future date and at a fixed and determinable price. Transfers of securities under these agreements to repurchase or resell are evaluated to determine whether they satisfy the criteria for accounting treatment as secured borrowing or lending arrangements. Agreements not meeting the criteria would require recognition of the transferred securities as sales or purchases, with related forward repurchase or resale commitments. All securities repurchase transactions are accounted for as secured borrowings and are included in payables for collateral on derivatives and securities to repurchase on the condensed consolidated statements of financial condition. Earnings from investing activities related to the cash received under securities repurchase arrangements are included in net investment income on the condensed consolidated statements of operations. The associated borrowing cost is included in policy and other operating expenses on the condensed consolidated statements of operations. The investments purchased in reverse repurchase agreements, which represent collateral on a secured lending arrangement, are not reflected in the condensed consolidated statements of financial condition; however, the secured lending arrangement is recorded as a short-term investment for the principal amount loaned under the agreement.

Investment Income

Investment income is recognized as it accrues or is legally due, net of investment management and custody fees. Investment income on fixed maturity securities includes coupon interest, as well as the amortization of any premium and the accretion of any discount. Investment income on equity securities represents dividend income and preferred coupons interest. Realized gains and losses on sales of investments are included in investment related gains (losses) on the condensed consolidated statements of operations. Realized gains and losses on investments sold are determined based on a first-in first-out method.

Credit Losses – Available-for-Sale Securities

AFS securities with a fair value that has declined below amortized cost are evaluated to determine how the decline in fair value should be recognized. If based on the facts and circumstances related to the specific security, Athene intends to sell a security or it is more likely than not that it would be required to sell a security before the recovery of its amortized cost, any existing allowance for expected credit losses is reversed and the amortized cost of the security is written down to fair value. If neither of these conditions exist, the decline in fair value is evaluated to determine whether it has resulted from a credit loss or other factors.

For non-structured AFS securities, relevant facts and circumstances are qualitatively considered in evaluating whether a decline below fair value is credit-related. Relevant facts and circumstances include but are not limited to: (1) the extent to which the fair value is less than amortized cost; (2) changes in agency credit ratings, (3) adverse conditions related to the security's industry or geographical area, (4) failure to make scheduled payments, and (5) other known changes in the financial condition of the issuer or quality of any underlying collateral or credit enhancements. For structured AFS securities meeting the definition of beneficial interests, the qualitative assessment is bypassed, and any securities having experienced a decline in fair value below amortized cost move directly to a quantitative analysis.

If upon completion of this analysis it is determined that a potential credit loss exists, an allowance for expected credit losses is established equal to the amount by which the present value of expected cash flows is less than amortized cost, limited by the amount by which fair value is less than amortized cost. A non-structured security's cash flow estimates are derived from scenario-based outcomes of expected corporate restructurings or the disposition of assets using security-specific facts and circumstances including timing, security interests and loss severity. A structured security's cash flow estimates are based on security-specific facts and circumstances that may include collateral characteristics, expectations of delinquency and default rates, loss severity, prepayments and structural support, including subordination and guarantees. The expected cash flows are discounted at the effective interest rate implicit to the security at the date of purchase or the current yield to accrete a structured security. For securities with a contractual interest rate that varies based on changes in an independent factor, such as an index or rate, the effective interest rate is calculated based on the factor as it changes over the life of the security. Inherently under the discounted cash flow model, both the timing and amount of expected cash flows affect the measurement of the allowance for expected credit losses.

The allowance for expected credit losses is remeasured each period for the passage of time, any change in expected cash flows, and changes in the fair value of the security. All impairments, whether intent or requirement to sell or credit-related, are recorded through a charge to credit loss expense within investment related gains (losses) on the condensed consolidated statements of operations. All changes in the allowance for expected credit losses are recorded through credit loss expense within investment related gains (losses) on the condensed consolidated statements of operations.

The Company has elected to present accrued interest receivable separately in other assets on the condensed consolidated balance sheets. It has also elected the practical expedient to exclude the accrued interest receivable from the amortized cost balance used to calculate the allowance for expected credit losses, as it has a policy to write off such balances in a timely manner, when they become 90 days past due. Any write-off of accrued interest is recorded through a reversal of net investment income on the condensed consolidated statements of operations.

Upon determining that all or a portion of the amortized cost of an asset is uncollectible, which is generally when all efforts for collection are exhausted, the amortized cost is written off against the existing allowance. Any write off in excess of the existing allowance is recorded through credit loss expense within investment related gains (losses) on the condensed consolidated statements of operations.

Derivative Instruments

Athene invests in derivatives to hedge the risks experienced from ongoing operations, such as equity, interest rate and cash flow risks, or for other risk management purposes, which primarily involve managing liability risks associated with indexed annuity products and reinsurance agreements. Derivatives are financial instruments with values that are derived from interest rates, foreign exchange rates, financial indices or other combinations of an underlying and notional. Derivative assets and liabilities are carried at fair value on the condensed consolidated statements of financial condition. The Company elects to present any derivatives subject to master netting provisions as a gross asset or liability and gross of collateral. It may designate derivatives as cash flow, fair value or net investment hedges.

Hedge Documentation and Hedge Effectiveness

To qualify for hedge accounting, at the inception of the hedging relationship, Athene formally documents its designation of the hedge as a cash flow, fair value or net investment hedge and risk management objective and strategy for undertaking the hedging transaction. This documentation identifies how the hedging instrument is expected to hedge the designated risks related to the hedged item and the method that will be used to retrospectively and prospectively assess the hedge effectiveness and the method which will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the hedge accounting relationship. For a cash flow hedge, all changes in the fair value of the hedging derivative are reported within AOCI and the related gains or losses on the derivative are reclassified into the condensed consolidated statements of operations when the cash flows of the hedged item affect earnings.

For a cash flow hedge, all changes in the fair value of the hedging derivative are reported within AOCI and the related gains or losses on the derivative are reclassified into the condensed consolidated statements of operations when the cash flows of the hedged item affect earnings.

For a fair value hedge, changes in the fair value of the hedging derivative and changes in the fair value of the hedged item related to the designated risk being hedged are reported on the condensed consolidated statements of operations according to the nature of the risk being hedged. Additionally, changes in the fair value of amounts excluded from the assessment of effectiveness are recorded in AOCI and amortized into income over the life of the hedge accounting relationship.

For a net investment hedge, changes in the fair value of the hedging derivative are reported within AOCI to offset the translation adjustments for subsidiaries with functional currencies other than U.S. dollar.

Athene discontinues hedge accounting prospectively when: (1) it determines the derivative is no longer highly effective in offsetting changes in the estimated cash flows or fair value of a hedged item; (2) the derivative expires, is sold, terminated, or exercised; or (3) the derivative is de-designated as a hedging instrument. When hedge accounting is discontinued, the derivative continues to be carried on the condensed consolidated statements of financial condition at fair value, with changes in fair value recognized in investment related gains (losses) on the condensed consolidated statements of operations.

For a derivative not designated as a hedge, changes in the derivative's fair value and any income received or paid on derivatives at the settlement date are included in investment related gains (losses) on the condensed consolidated statements of operations.

Embedded Derivatives

Athene issues and reinsures products, primarily indexed annuity products, or purchases investments that contain embedded derivatives. If it determines the embedded derivative has economic characteristics not clearly and closely related to the economic characteristics of the host contract, and a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for separately, unless the fair value option is elected on the host contract. Under the fair value option, bifurcation of the embedded derivative is not necessary as the entire contract is carried at fair value with all related gains and losses recognized in investment related gains (losses) on the condensed consolidated statements of operations. Embedded derivatives are carried on the condensed consolidated statements of financial condition at fair value in the same line item as the host contract.

Fixed indexed annuity, index-linked variable annuity and indexed universal life insurance contracts allow the policyholder to elect a fixed interest rate return or an equity market component for which interest credited is based on the performance of certain equity market indices. The equity market option is an embedded derivative. The benefit reserve is equal to the sum of the fair value of the embedded derivative and the host (or guaranteed) component of the contracts. The fair value of the embedded derivatives represents the present value of cash flows attributable to the indexed strategies. The embedded derivative cash flows are based on assumptions for future policy growth, which include assumptions for expected index credits on the next policy anniversary date, future equity option costs, volatility, interest rates and policyholder behavior assumptions including lapses and the use of benefit riders. The embedded derivative cash flows are discounted using a rate that reflects Athene's own credit rating. The host contract is established at contract inception as the initial account value less the initial fair value of the embedded derivative and accreted over the policy's life. Contracts acquired through a business combination which contain an embedded derivative are re-bifurcated as of the acquisition date. Changes in the fair value of embedded derivatives associated with fixed indexed annuities, index-linked variable annuities and indexed universal life insurance contracts are included in interest sensitive contract benefits on the condensed consolidated statements of operations.

Additionally, reinsurance agreements written on a funds withheld or modco basis contain embedded derivatives. Athene has determined that the right to receive or obligation to pay the total return on the assets supporting the funds withheld at interest or funds withheld liability, respectively, represents a total return swap with a floating rate leg. The fair value of embedded derivatives on funds withheld and modco agreements is computed as the unrealized gain (loss) on the underlying assets and is included within funds withheld at interest for assumed agreements, and for ceded agreements the funds withheld liability is included in other liabilities on the condensed consolidated statements of financial condition. The change in the fair value of the embedded derivatives is recorded in investment related gains (losses) on the condensed consolidated statements of operations. Assumed and ceded earnings from funds withheld at interest, funds withheld liability and changes in the fair value of embedded derivatives are reported in operating activities on the condensed consolidated statements of cash flows. Contributions to and withdrawals from funds withheld at interest and funds withheld liability are reported in operating activities on the condensed consolidated statements of cash flows.

Reinsurance

Athene assumes and cedes insurance and investment contracts under coinsurance, funds withheld and modco. Reinsurance accounting is applied for transactions that provide indemnification against loss or liability relating to insurance risk (risk transfer). To meet risk transfer requirements, a reinsurance agreement must transfer insurance risk arising from uncertainties about both underwriting and timing risks. Cessions under reinsurance do not discharge obligations as the primary insurer, unless the requirements of assumption reinsurance have been met.

Assets and liabilities assumed or ceded under coinsurance, funds withheld, or modco are presented gross on the condensed consolidated statements of financial condition. For investment contracts, the change in assumed and ceded reserves are presented net in interest sensitive contract benefits on the condensed consolidated statements of operations. For insurance contracts, the change in assumed and ceded reserves and benefits are presented net in future policy and other policy benefits on the condensed consolidated statements of operations. Assumed or ceded premiums are included in premiums on the condensed consolidated statements of operations.

Accounting for reinsurance requires the use of assumptions, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risks. Athene attempts to minimize counterparty credit risk through the structuring of the terms of its reinsurance agreements, including the use of trusts, and it monitors credit ratings of counterparties for signs of declining credit quality. When a ceding company does not report information on a timely basis, accruals are recorded based on the best available information at the time, which includes the reinsurance agreement terms and historical experience. Actual and anticipated experience are periodically compared to the assumptions used to establish reinsurance assets and liabilities.

Funds Withheld and Modco

For business assumed or ceded on a funds withheld or modco basis, a funds withheld segregated portfolio, comprised of invested assets and other assets is maintained by the ceding entity, which is sufficient to support the current balance of statutory reserves. The fair value of the funds withheld is recorded as a funds withheld asset or liability and any excess or shortfall in relation to statutory reserves is settled periodically.

Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired

Deferred Acquisition Costs and Deferred Sales Inducements

Costs related directly to the successful acquisition of new, or renewal of, insurance or investment contracts are deferred to the extent they are recoverable from future premiums or gross profits. These costs consist of commissions and policy issuance costs, as well as sales inducements credited to policyholder account balances, and are included in deferred acquisition costs, deferred sales inducements and value of business acquired on the condensed consolidated statements of financial condition. Athene performs periodic tests, including at issuance, to determine if the deferred costs are recoverable. If it determines that the deferred costs are not recoverable, a cumulative charge is recorded to the current period.

Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds are amortized over the lives of the policies, based upon the proportion of the present value of actual and expected deferred costs to the present value of actual and expected gross profits to be earned over the life of the policies. Gross profits include investment spread margins, surrender charge income, policy administration charges and expenses, changes in the GLWB and GMDB reserves and realized gains and losses on investments. Current period gross profits for fixed indexed annuities also include the change in fair value of both freestanding and embedded derivatives. Estimates of the expected gross profits and margins are based on assumptions using accepted actuarial methods related to policyholder behavior, including lapses and the utilization of benefit riders, mortality, yields on investments supporting the liabilities, future interest credited amounts (including indexed related credited amounts on fixed indexed annuity products), and other policy changes as applicable, and the level of expenses necessary to maintain the policies over their expected lives. Each reporting period, Athene updates estimated gross profits with actual gross profits as part of the amortization process and adjust the DAC and DSI balances due to the OCI effects of unrealized investment gains and losses on AFS securities. Athene also periodically revises the key assumptions used in the amortization calculation, which results in revisions to the estimated future gross profits. The effects of changes in assumptions are recorded as unlocking in the period in which the changes are made.

Deferred costs related to investment contracts without significant revenue streams from sources other than investment of the policyholder funds are amortized using the effective interest method. The effective interest method amortizes the deferred costs by discounting the future liability cash flows at a break-even rate. The break-even rate is solved for such that the present value of future liability cash flows is equal to the net liability at the inception of the contract.

Value of Business Acquired

Athene establishes VOBA for blocks of insurance contracts acquired through the acquisition of insurance entities. It records the fair value of the liabilities assumed in two components: reserves and VOBA. Reserves are established using Athene's best estimate assumptions, plus a provision for adverse deviation where applicable, as of the business combination date. VOBA is the difference between the fair value of the liabilities and the reserves. VOBA can be either positive or negative. Any negative VOBA is recorded to the same financial statement line on the condensed consolidated statements of financial condition as the associated reserves. Positive VOBA is recorded in deferred acquisition costs, deferred sales inducements and value of business acquired on the condensed consolidated statements of financial condition. Athene performs periodic tests to determine if the VOBA remains recoverable. If it determines that VOBA is not recoverable, a cumulative charge is recorded to the current period.

VOBA and negative VOBA are amortized in relation to applicable policyholder liabilities. Significant assumptions that impact VOBA and negative VOBA amortization are consistent with those that impact the measurement of policyholder liabilities.

Interest Sensitive Contract Liabilities

Universal life-type policies and investment contracts include fixed indexed and traditional fixed annuities in the accumulation phase, funding agreements, universal life insurance, fixed indexed universal life insurance and immediate annuities without significant mortality risk (which includes pension group annuities without life contingencies). Athene carries liabilities for fixed annuities, universal life insurance and funding agreements at the account balances without reduction for potential surrender or withdrawal charges, except for a block of universal life business ceded to Global Atlantic Financial Group Limited (together with its subsidiaries, "Global Atlantic") which it carries at fair value. Liabilities for immediate annuities without significant mortality risk are calculated as the present value of future liability cash flows and policy maintenance expenses discounted at contractual interest rates. For a discussion regarding indexed products, refer above to the embedded derivative discussion.

Changes in the interest sensitive contract liabilities, excluding deposits and withdrawals, are recorded in interest sensitive contract benefits or product charges on the condensed consolidated statements of operations. Interest sensitive contract liabilities are not reduced for amounts ceded under reinsurance agreements which are reported as reinsurance recoverable on the condensed consolidated statements of financial condition.

Future Policy Benefits

Athene issues contracts classified as long-duration, which includes term and whole life, accident and health, disability, and deferred and immediate annuities with life contingencies (which includes pension group annuities with life contingencies). Liabilities for non-participating long-duration contracts are established using accepted actuarial valuation methods which require the use of assumptions related to expenses, investment yields, mortality, morbidity and persistency, with a provision for adverse deviation, at the date of issue or acquisition. As of September 30, 2022, the reserve investment yield assumptions for non-participating contracts range from 2.3% to 5.9% and are specific to Athene's expected earned rate on the asset portfolio supporting the reserves. Athene bases other key assumptions, such as mortality and morbidity, on industry standard data adjusted to align with actual company experience, if necessary.

For long-duration contracts, the assumptions are locked in at contract inception and only modified if Athene deems the reserves to be inadequate. Athene periodically reviews actual and anticipated experience compared to the assumptions used to establish policy benefits. If the net U.S. GAAP liability (gross reserves less DAC, DSI and VOBA) is less than the gross premium liability, impairment is deemed to have occurred, and the DAC, DSI and VOBA asset balances are reduced until the net U.S. GAAP liability is equal to the gross premium liability. If the DAC, DSI and VOBA asset balances are completely written off and the net U.S. GAAP liability is still less than the gross premium liability, then an additional liability is recorded to arrive at the gross premium liability.

Athene issues and reinsures deferred annuity contracts which contain GLWB and GMDB riders. Future policy benefits for GLWB and GMDB riders are established by estimating the expected value of withdrawal and death benefits in excess of the projected policyholder account balances. The excess is recognized proportionally over the accumulation period based on total actual and expected assessments. The methods used to estimate the liabilities have assumptions about policyholder behavior, which includes lapses, withdrawals and utilization of benefit riders; mortality, expected yield on investments supporting the liability; and market conditions affecting the account balance growth.

Future policy benefits includes liabilities for no-lapse guarantees on universal life insurance and fixed indexed universal life insurance. Retirement Services establishes future policy benefits for no-lapse guarantees by estimating the expected value of death benefits paid after policyholder account balances have been exhausted. Retirement Services recognizes these benefits proportionally over the life of the contracts based on total actual and expected assessments. The methods Retirement Services uses to estimate the liabilities have assumptions about policyholder behavior, mortality, expected yield on investments supporting the liability, and market conditions affecting policyholder account balance growth.

For the liabilities associated with GLWB and GMDB riders and no-lapse guarantees, each reporting period, expected excess benefits and assessments are updated with actual excess benefits and assessments and liability balances are adjusted due to the OCI effects of unrealized investment gains and losses on AFS securities. The key assumptions used in the calculation of the liabilities are also periodically revised which results in revisions to the expected excess benefits and assessments. The effects of changes in assumptions are recorded as unlocking in the period in which the changes are made.

Changes in future policy benefits other than the adjustment for the OCI effects of unrealized investment gains and losses on AFS securities, are recorded in future policy and other policy benefits on the condensed consolidated statements of operations.

Future policy benefits are not reduced for amounts ceded under reinsurance agreements which are reported as reinsurance recoverable on the condensed consolidated statements of financial condition.

Revenues

Revenues for universal life-type policies and investment contracts, including surrender and market value adjustments, costs of insurance, policy administration, GMDB, GLWB and no-lapse guarantee charges, are earned when assessed against policyholder account balances during the period. Interest credited to policyholder account balances and the change in fair value of embedded derivatives within fixed indexed annuity contracts is included in interest sensitive contract benefits on the condensed consolidated statements of operations.

Premiums for long-duration contracts, including products with fixed and guaranteed premiums and benefits, are recognized as revenue when due from policyholders. When premiums are due over a significantly shorter period than the period over which benefits are provided, such as immediate annuities with life contingencies (which includes pension group annuities), a deferred profit liability is established equal to the excess of the gross premium over the net premium. The deferred profit liability is recognized in future policy benefits on the condensed consolidated statements of financial condition and amortized into income in relation to applicable policyholder liabilities through future policy and other policy benefits on the condensed consolidated statements of operations.

All insurance related revenue is reported net of reinsurance ceded.

3. Merger with Athene

On January 1, 2022, Apollo and Athene completed the previously announced merger transactions pursuant to the Merger Agreement. As a result of the Mergers, AAM and AHL became subsidiaries of AGM.

Under the Merger Agreement, each issued and outstanding Athene common share was converted automatically into 1.149 shares of common stock of AGM and any cash paid in lieu of fractional shares. The purchase price was as follows:

(In millions, except share price data and exchange ratio)		
AHL common shares purchased		138
Exchange ratio		1.149
Shares of common stock issued in exchange		158
AGM Class A shares closing price	$	72.43
Total merger consideration at closing	$	11,455
Fair value of estimated RSUs, options and warrants assumed and other equity consideration[1,2]		699
Effective settlement of pre-existing relationships[3]		896
Total merger consideration		13,050
Fair value of AHL common shares previously held (55 million shares) and other adjustments[4,5]		4,554
Total AHL equity value held by AGM		17,604
Non-controlling interest[6]		4,942
Total AHL equity value	$	22,546

[1] AGM issued one-time grants of fully vested RSUs and options to certain executives and shareholders of Athene vesting upon consummation of the Mergers. Additionally, all issued and outstanding warrants of Athene prior to the Merger Date were exchanged for shares of AGM common stock at the time of the Mergers. The fair value of these awards is $600 million and is treated as part of consideration transferred.

[2] AGM issued replacement awards for all outstanding Athene equity awards. $99 million was included as part of consideration for the portion that was attributable to pre-combination services and $53 million will be treated as post-combination compensation expense.

[3] The pre-existing relationship related to receivables, payables, and dividends between Apollo and Athene. Total fees payable to AGM by Athene for asset management and advisory services were approximately $ 146 million. A cash dividend of $750 million was declared by Athene to its common shareholders with Apollo owning 100% of the common shares as of the dividend record date.

[4] Based on the December 31, 2021 closing price of AHL common shares on the NYSE.

[5] Other adjustments includes pushdown of goodwill arising out of deferred tax liabilities associated with identifiable net assets of Athene.

[6] Non-controlling interest in Athene includes holders of Athene's preferred shares and third-party investors in ACRA and in consolidated VIEs of Athene. The fair value of Athene's preferred shares was based on the closing stock price of Athene's preferred shares immediately prior to the consummation of the Athene merger and the fair value of the non-controlling interest in ACRA was determined using the discounted distribution model approach.

The value of the consideration at closing is subject to certain post-closing adjustments, which could represent an adjustment to the preliminary determination of goodwill recorded.

The Mergers were accounted for as a business combination. The consideration has been allocated to Athene's assets acquired and liabilities assumed based on estimates of their fair values as of the Merger Date. The fair value of assets acquired, and liabilities assumed represent a provisional allocation, as the Company's evaluation of facts and circumstances available as of the Merger Date is ongoing. The business combination was achieved in steps. The Company previously held its equity interests in the acquiree at fair value.

Goodwill of $4.1 billion has been recorded based on the amount that the Athene equity value exceeds the fair value of the net assets acquired less the amounts attributable to non-controlling interests. Goodwill is primarily attributable to the scale, skill sets, operations, and synergies that can be achieved subsequent to the Mergers. The goodwill recorded is not expected to be deductible for tax purposes.

The financial statements will not be retrospectively adjusted for any changes to the provisional values of assets acquired and liabilities assumed that occur in subsequent periods. Any adjustments will be recognized as information related to this preliminary fair value calculation is obtained. The effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of any change to the provisional amounts, will be recorded in the same period as the financial statements, calculated as if the accounting had been completed at the Merger Date. The purchase price allocation is expected to be finalized as soon as practicable, but no later than one year from the Merger Date.

The following table summarizes the provisional fair value amounts recognized for the assets acquired and liabilities assumed and resulting goodwill as of the Merger Date:

(In millions)	Fair Value and Goodwill Calculation
Merger consideration	$ 13,050
Fair value of previously held equity interest	4,554
Total Athene Value to be Held by the Company	17,604
Total Value to Allocate	
Investments	176,015
Cash and cash equivalents	9,479
Restricted cash and cash equivalents	796
Investment in related parties	33,863
Reinsurance recoverable	4,977
VOBA	4,547
Assets of consolidated variable interest entities	3,635
Other assets	5,729
Estimated fair value of total assets acquired (excluding goodwill)	239,041
Interest sensitive contract liabilities	160,205
Future policy benefits	47,105
Debt	3,295
Payables for collateral on derivatives and securities to repurchase	7,044
Liabilities of consolidated variable interest entities	461
Other liabilities	2,443
Estimated fair value of total liabilities assumed	220,553
Non-controlling interest	4,942
Estimated fair value of net assets acquired, excluding goodwill	13,546
Goodwill attributable to Athene	$ 4,058

Included within the above are provisional amounts for (1) VOBA, (2) interest sensitive contract liabilities, (3) future policy benefits, and (4) other assets and other liabilities for the portion of net assets acquired relating to other identifiable intangibles and deferred taxes, based on the availability of data as of the date the financial statements were available to be issued. Any adjustment to provisional amounts will be made prospectively as data becomes available. The income effects from changes to provisional amounts will be recorded in the period the adjustment is made, as if the adjustment had been recorded on the Merger Date. During the nine months ended September 30, 2022, the Company recorded adjustments which decreased provisional goodwill by $123 million. The adjustments were comprised of $40 million for measurement period adjustments and $83 million to adjust the valuation of an investment. The measurement period adjustments were primarily related to decreases in interest sensitive contract liabilities and future policy benefits and the effects to the condensed consolidated statements of operations were immaterial to those periods. The Company expects to finalize purchase accounting as soon as practicable but no later than one year from the Merger Date.

The Company performed a valuation of the acquired investments, policy liabilities, VOBA, other identifiable intangibles, and funds withheld at interest payables and receivables using methodologies consistent with those described in note 2 and note 7.

Value of business acquired and Other identifiable intangible assets

VOBA represents the difference between the fair value of liabilities acquired and reserves established using best estimate assumptions at the Merger Date. Other identifiable intangible assets are included in other assets on the condensed consolidated statement of financial condition and summarized as follow:

Distribution Channels	Trade Name	Insurance Licenses
These assets are valued using the excess earnings method, which derives value based on the present value of the cash flow attributable to the distribution channels, less returns for contributory assets.	This represents the Athene trade name and was valued using the relief-from-royalty method considering publicly available third-party trade name royalty rates as well as expected premiums generated by the use of the trade name over its anticipated life.	Licenses are protected through registration and were valued using the market approach based on third-party market transactions from which the prices paid for state insurance licenses could be derived.

The fair value and weighted average estimated useful lives of VOBA and other identifiable intangible assets acquired in the Mergers consist of the following:

	Fair value (in millions)	Average useful life (in years)
VOBA Asset	$ 4,547	7
Distribution Channels	1,870	18
Trade Name	160	20
State Insurance Licenses	26	Indefinite
Total	$ 6,603	

As of the Merger Date, Athene's financial results are reflected in these condensed consolidated financial statements. Athene's revenues of $ 2,502 million and $4,248 million and net income (loss) of $(689) million and $(3,929) million are included in the condensed consolidated statement of operations for the three and nine months ended September 30, 2022, respectively.

Pro Forma Financial Information

Unaudited pro forma financial information for the three and nine months ended September 30, 2021 is presented below. Pro forma financial information presented does not include adjustments to reflect any potential revenue synergies or cost savings that may be achievable in connection with the Mergers and assume the Mergers occurred as of January 1, 2021. The unaudited pro forma financial information is presented for informational purposes only and is not necessarily indicative of future operations or results had the Mergers been completed as of January 1, 2021.

(In millions)	Three months ended September 30, 2021	Nine months ended September 30, 2021
Total Revenues	$ 9,576	$ 23,146
Net income attributable to Apollo	967	3,999

Amounts above reflect certain pro forma adjustments that were directly attributable to the Mergers. These adjustments include the following:

- the elimination of historical amortization of Athene’s intangibles and the additional amortization of intangibles measured at fair value as of the Merger Date; and
- the prospective adjustments to the book value of AFS securities and the fair value of mortgage loans, which will be amortized into income based on the expected life of the investments.

4. Investments

The following table outlines the Company's investments:

(In millions)	September 30, 2022	December 31, 2021
Asset Management		
Investments, at fair value	$ 1,131	$ 5,589
Equity method investments	962	1,346
Performance allocations	2,389	2,732
U.S. Treasury securities, at fair value	1,372	1,687
Total Investments – Asset Management	5,854	11,354
Retirement Services		
AFS securities, at fair value	$ 102,648	$ —
Trading securities, at fair value	2,491	—
Equity securities	1,947	—
Mortgage loans, at fair value	26,476	—
Investment funds	1,301	—
Policy loans	353	—
Funds withheld at interest	44,667	—
Derivative assets	4,065	—
Short-term investments	318	—
Other investments	956	—
Total Investments, including related party – Retirement Services	185,222	—
Total Investments	$ 191,076	$ 11,354

Asset Management

Net Gains (Losses) from Investment Activities

The following outlines realized and net change in unrealized gains (losses) reported in net gains (losses) from investment activities:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	2022	2021	2022	2021
Realized gains (losses) on sales of investments, net	$ (1)	$ —	$ (7)	$ 1
Net change in unrealized gains (losses) due to changes in fair value	(15)	173	171	1,438
Net gains (losses) from investment activities	$ (16)	$ 173	$ 164	$ 1,439

Performance Allocations

Performance allocations receivable is recorded within investments in the condensed consolidated statements of financial condition. The table below provides a roll forward of the performance allocations balance:

(In millions)	Total
Performance allocations, January 1, 2022	$ 2,732
Change in fair value of funds	201
Fund distributions to the Company	(544)
Performance allocations, September 30, 2022	$ 2,389

The change in fair value of funds excludes the general partner obligation to return previously distributed performance allocations, which is recorded in due to related parties in the condensed consolidated statements of financial condition.

The timing of the payment of performance allocations due to the general partner or investment manager varies depending on the terms of the applicable fund agreements. Generally, performance allocations with respect to the private equity funds and certain credit and real assets funds are payable and are distributed to the fund’s general partner upon realization of an investment if the fund’s cumulative returns are in excess of the preferred return.

Retirement Services

AFS Securities

The following table represents the amortized cost, allowance for credit losses, gross unrealized gains and losses and fair value of Athene’s AFS investments by asset type:

	September 30, 2022				
(In millions)	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS Securities					
US government and agencies	$ 3,229	$ —	$ —	$ (731)	$ 2,498
US state, municipal and political subdivisions	1,217	—	—	(297)	920
Foreign governments	1,208	(27)	2	(322)	861
Corporate	72,556	(66)	50	(15,632)	56,908
CLO	16,235	(5)	3	(2,087)	14,146
ABS	10,691	(13)	8	(814)	9,872
CMBS	3,462	(3)	—	(396)	3,063
RMBS	6,248	(321)	7	(609)	5,325
Total AFS securities	114,846	(435)	70	(20,888)	93,593
AFS securities – related party					
Corporate	1,076	—	3	(57)	1,022
CLO	2,884	(1)	—	(402)	2,481
ABS	5,825	—	1	(274)	5,552
Total AFS securities – related party	9,785	(1)	4	(733)	9,055
Total AFS securities including related party	$ 124,631	$ (436)	$ 74	$ (21,621)	$ 102,648

The amortized cost and fair value of AFS securities, including related party, are shown by contractual maturity below:

	September 30, 2022	
(In millions)	Amortized Cost	Fair Value
AFS securities		
Due in one year or less	$ 1,053	$ 1,031
Due after one year through five years	10,912	9,837
Due after five years through ten years	20,900	17,101
Due after ten years	45,345	33,218
CLO, ABS, CMBS and RMBS	36,636	32,406
Total AFS securities	114,846	93,593
AFS securities – related party		
Due in one year or less	1	1
Due after one year through five years	23	21
Due after five years through ten years	898	870
Due after ten years	154	130
CLO and ABS	8,709	8,033
Total AFS securities – related party	9,785	9,055
Total AFS securities including related party	$ 124,631	$ 102,648

Actual maturities can differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Unrealized Losses on AFS Securities

The following summarizes the fair value and gross unrealized losses for AFS securities, including related party, for which an allowance for credit losses has not been recorded, aggregated by asset type and length of time the fair value has remained below amortized cost:

	September 30, 2022					
	Less than 12 months		12 months or more		Total	
(In millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
AFS Securities						
US government and agencies	$ 2,482	$ (731)	$ —	$ —	$ 2,482	$ (731)
US state, municipal and political subdivisions	916	(297)	—	—	916	(297)
Foreign governments	843	(322)	—	—	843	(322)
Corporate	56,317	(15,631)	—	—	56,317	(15,631)
CLO	13,636	(2,043)	—	—	13,636	(2,043)
ABS	7,436	(730)	—	—	7,436	(730)
CMBS	2,880	(384)	—	—	2,880	(384)
RMBS	3,573	(428)	—	—	3,573	(428)
Total AFS securities	88,083	(20,566)	—	—	88,083	(20,566)
AFS securities – related party						
Corporate	409	(56)	—	—	409	(56)
CLO	2,431	(399)	—	—	2,431	(399)
ABS	5,018	(249)	—	—	5,018	(249)
Total AFS securities – related party	7,858	(704)	—	—	7,858	(704)
Total AFS securities including related party	$ 95,941	$ (21,270)	$ —	$ —	$ 95,941	$ (21,270)

The following summarizes the number of AFS securities that were in an unrealized loss position, including related party, for which an allowance for credit losses has not been recorded:

	September 30, 2022	
	Unrealized Loss Position	Unrealized Loss Position 12 Months or More
AFS securities	9,160	—
AFS securities – related party	171	—

The unrealized losses on AFS securities can primarily be attributed to changes in market interest rates since acquisition. Athene did not recognize the unrealized losses in income as it intends to hold these securities and it is not more likely than not it will be required to sell a security before the recovery of its amortized cost.

Allowance for Credit Losses

The following table summarizes the activity in the allowance for credit losses for AFS securities by asset type:

	Three months ended September 30, 2022						
		Additions		Reductions			
(In millions)	Beginning balance	Initial credit losses	Initial credit losses on PCD securities	Securities sold during the period	Securities intended to be sold prior to recovery of amortized cost basis	Additions (reductions) to previously impaired securities	Ending Balance
AFS Securities							
Foreign governments	$ 61	$ —	$ —	$ (28)	$ —	$ (6)	$ 27
Corporate	70	5	—	—	(6)	(3)	66
CLO	107	2	—	—	—	(104)	5
ABS	14	7	—	—	—	(8)	13
CMBS	9	—	—	—	—	(6)	3
RMBS	348	1	2	(7)	—	(23)	321
Total AFS securities	609	15	2	(35)	(6)	(150)	435
AFS securities – related party							
CLO	19	—	—	—	—	(18)	1
ABS	1	—	—	—	—	(1)	—
Total AFS securities – related party	20	—	—	—	—	(19)	1
Total AFS securities including related party	$ 629	$ 15	$ 2	$ (35)	$ (6)	$ (169)	$ 436

	Nine months ended September 30, 2022						
		Additions		Reductions			
(In millions)	Beginning balance[1]	Initial credit losses	Initial credit losses on PCD securities	Securities sold during the period	Securities intended to be sold prior to recovery of amortized cost basis	Additions (reductions) to previously impaired securities	Ending Balance
AFS Securities							
Foreign governments	$ —	$ 66	$ —	$ (28)	$ —	$ (11)	$ 27
Corporate	—	66	—	—	(6)	6	66
CLO	—	24	—	—	—	(19)	5
ABS	5	16	—	—	—	(8)	13
CMBS	—	14	—	—	—	(11)	3
RMBS	306	30	3	(24)	—	6	321
Total AFS securities	311	216	3	(52)	(6)	(37)	435
AFS securities – related party							
CLO	—	3	—	—	—	(2)	1
ABS	—	18	—	—	—	(18)	—
Total AFS securities – related party	—	21	—	—	—	(20)	1
Total AFS securities including related party	$ 311	$ 237	$ 3	$ (52)	$ (6)	$ (57)	$ 436

[1] Beginning balance reflects allowances established at the time of the Mergers under purchase accounting for PCD investments.

Net Investment Income

Net investment income by asset class consists of the following:

(In millions)	Three months ended September 30, 2022	Nine months ended September 30, 2022
AFS securities	$ 1,076	$ 2,861
Trading securities	41	133
Equity securities	17	41
Mortgage loans	336	870
Investment funds	(37)	278
Funds withheld at interest	534	1,347
Other	75	165
Investment revenue	2,042	5,695
Investment expenses	(9)	(28)
Net investment income	$ 2,033	$ 5,667

Investment Related Gains (Losses)

Investment related gains (losses) by asset class consists of the following:

(In millions)	Three months ended September 30, 2022	Nine months ended September 30, 2022
AFS securities		
Gross realized gains on investment activity	$ 84	$ 404
Gross realized losses on investment activity	(761)	(2,003)
Net realized investment losses on AFS securities	(677)	(1,599)
Net recognized investment losses on trading securities	(119)	(497)
Net recognized investment losses on equity securities	(9)	(260)
Net recognized investment losses on mortgage loans	(1,199)	(3,094)
Derivative losses	(1,821)	(8,794)
Provision for credit losses	171	(193)
Other gains	807	1,614
Investment related gains (losses)	$ (2,847)	$ (12,823)

Proceeds from sales of AFS securities were $ 635 million and $ 9,405 million for the three and nine months ended September 30, 2022, respectively.

The following table summarizes the change in unrealized gains (losses) on trading and equity securities held as of the respective period end:

(In millions)	Three months ended September 30, 2022	Nine months ended September 30, 2022
Trading securities	$ (119)	$ (455)
Trading securities – related party	6	2
Equity securities	2	(237)
Equity securities – related party	(18)	(31)

Repurchase Agreements

The following table summarizes the maturities of repurchase agreements:

	September 30, 2022					
	Remaining Contractual Maturity					
(In millions)	Overnight and continuous	Less than 30 days	30-90 days	91 days to 1 year	Greater than 1 year	Total
Payables for repurchase agreements[1]	$ —	$ 150	$ 1,260	$ 201	$ 2,866	$ 4,477

[1] Included in payables for collateral on derivatives and securities to repurchase on the condensed consolidated statements of financial condition.

The following table summarizes the securities pledged as collateral for repurchase agreements:

	September 30, 2022	
(In millions)	Amortized Cost	Fair Value
AFS securities		
U.S. government and agencies	$ 2,093	$ 1,592
Foreign governments	147	104
Corporate	1,965	1,580
CLO	282	264
ABS	1,207	1,066
Total securities pledged under repurchase agreements	$ 5,694	$ 4,606

Reverse Repurchase Agreements

As of September 30, 2022, amounts loaned under reverse repurchase agreements were $ 26 million, and collateral received was $ 616 million.

Mortgage Loans, including related parties and VIEs

Mortgage loans includes both commercial and residential loans. Athene has elected the fair value option on substantially all of its mortgage loan portfolio. See note 7 for further fair value option information. The following represents the mortgage loan portfolio, with fair value option loans presented at unpaid principal balance:

(In millions)	September 30, 2022
Commercial mortgage loans	$ 19,976
Commercial mortgage loans under development	780
Total commercial mortgage loans	20,756
Mark to fair value	(1,849)
Fair value of commercial mortgage loans	18,907
Residential mortgage loans	10,332
Mark to fair value	(763)
Fair value of residential mortgage loans	9,569
Mortgage loans	$ 28,476

Athene primarily invests in commercial mortgage loans on income producing properties including office and retail buildings, apartments, hotels, and industrial properties. Athene diversifies the commercial mortgage loan portfolio by geographic region and property type to reduce concentration risk. Athene evaluates mortgage loans based on relevant current information to confirm if properties are performing at a consistent and acceptable level to secure the related debt.

The distribution of commercial mortgage loans, including those under development, by property type and geographic region is as follows:

	September 30, 2022	
(In millions, except percentages)	Net Carrying Value	Percentage of Total
Property type		
Office building	$ 4,730	25.0 %
Retail	1,411	7.5 %
Apartment	5,935	31.4 %
Hotels	1,818	9.6 %
Industrial	1,726	9.1 %
Other commercial	3,287	17.4 %
Total commercial mortgage loans	$ 18,907	100.0 %
US Region		
East North Central	$ 1,560	8.3 %
East South Central	408	2.2 %
Middle Atlantic	4,141	21.9 %
Mountain	884	4.7 %
New England	1,063	5.6 %
Pacific	3,875	20.5 %
South Atlantic	2,743	14.5 %
West North Central	253	1.3 %
West South Central	1,080	5.7 %
Total US Region	16,007	84.7 %
International Region		
United Kingdom	1,802	9.5 %
International Other[1]	1,098	5.8 %
Total International Region	2,900	15.3 %
Total commercial mortgage loans	$ 18,907	100.0 %

[1] Represents all other countries, with each individual country comprising less than 5% of the portfolio.

Athene’s residential mortgage loan portfolio includes first lien residential mortgage loans collateralized by properties in various geographic locations and is summarized by proportion of the portfolio in the following table:

	September 30, 2022
US States	
California	30.8 %
Florida	9.9 %
New Jersey	5.6 %
New York	5.6 %
Other[1]	35.3 %
Total US residential mortgage loan percentage	87.2 %
International	
United Kingdom	4.6 %
Ireland	3.4 %
Other[2]	4.8 %
Total international residential mortgage loan percentage	12.8 %
Total residential mortgage loan percentage	100.0 %

[1] Represents all other states, with each individual state comprising less than 5% of the portfolio.
[2] Represents all other countries, with each individual country comprising less than 5% of the portfolio.

Investment Funds

Athene's investment fund portfolio consists of funds that employ various strategies and include investments in origination platforms, insurance platforms, and equity, hybrid, yield and other funds . Investment funds can meet the definition of VIEs. The investment funds do not specify timing of distributions on the funds' underlying assets.

The following summarizes Athene's investment funds, including related party and consolidated VIEs:

	September 30, 2022	
(In millions, except percentages)	**Carrying value**	**Percent of total**
Investment funds		
Apollo and other fund investments		
Equity funds	5	17.2 %
Hybrid funds	20	69.0 %
Yield funds	4	13.8 %
Total investment funds	29	100.0 %
Investment funds – related parties		
Strategic origination platforms	68	5.3 %
Strategic insurance platforms	1,048	82.4 %
Apollo and other fund investments		
Equity funds	135	10.7 %
Yield funds	4	0.3 %
Other	17	1.3 %
Total investment funds – related parties	1,272	100.0 %
Investment funds owned by consolidated VIEs		
Strategic origination platforms	4,524	38.1 %
Strategic insurance platforms	545	4.6 %
Apollo and other fund investments		
Equity funds	2,568	21.5 %
Hybrid funds	3,183	26.8 %
Yield funds	985	8.3 %
Other	80	0.7 %
Total investment funds – assets of consolidated VIEs	11,885	100.0 %
Total investment funds including related party and funds owned by consolidated VIEs	$ 13,186	

Concentrations—The following table represents Athene's investment concentrations. The evaluation for concentration is based on 10% of stockholders' equity; however, due to stockholders' equity being in a deficit position as of September 30, 2022, the Company is providing the top 30 investment concentrations.

(In millions)	September 30, 2022
Athene Freedom[1]	$ 1,422
Athora[1]	1,123
PK AirFinance[1]	933
AP Tundra	894
Cayman Universe	762
AOP Finance	754
MidCap[1]	680
SoftBank Vision Fund II	666
AA Infrastructure	621
Bank of America	593
Apollo Rose[2]	545
Morgan Stanley	512
Venerable[1]	506
AP Hansel[2]	500
Citigroup	494
AP Maia[2]	487
JPMorgan Chase	452
AT&T Inc.	413
FWD Group	400
Comcast	372
Mileage Plus	371
Verizon	347
Goldman Sachs	310
AA Warehouse	299
HWIRE	294
Enterprise Products	280
Wheels Fleet Lease	279
Shell	279
Energy Trans	266
Wells Fargo	249

[1] Related party amounts are representative of single issuer risk and may only include a portion of the total investments associated with a related party. See further discussion of these related parties in note 16.

[2] Represents a consolidated VIE investment in which an underlying investment includes a single issuer exceeding concentration threshold.

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5. Derivatives

The Company uses a variety of derivative instruments to manage risks, primarily equity, interest rate, credit, foreign currency and market volatility. See note 7 for information about the fair value hierarchy for derivatives.

The following table presents the notional amount and fair value of derivative instruments:

	September 30, 2022		
		Fair Value	
(In millions)	Notional Amount	Assets	Liabilities
Derivatives designated as hedges			
Foreign currency hedges			
Swaps	6,517	$ 1,122	$ 241
Forwards	5,627	697	5
Interest rate swaps	4,468	—	1,055
Forwards on net investments	193	4	—
Interest rate swaps	9,505	1	159
Total derivatives designated as hedges		1,824	1,460
Derivatives not designated as hedges			
Equity options	61,670	905	122
Futures	21	30	2
Total return swaps	99	—	10
Foreign currency swaps	3,428	354	188
Interest rate swaps	465	88	—
Credit default swaps	10	—	1
Foreign currency forwards	14,013	864	439
Embedded derivatives			
Funds withheld including related party		(6,830)	(82)
Interest sensitive contract liabilities		—	4,998
Total derivatives not designated as hedges		(4,589)	5,678
Total derivatives		$ (2,765)	$ 7,138

Derivatives Designated as Hedges

Cash Flow Hedges

Athene uses interest rate swaps to convert floating-rate interest payments to fixed-rate interest payments to reduce exposure to interest rate changes. The interest rate swaps will expire by July 2027. During the three and nine months ended September 30, 2022, Athene recognized losses of $111 million in other comprehensive income (loss) associated with these hedges. There were no amounts deemed ineffective during the three and nine months ended September 30, 2022. As of September 30, 2022, no amounts are expected to be reclassified to income within the next 12 months.

Fair Value Hedges

Athene uses foreign currency forward contracts, foreign currency interest rates swaps, and interest rate swaps that are designated and accounted for as fair value hedges to hedge certain exposures to foreign currency risk and interest rate risk. The foreign currency forward price is agreed upon at the time of the contract and payment is made at a specified future date.

The following represents the carrying amount and the cumulative fair value hedging adjustments included in the hedged assets or liabilities:

	September 30, 2022	
(In millions)	Carrying amount of the hedged assets or liabilities[1]	Cumulative amount of fair value hedging gains (losses)
AFS securities		
Foreign currency forwards	$ 3,989	$ (644)
Foreign currency swaps	3,878	(792)
Interest sensitive contract liabilities		
Foreign currency swaps	1,081	162
Foreign currency interest rate swaps	4,348	879
Interest rate swaps	6,750	357

[1] The carrying amount disclosed for AFS securities is amortized cost.

The following is a summary of the gains (losses) related to the derivatives and related hedged items in fair value hedge relationships:

				Amount Excluded	
(In millions)	Derivatives	Hedged Items	Net	Recognized in income through amortization approach	Recognized in income through changes in fair value
Three months ended September 30, 2022					
Investment related gains (losses)					
Foreign currency forwards	$ 288	$ (290)	$ (2)	$ 18	$ —
Foreign currency swaps	256	(283)	(27)	—	—
Foreign currency interest rate swaps	(379)	384	5	—	—
Interest rate swaps	(268)	264	(4)	—	—
Interest sensitive contract benefits					
Foreign currency interest rate swaps	12	(14)	(2)	—	—
Nine months ended September 30, 2022					
Investment related gains (losses)					
Foreign currency forwards	$ 616	$ (648)	$ (32)	$ 48	$ 1
Foreign currency swaps	589	(630)	(41)	—	—
Foreign currency interest rate swaps	(873)	879	6	—	—
Interest rate swaps	(345)	357	12	—	—
Interest sensitive contract benefits					
Foreign currency interest rate swaps	37	(37)	—	—	—

The following is a summary of the gains (losses) excluded from the assessment of hedge effectiveness that were recognized in OCI:

(In millions)	Three months ended September 30, 2022	Nine months ended September 30, 2022
Foreign currency forwards	$ (20)	$ (77)
Foreign currency swaps	51	60

Net Investment Hedges

Athene uses foreign currency forwards to hedge the foreign currency exchange rate risk of its investments in subsidiaries that have a reporting currency other than the U.S. dollar. Hedge effectiveness is assessed based on the changes in forward rates. During the three and nine months ended September 30, 2022, these derivatives had gains of $22 million and $47 million, respectively. These derivatives are included in foreign currency translation and other adjustments on the condensed consolidated statements of comprehensive income (loss). As of September 30, 2022, the cumulative foreign currency translations recorded in AOCI related to these net investment hedges were gains of $47 million. During the three and nine months ended September 30, 2022, there were no amounts deemed ineffective.

Derivatives Not Designated as Hedges

Equity options

Athene uses equity indexed options to economically hedge fixed indexed annuity products that guarantee the return of principal to the policyholder and credit interest based on a percentage of the gain in a specified market index, primarily the S&P 500. To hedge against adverse changes in equity indices, Athene enters into contracts to buy equity indexed options. The contracts are net settled in cash based on differentials in the indices at the time of exercise and the strike price.

Futures

Athene purchases futures contracts to hedge the growth in interest credited to the customer as a direct result of increases in the related indices. Athene enters into exchange-traded futures with regulated futures commission clearing brokers who are members of a trading exchange. Under exchange-traded futures contracts, Athene agrees to purchase a specified number of contracts with other parties and to post variation margin on a daily basis in an amount equal to the difference in the daily fair values of those contracts.

Total return swaps

Athene purchases total rate of return swaps to gain exposure and benefit from a reference asset or index without ownership. Total rate of return swaps are contracts in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of the underlying asset or index, which includes both the income it generates and any capital gains.

Interest rate swaps

Athene uses interest rate swaps to reduce market risks from interest rate changes and to alter interest rate exposure arising from duration mismatches between assets and liabilities. With an interest rate swap, Athene agrees with another party to exchange the difference between fixed-rate and floating-rate interest amounts tied to an agreed upon notional principal amount at specified intervals.

Credit default swaps

Credit default swaps provide a measure of protection against the default of an issuer or allow the Company to gain credit exposure to an issuer or traded index. Athene uses credit default swaps coupled with a bond to synthetically create the characteristics of a reference bond. These transactions have a lower cost and are generally more liquid relative to the cash market. Athene receives a periodic premium for these transactions as compensation for accepting credit risk.

Hedging credit risk involves buying protection for existing credit risk. The exposure resulting from the agreements, which is usually the notional amount, is equal to the maximum proceeds that must be paid by a counterparty for a defaulted security. If a credit event occurs on a reference entity, then a counterparty who sold protection is required to pay the buyer the trade notional amount less any recovery value of the security.

Embedded derivatives

Athene has embedded derivatives which are required to be separated from their host contracts and reported as derivatives. Host contracts include reinsurance agreements structured on modco or funds withheld basis and indexed annuity products.

The following is a summary of the gains (losses) related to derivatives not designated as hedges:

(In millions)	Three months ended September 30, 2022	Nine months ended September 30, 2022
Equity options	$ (449)	$ (2,728)
Futures	(34)	(153)
Swaps	132	121
Foreign currency forwards	454	971
Embedded derivatives on funds withheld	(1,839)	(7,041)
Amounts recognized in investment related gains (losses)	(1,736)	(8,830)
Embedded derivatives in indexed annuity products[1]	800	3,244
Total gains (losses) on derivatives not designated as hedges	$ (936)	$ (5,586)

[1] Included in interest sensitive contract benefits on the condensed consolidated statements of operations.

Credit Risk

The Company may be exposed to credit-related losses in the event of counterparty nonperformance on derivative financial instruments. Generally, the current credit exposure of Athene's derivative contracts is the fair value at the reporting date less any collateral received from the counterparty.

Athene manages credit risk related to over-the-counter derivatives by entering into transactions with creditworthy counterparties. Where possible, Athene maintains collateral arrangements and uses master netting agreements that provide for a single net payment from one counterparty to another at each due date and upon termination. Athene has also established counterparty exposure limits, where possible, in order to evaluate if there is sufficient collateral to support the net exposure.

Collateral arrangements typically require the posting of collateral in connection with its derivative instruments. Collateral agreements often contain posting thresholds, some of which may vary depending on the posting party's financial strength ratings. Additionally, a decrease in Athene's financial strength rating to a specified level can result in settlement of the derivative position.

The estimated fair value of net derivative and other financial assets and liabilities after the application of master netting agreements and collateral were as follows:

(In millions)	Gross amount recognized[1]	Gross amounts not offset on the condensed consolidated statements of financial condition: Financial instruments[2]	Collateral (received)/pledged	Net amount	Off-balance sheet securities collateral[3]	Net amount after securities collateral
September 30, 2022						
Derivative assets	$ 4,065	$ (1,671)	$ (2,538)	$ (144)	$ —	$ (144)
Derivative liabilities	(2,222)	1,671	598	47	—	47

[1] The gross amounts of recognized derivative assets and derivative liabilities are reported on the condensed consolidated statements of financial condition. As of September 30, 2022, amounts not subject to master netting or similar agreements were immaterial.

[2] Represents amounts offsetting derivative assets and derivative liabilities that are subject to an enforceable master netting agreement or similar agreement that are not netted against the gross derivative assets or gross derivative liabilities for presentation on the condensed consolidated statements of financial condition.

[3] For non-cash collateral received, the Company does not recognize the collateral on the condensed consolidated statement of financial condition unless the obligor (transferor) has defaulted under the terms of the secured contract and is no longer entitled to redeem the pledged asset. Amounts do not include any excess of collateral pledged or received.

Certain derivative instruments contain provisions for credit-related events, such as downgrades in Athene's credit ratings or for a negative credit event of a credit default swap's reference entity. If a credit event were to occur, the Company may be required to settle an outstanding liability. The following is a summary of Athene's exposure to credit-related events:

(In millions)	September 30, 2022
Fair value of derivative liabilities with credit related provisions	$ 1
Maximum exposure for credit default swaps	10

As of September 30, 2022, no additional collateral would be required if a default or termination event were to occur.

6. Variable Interest Entities

A variable interest in a VIE is an investment or other interest that will absorb portions of the VIE's expected losses and/or receive expected residual returns. Please refer to note 2 for more detail about the Company's VIE assessment and consolidation policy. Variable interests in consolidated VIEs and unconsolidated VIEs are discussed separately below.

Consolidated VIEs

Consolidated VIEs include consolidated SPACs as well as certain CLOs and funds managed by the Company. The financial information for these consolidated SPACs are disclosed in note 16.

The assets of consolidated VIEs are not available to creditors of the Company, and the investors in these consolidated VIEs have no recourse against the assets of the Company. Similarly, there is no recourse to the Company for the consolidated VIEs' liabilities.

Other assets of the consolidated funds include interest receivables and receivables from affiliates. Other liabilities include debt held at amortized cost as well as short-term payables.

Each series of notes in a respective consolidated VIE participates in distributions from the VIE, including principal and interest from underlying investments. Amounts allocated to the noteholders reflect amounts that would be distributed if the VIE's affairs were wound up and its assets sold for cash equal to their respective carrying values, its liabilities satisfied in accordance with their terms, and all the remaining amounts distributed to the noteholders. The respective VIEs that issue the notes payable are marked at their prevailing net asset value, which approximates fair value.

Results from certain funds managed by Apollo are reported on a three-month lag based upon the availability of financial information.

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Net Gains from Investment Activities of Consolidated Variable Interest Entities—Asset Management

The following table presents net gains from investment activities of the consolidated VIEs:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	2022[1]	2021[1]	2022[1]	2021[1]
Net gains (losses) from investment activities	$ 78	$ 104	$ 88	$ 460
Net gains (losses) from debt	—	(4)	144	(16)
Interest and other income	40	163	309	526
Interest and other expenses	(33)	(121)	(76)	(570)
Net gains (losses) from investment activities of consolidated variable interest entities	$ 85	$ 142	$ 465	$ 400

[1] Amounts reflect consolidation eliminations

Senior Secured Notes, Subordinated Notes, Subscription Lines and Secured Borrowings

Included within debt, at fair value, notes payable, and other liabilities are amounts due to third-party institutions by the consolidated VIEs. The following table summarizes the principal provisions of those amounts:

	As of September 30, 2022			As of December 31, 2021		
(In millions, except percentages)	Principal Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years	Principal Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years
Asset Management						
Senior secured notes[2]	$ 1,854	2.78 %	7.0	$ 7,431	3.16 %	15.5
Subordinated notes[2]	162	N/A [1]	98.0	613	N/A [1]	14.5
Subscription lines[2]	651	4.87 %	0.14	—	N/A	N/A
Secured borrowings[2,3]	—	N/A	N/A	18	2.33 %	0.4
Total – Asset Management	$ 2,667			$ 8,062		

[1] The principal outstanding balance of the subordinated notes do not have contractual interest rates but instead receive distributions from the excess cash flows of the VIEs.
[2] The notes, subscription lines and borrowings of the consolidated VIEs are collateralized by assets held by each respective vehicle and assets of one vehicle may not be used to satisfy the liabilities of another vehicle.
[3] As of September 30, 2022, there was no principal outstanding for secured borrowings. As of December 31, 2021, secured borrowings consist of consolidated VIEs' obligations through a repurchase agreement redeemable at maturity with third party lenders. The fair value of the secured borrowings as of December 31, 2021 approximates principal outstanding due to the short-term nature of the borrowings. These secured borrowings are classified as a Level 3 liability within the fair value hierarchy.

The consolidated VIEs' debt obligations contain various customary loan covenants. As of September 30, 2022, the Company was not aware of any instances of non-compliance with any of these covenants.

Revenues of Consolidated Variable Interest Entities—Retirement Services

The following summarizes the statements of operations activity of the consolidated VIEs:

(In millions)	Three months ended September 30, 2022	Nine months ended September 30, 2022
Trading securities	$ 10	$ 12
Equity securities	13	13
Mortgage loans	22	67
Investment funds	6	—
Other investments	(16)	(3)
Net investment income	35	89
Trading securities	(38)	(38)
Net recognized investment losses on mortgage loans	(103)	(262)
Investment funds	236	354
Other gains (losses)	(16)	5
Investment related gains (losses)	79	59
Revenues of consolidated variable interest entities	$ 114	$ 148

Unconsolidated Variable Interest Entities—Asset Management

The following table presents the maximum exposure to losses relating to these VIEs for which Apollo has concluded that it holds a significant variable interest, but that it is not the primary beneficiary.

(In millions)	As of September 30, 2022 [2]	As of December 31, 2021 [2]
Maximum Loss Exposure[1]	$ 288	$ 241

[1] Represents Apollo's direct investment in those entities in which it holds a significant variable interest and certain other investments. Additionally, cumulative performance allocations are subject to reversal in the event of future losses.
[2] Some amounts included are a quarter in arrears.

Unconsolidated Variable Interest Entities—Retirement Services

The Company has variable interests in certain unconsolidated VIEs in the form of securities and ownership stakes in investment funds.

Fixed maturity securities

Athene invests in securitization entities as a debt holder or an investor in the residual interest of the securitization vehicle. These entities are deemed VIEs due to insufficient equity within the structure and lack of control by the equity investors over the activities that significantly impact the economics of the entity. In general, Athene is a debt investor within these entities and, as such, holds a variable interest; however, due to the debt holders' lack of ability to control the decisions within the trust that significantly impact the entity, and the fact the debt holders are protected from losses due to the subordination of the equity tranche, the debt holders are not deemed the primary beneficiary. Securitization vehicles in which Athene holds the residual tranche are not consolidated because Athene does not unilaterally have substantive rights to remove the general partner, or when assessing related party interests, Athene is not under common control, as defined by U.S. GAAP, with the related party, nor are substantially all of the activities conducted on Athene's behalf; therefore, Athene is not deemed the primary beneficiary. Debt investments and investments in the residual tranche of securitization entities are considered debt instruments and are held at fair value on the condensed consolidated statements of financial condition and classified as AFS or trading.

Investment funds

Investment funds include non-fixed income, alternative investments in the form of limited partnerships or similar legal structures.

Equity securities

Athene invests in preferred equity securities issued by entities deemed to be VIEs due to insufficient equity within the structure.

Athene's risk of loss associated with its non-consolidated investments depends on the investment. Investment funds, equity securities and trading securities are limited to the carrying value plus unfunded commitments. AFS securities are limited to amortized cost plus unfunded commitments.

The following summarizes the carrying value and maximum loss exposure of these non-consolidated investments:

	September 30, 2022	
(In millions)	**Carrying Value**	**Maximum Loss Exposure**
Investment funds	$ 29	$ 323
Investment in related parties – investment funds	1,272	1,272
Assets of consolidated VIEs – investment funds	11,885	19,330
Investment in fixed maturity securities	32,801	37,775
Investment in related parties – fixed maturity securities	8,934	9,639
Investment in related parties – equity securities	340	340
Total non-consolidated investments	$ 55,261	$ 68,679

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7. Fair Value

Fair Value Measurements of Financial Instruments

The following summarize the Company’s financial assets and liabilities recorded at fair value hierarchy level:

	September 30, 2022				
(In millions)	Level 1	Level 2	Level 3	NAV	Total
Assets					
Asset Management					
Cash and cash equivalents[1]	$ 1,119	$ —	$ —	$ —	$ 1,119
Restricted cash and cash equivalents[2]	697	—	—	—	697
Cash and cash equivalents of VIEs	155	—	—	—	155
U.S. Treasury securities[3]	1,372	—	—	—	1,372
Investments, at fair value	147	36	939 [4]	9	1,131
Investments of VIEs	17	1,795	1,164	56	3,032
Due from related parties[5]	—	—	42	—	42
Derivative assets[6]	—	41	8	—	49
Total Assets – Asset Management	3,507	1,872	2,153	65	7,597
Retirement Services					
AFS Securities					
US government and agencies	2,496	2	—	—	2,498
US state, municipal and political subdivisions	—	920	—	—	920
Foreign governments	—	859	2	—	861
Corporate	—	55,246	1,662	—	56,908
CLO	—	14,143	3	—	14,146
ABS	—	6,024	3,848	—	9,872
CMBS	—	3,063	—	—	3,063
RMBS	—	5,325	—	—	5,325
Total AFS securities	2,496	85,582	5,515	—	93,593
Trading securities	24	1,512	54	—	1,590
Equity securities	265	870	72	—	1,207
Mortgage loans	—	—	25,145	—	25,145
Funds withheld at interest – embedded derivative	—	—	(5,259)	—	(5,259)
Derivative assets	31	4,034	—	—	4,065
Short-term investments	81	176	35	—	292
Other investments	—	170	496	—	666
Cash and cash equivalents	9,823	—	—	—	9,823
Restricted cash and cash equivalents	1,024	—	—	—	1,024
Investments in related parties					
AFS securities					
Corporate	—	169	853	—	1,022
CLO	—	2,170	311	—	2,481
ABS	—	224	5,328	—	5,552
Total AFS securities – related party	—	2,563	6,492	—	9,055
Trading securities	—	—	901	—	901
Equity securities	—	—	340	—	340
Mortgage loans	—	—	1,331	—	1,331
Investment funds	—	—	789	—	789
Funds withheld at interest – embedded derivative	—	—	(1,571)	—	(1,571)
Other investments	—	—	274	—	274
Reinsurance recoverable	—	—	1,476	—	1,476
Assets of consolidated VIEs					
Trading securities	4	364	620	—	988
Equity securities	—	—	15	—	15
Mortgage loans	—	—	1,663	—	1,663
Investment funds	—	—	2,306	9,579	11,885

	September 30, 2022				
(In millions)	Level 1	Level 2	Level 3	NAV	Total
Other investments	—	16	136	—	152
Cash and cash equivalents	418	—	—	—	418
Total Assets – Retirement Services	14,166	95,287	40,830	9,579	159,862
Total Assets	$ 17,673	$ 97,159	$ 42,983	$ 9,644	$ 167,459
Liabilities					
Asset Management					
Debt of VIEs, at fair value	$ —	$ 1,709	$ —	$ —	$ 1,709
Other liabilities of VIEs, at fair value	—	2	—	—	2
Contingent consideration obligations[7]	—	—	128	—	128
Other liabilities[8]	2	—	—	—	2
Total Liabilities – Asset Management	2	1,711	128	—	1,841
Retirement Services					
Interest sensitive contract liabilities					
Embedded derivative	—	—	4,998	—	4,998
Universal life benefits	—	—	852	—	852
Future policy benefits					
AmerUs closed block	—	—	1,157	—	1,157
ILICO closed block and life benefits	—	—	612	—	612
Derivative liabilities	(8)	2,229	1	—	2,222
Funds withheld liability – embedded derivative	—	(82)	—	—	(82)
Total Liabilities – Retirement Services	(8)	2,147	7,620	—	9,759
Total Liabilities	$ (6)	$ 3,858	$ 7,748	$ —	$ 11,600

(Concluded)

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	December 31, 2021				
(In millions)	Level 1	Level 2	Level 3	NAV	Total
Assets – Asset Management					
Cash and cash equivalents[1]	$ 917	$ —	$ —	$ —	$ 917
Restricted cash and cash equivalents[2]	708	—	—	—	708
Cash and cash equivalents of VIEs	463	—	—	—	463
U.S. Treasury securities[3]	1,687	—	—	—	1,687
Investment in Athene Holding	4,548	—	—	—	4,548
Other investments	49	46	946 [4]	—	1,041
Investments of VIEs	6	1,055	13,188	488	14,737
Due from related parties[5]	—	—	48	—	48
Derivative assets[6]	—	8	—	—	8
Total Assets	$ 8,378	$ 1,109	$ 14,182	$ 488	$ 24,157
Liabilities – Asset Management					
Debt of VIEs, at fair value	$ —	$ 446	$ 7,496	$ —	$ 7,942
Other liabilities of VIEs, at fair value	—	3	31	1	35
Contingent consideration obligations[7]	—	—	126	—	126
Other liabilities[8]	48	—	—	—	48
Derivative liabilities[6]	—	2	—	—	2
Total Liabilities	$ 48	$ 451	$ 7,653	$ 1	$ 8,153

[1] Cash and cash equivalents as of September 30, 2022 and December 31, 2021 includes $1 million and $2 million, respectively, of cash and cash equivalents held by consolidated SPACs. Refer to note 16 for further information.

[2] Restricted cash and cash equivalents as of September 30, 2022 and December 31, 2021 includes $695 million and $690 million, respectively, of restricted cash and cash equivalents held by consolidated SPACs. Refer to note 16 for further information.

[3] U.S. Treasury securities as of September 30, 2022 and December 31, 2021 includes $347 million and $1.2 billion, respectively, of U.S. Treasury securities held by consolidated SPACs. Refer to note 16 for further information.

[4] Investments as of September 30, 2022 and December 31, 2021 excludes $178 million and $176 million, respectively, of performance allocations classified as Level 3 related to certain investments for which the Company elected the fair value option. The Company's policy is to account for performance allocations as investments.

[5] Due from related parties represents a receivable from a fund.

[6] Derivative assets and derivative liabilities are presented as a component of Other assets and Other liabilities, respectively, in the condensed consolidated statements of financial condition.

[7] As of September 30, 2022, other liabilities includes $25 million of contingent obligations, related to the Griffin Capital acquisition, classified as Level 3. As of September 30, 2022 and December 31, 2021, profit sharing payable includes $103 million and $126 million, respectively, related to contingent obligations classified as Level 3.

[8] Other liabilities as of September 30, 2022 includes the publicly traded warrants of APSG II. Other liabilities as of December 31, 2021 includes the publicly traded warrants of APSG I and APSG II.

Changes in fair value of contingent consideration obligations in connection with the acquisition of Stone Tower and Griffin Capital are recorded in compensation and benefits expense and other income (loss), net, respectively, in the condensed consolidated statements of operations. Refer to note 17 for further details.

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Level 3 Financial Instruments

The following tables summarize the valuation techniques and quantitative inputs and assumptions used for financial assets and liabilities categorized as Level 3:

	September 30, 2022					
	Fair Value (In millions)	Valuation Technique	Unobservable Inputs	Ranges	Weighted Average	
Financial Assets						
Asset Management						
Investments	$ 512 512	Embedded value	N/A	N/A	N/A	
	122	Discounted cash flow	Discount rate	8.9% - 52.8%	29.4%	1
	306	Adjusted transaction value	N/A	N/A	N/A	
Due from related parties	42	Discounted cash flow	Discount rate	15.0%	15.0%	
Derivative assets	8	Option model	Volatility rate	38.8% - 40.0%	39.7%	1
Investments of consolidated VIEs						
Equity securities	603	Dividend discount model	Discount rate	13.9%	13.9%	
		Discounted cash flow	Discount rate	20.0% - 32.6%	24.0%	1
		Adjusted transaction value	N/A	N/A	N/A	
Bank loans	529	Discounted cash flow	Discount rate	7.1% - 32.7%	7.9%	1
		Adjusted transaction value	N/A	N/A	N/A	
Bonds	32	Discounted cash flow	7.9%	7.9%	7.9%	
		Adjusted transaction value	N/A	N/A	N/A	
Retirement Services						
AFS and trading securities	11,191	Discounted cash flow	Discount rate	1.6% – 19.8%	5.9%	1
Mortgage loans	28,139	Discounted cash flow	Discount rate	2.6% – 35.7%	5.8%	1
Financial Liabilities						
Asset Management						
Contingent consideration obligation	128	Discounted cash flow	Discount rate	19.0% - 22.5%	19.7%	1
		Option model	Volatility rate	32.1% - 36.7%	34.4%	1
Retirement Services						
Interest sensitive contract liabilities – fixed indexed annuities embedded derivatives	4,998	Discounted cash flow	Nonperformance risk	0.5% – 1.9%	1.2%	2
			Option budget	0.5% – 4.5%	1.8%	3
			Surrender rate	5.0% – 11.5%	8.1%	4

[1] Unobservable inputs were weighted based on the fair value of the investments included in the range.
[2] The nonperformance risk weighted average is based on the projected excess benefits of reserves used in the calculation of the embedded derivative.
[3] The option budget weighted average is calculated based on the indexed account values.
[4] The surrender rate weighted average is calculated based on projected account values.

	December 31, 2021				
	Fair Value (In millions)	Valuation Techniques	Unobservable Inputs	Ranges	Weighted Average[1]
Financial Assets					
Other investments	$ 516	Embedded value	N/A	N/A	N/A
	170	Discounted cash flow	Discount rate	14.0% - 52.8%	26.4%
	260	Adjusted transaction value	N/A	N/A	N/A
Due from related parties	48	Discounted cash flow	Discount rate	16.0%	16.0%
Investments of consolidated VIEs:					
Equity securities	4,145	Discounted cash flow	Discount rate	3.0% - 19.0%	10.4%
		Dividend discount model	Discount rate	13.7%	13.7%
		Market comparable companies	NTAV multiple	1.25x	1.25x
		Adjusted transaction value	Purchase multiple	1.25x	1.25x
		Adjusted transaction value	N/A	N/A	N/A
Bank loans	4,570	Discounted cash flow	Discount rate	1.8% - 15.6%	4.3%
		Adjusted transaction value	N/A	N/A	N/A
Profit participating notes	2,849	Discounted cash flow	Discount rate	8.7% - 12.5%	12.4%
		Adjusted transaction value	N/A	N/A	N/A
Real estate	512	Discounted cash flow	Capitalization rate	4.0% - 5.8%	5.3%
		Discounted cash flow	Discount rate	5.0% - 12.5%	7.3%
		Discounted cash flow	Terminal capitalization rate	8.3%	8.3%
		Direct capitalization	Capitalization rate	5.5% - 8.5%	6.2%
		Direct capitalization	Terminal capitalization rate	6.0% - 12.0%	6.9%
Bonds	51	Discounted cash flow	Discount rate	4.0% - 7.0%	6.1%
		Third party pricing	N/A	N/A	N/A
Other equity investments	1,061	Discounted cash flow	Discount rate	11.8% -12.5%	12.1%
		Adjusted transaction value	N/A	N/A	N/A
Financial Liabilities					
Liabilities of Consolidated VIEs:					
Secured loans	4,311	Discounted cash flow	Discount rate	1.4% - 10.0%	2.8%
Subordinated notes	3,164	Discounted cash flow	Discount rate	4.5% - 11.9%	5.8%
Participating equity	21	Discounted cash flow	Discount rate	15.0%	15.0%
Other liabilities	31	Discounted cash flow	Discount rate	3.7% - 9.3%	6.3%
Contingent consideration obligation	126	Discounted cash flow	Discount rate	18.5%	18.5%

[1] Unobservable inputs were weighted based on the fair value of the investments included in the range.

The following are reconciliations for Level 3 assets and liabilities measured at fair value on a recurring basis:

	Three months ended September 30, 2022							
		Total realized and unrealized gains (losses)						
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Assets – Asset Management								
Investments	$ 1,080	$ (25)	$ —	$ (108)	$ —	$ 947	$ 12	$ —
Investments of Consolidated VIEs	1,190	24	—	98	(148)	1,164	(4)	—
Total Level 3 Assets – Asset Management	$ 2,270	$ (1)	$ —	$ (10)	$ (148)	$ 2,111	$ 8	$ —
Assets – Retirement Services								
AFS securities								
Foreign governments	$ 2	$ —	$ —	$ —	$ —	$ 2	$ —	$ —
Corporate	1,588	(16)	(58)	205	(57)	1,662	—	(55)
CLO	—	—	—	3	—	3	—	—
ABS	3,594	2	(50)	198	104	3,848	—	(60)
CMBS	—	—	—	—	—	—	—	—

APOLLO GLOBAL MANAGEMENT, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

	Three months ended September 30, 2022							
		Total realized and unrealized gains (losses)						
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
RMBS	68	—	(1)	(1)	(66)	—	—	—
Trading securities	58	(4)	—	(2)	2	54	(4)	—
Equity securities	62	10	—	—	—	72	11	—
Mortgage loans	25,218	(1,117)	—	1,044	—	25,145	(1,111)	—
Investment funds	19	—	—	—	(19)	—	—	—
Funds withheld at interest – embedded derivative	(3,958)	(1,301)	—	—	—	(5,259)	—	—
Short-term investments	58	—	—	(23)	—	35	—	—
Other investments	—	—	—	—	496	496	—	—
Investments in related parties								
AFS securities								
Corporate	849	1	(17)	114	(94)	853	—	(15)
CLO	325	—	(14)	—	—	311	—	(14)
ABS	5,026	(3)	(73)	284	94	5,328	—	(73)
Trading securities	891	4	—	5	1	901	4	—
Equity securities	163	(18)	—	195	—	340	(18)	—
Mortgage loans	1,416	(82)	—	(3)	—	1,331	(82)	—
Investment funds	818	(29)	—	—	—	789	(29)	—
Funds withheld at interest – embedded derivative	(1,129)	(442)	—	—	—	(1,571)	—	—
Other investments	—	—	—	—	274	274	—	—
Reinsurance recoverable	1,580	(104)	—	—	—	1,476	—	—
Assets of consolidated VIEs								
Trading securities	330	(7)	—	529	(232)	620	(7)	—
Equity securities	—	—	—	—	15	15	—	—
Mortgage loans	1,626	(80)	—	96	21	1,663	(79)	—
Investment funds	1,053	(19)	—	1,694	(422)	2,306	(19)	—
Other investments	31	—	—	—	105	136	—	—
Total Level 3 assets – Retirement Services	$ 39,688	$ (3,205)	$ (213)	$ 4,338	$ 222	$ 40,830	$ (1,334)	$ (217)
Liabilities – Asset Management								
Contingent consideration obligations	$ 139	$ (11)	$ —	$ —	$ —	$ 128	$ —	$ —
Total Level 3 liabilities – Asset Management	$ 139	$ (11)	$ —	$ —	$ —	$ 128	$ —	$ —
Liabilities – Retirement Services								
Interest sensitive contract liabilities								
Embedded derivative	$ (5,451)	$ 800	$ —	$ (347)	$ —	$ (4,998)	$ —	$ —
Universal life benefits	(943)	91	—	—	—	(852)	—	—
Future policy benefits								
AmerUs Closed Block	(1,247)	90	—	—	—	(1,157)	—	—
ILICO Closed Block and life benefits	(623)	11	—	—	—	(612)	—	—
Derivative liabilities	(1)	—	—	—	—	(1)	—	—
Total Level 3 liabilities – Retirement Services	$ (8,265)	$ 992	$ —	$ (347)	$ —	$ (7,620)	$ —	$ —

[1] Related to instruments held at end of period.

APOLLO GLOBAL MANAGEMENT, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

(In millions)	Three months ended September 30, 2021 Beginning balance	Total realized and unrealized gains (losses) Included in income	Total realized and unrealized gains (losses) Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Assets – Asset Management								
Investments of Consolidated VIEs	$ 11,878	$ 85	$ —	$ (59)	$ (165)	$ 11,739	$ 80	$ —
Other Investments	390	34	—	204	(2)	626	20	—
Total Level 3 assets – Asset Management	$ 12,268	$ 119	$ —	$ 145	$ (167)	$ 12,365	$ 100	$ —
Liabilities – Asset Management								
Contingent consideration obligations	$ 129	$ (2)	$ —	$ (7)	$ —	$ 120	$ —	$ —
Debt and other liabilities of consolidated VIEs	7,206	3	—	(14)	—	7,195	5	—
Total Level 3 liabilities – Asset Management	$ 7,335	$ 1	$ —	$ (21)	$ —	$ 7,315	$ 5	$ —

[1] Related to instruments held at end of period.

(In millions)	Nine months ended September 30, 2022 Beginning balance	Total realized and unrealized gains (losses) Included in income	Total realized and unrealized gains (losses) Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Assets – Asset Management								
Investments	$ 946	$ (16)	$ —	$ (6)	$ 23	$ 947	$ 72	$ —
Investments of Consolidated VIEs	13,188	197	—	1,815	(14,036)	1,164	5	—
Total Level 3 assets – Asset Management	$ 14,134	$ 181	$ —	$ 1,809	$ (14,013)	$ 2,111	$ 77	$ —
Assets – Retirement Services								
AFS securities								
Foreign governments	$ 2	$ —	$ —	$ —	$ —	$ 2	$ —	$ —
Corporate	1,339	(19)	(135)	385	92	1,662	—	(120)
CLO	14	(2)	—	(9)	—	3	—	—
ABS	3,619	9	(145)	198	167	3,848	—	(116)
CMBS	43	—	(17)	—	(26)	—	—	—
RMBS	—	—	(1)	67	(66)	—	—	—
Trading securities	69	(10)	—	6	(11)	54	(4)	—
Equity securities	429	27	—	(3)	(381)	72	25	—
Mortgage loans	21,154	(2,888)	—	6,879	—	25,145	(2,878)	—
Investment funds	18	1	—	—	(19)	—	—	—
Funds withheld at interest – embedded derivative	—	(5,259)	—	—	—	(5,259)	—	—
Short-term investments	29	—	(1)	7	—	35	—	(1)
Other investments	—	—	—	—	496	496	—	—
Investments in related parties								
AFS securities								
Corporate	670	(3)	(23)	250	(41)	853	—	(22)
CLO	202	—	(21)	130	—	311	—	(21)
ABS	6,445	(4)	(208)	(957)	52	5,328	—	(193)
Trading securities	1,771	3	—	(1,057)	184	901	(4)	—
Equity securities	284	(32)	—	76	12	340	(27)	—
Mortgage loans	1,369	(206)	—	168	—	1,331	(206)	—
Investment funds	2,855	(1)	—	(34)	(2,031)	789	(1)	—
Short-term investments	—	—	—	53	(53)	—	—	—

Funds withheld at interest – embedded derivative	—	(1,571)	—	—	—	(1,571)	—	—
Other investments	—	—	—	—	274	274	—	—
Reinsurance recoverable	1,991	(515)	—	—	—	1,476	—	—
Assets of consolidated VIEs								
Trading securities	—	(7)	—	529	98	620	(7)	—
Equity securities	—	—	—	—	15	15	—	—
Mortgage loans	2,152	(250)	—	(58)	(181)	1,663	(250)	—
Investment funds	1,297	9	—	1,855	(855)	2,306	9	—
Other investments	—	—	—	31	105	136	—	—
Total Level 3 assets – Retirement Services	$ 45,752	$ (10,718)	$ (551)	$ 8,516	$ (2,169)	$ 40,830	$ (3,343)	$ (473)
Liabilities – Asset Management								
Contingent consideration obligations	$ 126	$ (21)	$ —	$ 23	$ —	$ 128	$ —	$ —
Debt and other liabilities of consolidated VIEs	7,528	(28)	—	1,126	(8,626)	—	—	—
Total Level 3 liabilities – Asset Management	$ 7,654	$ (49)	$ —	$ 1,149	$ (8,626)	$ 128	$ —	$ —
Liabilities – Retirement Services								
Interest sensitive contract liabilities								
Embedded derivative	$ (7,559)	$ 3,244	$ —	$ (683)	$ —	$ (4,998)	$ —	$ —
Universal life benefits	(1,235)	383	—	—	—	(852)	—	—
Future policy benefits						—		
AmerUs Closed Block	(1,520)	363	—	—	—	(1,157)	—	—
ILICO Closed Block and life benefits	(742)	130	—	—	—	(612)	—	—
Derivative liabilities	(3)	2	—	—	—	(1)	—	—
Total Level 3 liabilities – Retirement Services	$ (11,059)	$ 4,122	$ —	$ (683)	$ —	$ (7,620)	$ —	$ —

[1] Related to instruments held at end of period.

	Nine months ended September 30, 2021							
		Total realized and unrealized gains (losses)						
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Assets – Asset Management								
Investments of Consolidated VIEs	$ 10,963	$ 417	$ —	$ 817	$ (458)	$ 11,739	$ 278	$ —
Other Investments	370	56	—	201	(1)	626	49	—
Total Level 3 assets – Asset Management	$ 11,333	$ 473	$ —	$ 1,018	$ (459)	$ 12,365	$ 327	$ —
Liabilities – Asset Management								
Contingent consideration obligations	$ 120	$ 20	$ —	$ (20)	$ —	$ 120	$ —	$ —
Debt and other liabilities of consolidated VIEs	7,100	69	—	26	—	7,195	94	—
Total Level 3 liabilities – Asset Management	$ 7,220	$ 89	$ —	$ 6	$ —	$ 7,315	$ 94	$ —

[1] Related to instruments held at end of period.

The following represents the gross components of purchases, issuances, sales and settlements, net, and net transfers in (out) shown above:

	Three months ended September 30, 2022							
(In millions)	Purchases	Issuances	Sales	Settlements	Net purchases, issuances, sales and settlements	Transfers In	Transfers Out	Net Transfers In (Out)
Assets – Asset Management								
Investments	$ 9	$ —	$ (117)	$ —	$ (108)	$ —	$ —	$ —
Investments of consolidated VIEs	979	—	(881)	—	98	18	(166)	(148)
Total Level 3 assets – Asset Management	$ 988	$ —	$ (998)	$ —	$ (10)	$ 18	$ (166)	$ (148)
Assets – Retirement Services								
AFS securities								
Corporate	$ 228	$ —	$ (3)	$ (20)	$ 205	$ 83	$ (140)	$ (57)
CLO	3	—	—	—	3	—	—	—
ABS	344	—	—	(146)	198	116	(12)	104
RMBS	—	—	—	(1)	(1)	—	(66)	(66)
Trading securities	—	—	—	(2)	(2)	3	(1)	2
Mortgage loans	1,900	—	(51)	(805)	1,044	—	—	—
Investment funds	—	—	—	—	—	—	(19)	(19)
Short-term investments	—	—	—	(23)	(23)	—	—	—
Other investments	—	—	—	—	—	496	—	496
Investments in related parties								
AFS securities								
Corporate	116	—	—	(2)	114	—	(94)	(94)
ABS	887	—	—	(603)	284	94	—	94
Trading securities	5	—	—	—	5	1	—	1
Equity securities	195	—	—	—	195	—	—	—
Mortgage loans	—	—	—	(3)	(3)	—	—	—
Other investments	—	—	—	—	—	274	—	274
Assets of consolidated VIEs								
Trading securities	529	—	—	—	529	100	(332)	(232)
Equity securities	—	—	—	—	—	15	—	15
Mortgage loans	102	—	—	(6)	96	21	—	21
Investment funds	1,695	—	(1)	—	1,694	—	(422)	(422)
Other investments	—	—	—	—	—	105	—	105
Total Level 3 assets – Retirement Services	$ 6,004	$ —	$ (55)	$ (1,611)	$ 4,338	$ 1,308	$ (1,086)	$ 222
Liabilities – Retirement Services								
Interest sensitive contract liabilities - Embedded derivative	$ —	$ (457)	$ —	$ 110	$ (347)	$ —	$ —	$ —
Total Level 3 liabilities – Retirement Services	$ —	$ (457)	$ —	$ 110	$ (347)	$ —	$ —	$ —

APOLLO GLOBAL MANAGEMENT, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

	Three months ended September 30, 2021							
(In millions)	Purchases	Issuances	Sales	Settlements	Net purchases, issuances, sales and settlements	Transfers In	Transfers Out	Net Transfers In (Out)
Assets – Asset Management								
Investments	$ 204	$ —	$ —	$ —	$ 204	$ —	$ (2)	$ (2)
Investments of consolidated VIEs	286	—	(345)	—	(59)	31	(196)	(165)
Total Level 3 assets – Asset Management	$ 490	$ —	$ (345)	$ —	$ 145	$ 31	$ (198)	$ (167)
Liabilities - Asset Management								
Contingent consideration obligations	$ —	$ —	$ —	$ (7)	$ (7)	$ —	$ —	$ —
Debt and other liabilities of consolidated VIEs	—	16	—	(30)	(14)	—	—	—
Total Level 3 liabilities – Asset Management	$ —	$ 16	$ —	$ (37)	$ (21)	$ —	$ —	$ —

	Nine months ended September 30, 2022							
(In millions)	**Purchases**	**Issuances**	**Sales**	**Settlements**	**Net purchases, issuances, sales and settlements**	**Transfers In[1]**	**Transfers Out[1]**	**Net Transfers In (Out)**
Assets – Asset Management								
Investments	$ 115	$ —	$ (121)	$ —	$ (6)	$ 23	$ —	$ 23
Investments of consolidated VIEs	4,683	—	(2,868)	—	1,815	500	(14,536)	(14,036)
Total Level 3 assets – Asset Management	$ 4,798	$ —	$ (2,989)	$ —	$ 1,809	$ 523	$ (14,536)	$ (14,013)
Assets – Retirement Services								
AFS securities								
Corporate	$ 681	$ —	$ (173)	$ (123)	$ 385	$ 276	$ (184)	$ 92
CLO	3	—	—	(12)	(9)	—	—	—
ABS	2,579	—	(1,791)	(590)	198	484	(317)	167
CMBS	—	—	—	—	—	—	(26)	(26)
RMBS	68	—	—	(1)	67	—	(66)	(66)
Trading securities	8	—	—	(2)	6	42	(53)	(11)
Equity securities	—	—	(3)	—	(3)	19	(400)	(381)
Mortgage loans	9,377	—	(181)	(2,317)	6,879	—	—	—
Investment funds	—	—	—	—	—	—	(19)	(19)
Short-term investments	59	—	—	(52)	7	—	—	—
Other investments	—	—	—	—	—	496	—	496
Investments in related parties								
AFS securities								
Corporate	483	—	(217)	(16)	250	53	(94)	(41)
CLO	130	—	—	—	130	—	—	—
ABS	2,160	—	(93)	(3,024)	(957)	1,916	(1,864)	52
Trading securities	41	—	(1,052)	(46)	(1,057)	1,444	(1,260)	184
Equity securities	195	—	(119)	—	76	125	(113)	12
Mortgage loans	182	—	—	(14)	168	—	—	—
Investment funds	—	—	(34)	—	(34)	—	(2,031)	(2,031)
Short-term investments	53	—	—	—	53	—	(53)	(53)
Other investments	—	—	—	—	—	274	—	274
Assets of consolidated VIEs								
Trading securities	529	—	—	—	529	430	(332)	98
Equity securities	—	—	—	—	—	15	—	15
Mortgage loans	102	—	—	(160)	(58)	42	(223)	(181)
Investment funds	1,981	—	(126)	—	1,855	11,087	(11,942)	(855)
Other investments	31	—	—	—	31	2,007	(1,902)	105
Total Level 3 assets – Retirement Services	$ 18,662	$ —	$ (3,789)	$ (6,357)	$ 8,516	$ 18,710	$ (20,879)	$ (2,169)
Liabilities - Asset Management								
Contingent consideration obligations	$ —	$ 36	$ —	$ (13)	$ 23	$ —	$ —	$ —
Debt and other liabilities of consolidated VIEs	—	1,644	—	(518)	1,126	—	(8,626)	(8,626)
Total Level 3 liabilities – Asset Management	$ —	$ 1,680	$ —	$ (531)	$ 1,149	$ —	$ (8,626)	$ (8,626)
Liabilities – Retirement Services								
Interest sensitive contract liabilities - Embedded derivative	$ —	$ (1,073)	$ —	$ 390	$ (683)	$ —	$ —	$ —
Total Level 3 liabilities – Retirement Services	$ —	$ (1,073)	$ —	$ 390	$ (683)	$ —	$ —	$ —

[1] Transfers in and out are primarily assets of VIEs with changes in consolidation at Athene in 2022.

	Nine months ended September 30, 2021							
(In millions)	Purchases	Issuances	Sales	Settlements	Net purchases, issuances, sales and settlements	Transfers In	Transfers Out	Net Transfers In (Out)
Assets – Asset Management								
Investments	$ 204	$ —	$ (3)	$ —	$ 201	$ 1	$ (2)	$ (1)
Investments of consolidated VIEs	1,968	—	(1,151)	—	817	41	(499)	(458)
Total Level 3 assets – Asset Management	$ 2,172	$ —	$ (1,154)	$ —	$ 1,018	$ 42	$ (501)	$ (459)
Liabilities - Asset Management								
Contingent consideration obligations	$ —	$ —	$ —	$ (20)	$ (20)	$ —	$ —	$ —
Debt and other liabilities of consolidated VIEs	—	328	—	(302)	26	—	—	—
Total Level 3 liabilities – Asset Management	$ —	$ 328	$ —	$ (322)	$ 6	$ —	$ —	$ —

Fair Value Option - Retirement Services

The following represents the gains (losses) recorded for instruments for which Athene has elected the fair value option, including related parties and VIEs:

(In millions)	Three months ended September 30, 2022	Nine months ended September 30, 2022
Trading securities	$ (121)	$ (489)
Mortgage loans	(1,279)	(3,344)
Investment funds	(47)	9
Future policy benefits	90	363
Total gains (losses)	$ (1,357)	$ (3,461)

Gains and losses on trading securities are recorded in investment related gains (losses) on the condensed consolidated statements of operations. For fair value option mortgage loans, interest income is recorded in net investment income and subsequent changes in fair value in investment related gains (losses) on the condensed consolidated statements of operations. Gains and losses related to investment funds, including related party investment funds, are recorded in net investment income on the condensed consolidated statements of operations. The change in fair value of future policy benefits is recorded to future policy and other policy benefits on the condensed consolidated statements of operations.

The following summarizes information for fair value option mortgage loans including related parties and VIEs:

(In millions)	September 30, 2022
Unpaid principal balance	$ 30,751
Mark to fair value	(2,612)
Fair value	$ 28,139

The following represents the commercial mortgage loan portfolio 90 days or more past due and/or in non-accrual status:

(In millions)	September 30, 2022
Unpaid principal balance of commercial mortgage loans 90 days or more past due and/or in non-accrual status	$ 163
Mark to fair value of commercial mortgage loans 90 days or more past due and/or in non-accrual status	(76)
Fair value of commercial mortgage loans 90 days or more past due and/or in non-accrual status	$ 87
Fair value of commercial mortgage loans 90 days or more past due	$ 1
Fair value of commercial mortgage loans in non-accrual status	87

The following represents the residential loan portfolio 90 days or more past due and/or in non-accrual status:

(In millions)	September 30, 2022
Unpaid principal balance of residential mortgage loans 90 days or more past due and/or in non-accrual status	$ 502
Mark to fair value of residential mortgage loans 90 days or more past due and/or in non-accrual status	(40)
Fair value of residential mortgage loans 90 days or more past due and/or in non-accrual status	$ 462
Fair value of residential mortgage loans 90 days or more past due[1]	$ 462
Fair value of residential mortgage loans in non-accrual status	205

[1] Includes $257 million of residential mortgage loans that are guaranteed by US government-sponsored agencies.

The following is the estimated amount of gains (losses) included in earnings during the period attributable to changes in instrument-specific credit risk on our mortgage loan portfolio:

(In millions)	Three months ended September 30, 2022	Nine months ended September 30, 2022
Mortgage loans	$ 18	$ (34)

The portion of gains and losses attributable to changes in instrument-specific credit risk is estimated by identifying commercial loans with loan-to-value ratios meeting credit quality criteria, and residential mortgage loans with delinquency status meeting credit quality criteria.

Financial Instruments Without Readily Determinable Fair Values

Athene has elected the measurement alternative for certain equity securities that do not have a readily determinable fair value. As of September 30, 2022, the carrying amount of the equity securities was $ 400 million with no cumulative recorded impairment.

Fair Value of Financial Instruments Not Carried at Fair Value - Retirement Services

The following represents Athene's financial instruments not carried at fair value on the condensed consolidated statements of financial condition:

	September 30, 2022					
(In millions)	Carrying Value	Fair Value	NAV	Level 1	Level 2	Level 3
Financial assets						
Investment funds	$ 29	$ 29	$ 29	$ —	$ —	$ —
Policy loans	353	353	—	—	353	—
Funds withheld at interest	39,965	39,965	—	—	—	39,965
Short-term investments	26	26	—	—	—	26
Other investments	16	16	—	—	—	16
Investments in related parties						
Investment funds	483	483	483	—	—	—
Funds withheld at interest	11,532	11,532	—	—	—	11,532
Assets of consolidated VIEs – Mortgage loans	337	337	—	—	—	337
Total financial assets not carried at fair value	$ 52,741	$ 52,741	$ 512	$ —	$ 353	$ 51,876
Financial liabilities						
Interest sensitive contract liabilities	$ 119,109	$ 104,556	$ —	$ —	$ —	$ 104,556
Debt	3,271	2,427	—	—	2,427	—
Securities to repurchase	4,477	4,477	—	—	4,477	—
Funds withheld liability	360	360	—	—	360	—
Total financial liabilities not carried at fair value	$ 127,217	$ 111,820	$ —	$ —	$ 7,264	$ 104,556

The fair value for financial instruments not carried at fair value are estimated using the same methods and assumptions as those carried at fair value. The financial instruments presented above are reported at carrying value on the condensed consolidated statements of financial condition; however, in the case of policy loans, funds withheld at interest and liability, short-term investments, and securities to repurchase, the carrying amount approximates fair value.

Other investments

The fair value of other investments is determined using a discounted cash flow model using discount rates for similar investments.

Interest sensitive contract liabilities

The carrying and fair value of interest sensitive contract liabilities above includes fixed indexed and traditional fixed annuities without mortality or morbidity risks, funding agreements and payout annuities without life contingencies. The embedded derivatives within fixed indexed annuities without mortality or morbidity risks are excluded, as they are carried at fair value. The valuation of these investment contracts is based on discounted cash flow methodologies using significant unobservable inputs. The estimated fair value is determined using current market risk-free interest rates, adding a spread to reflect nonperformance risk and subtracting a risk margin to reflect uncertainty inherent in the projected cash flows.

Debt

The fair value of debt is obtained from commercial pricing services. These are classified as Level 2. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, trading activity, credit quality, issuer spreads, bids, offers and other reference data.

Significant Unobservable Inputs

Asset Management

Consolidated VIEs Investments

The significant unobservable inputs used in the fair value measurement of the equity securities include the discount rate applied, purchase multiple and net tangible asset value in the valuation models. These unobservable inputs in isolation can cause significant increases or decreases in fair value. The discount rate is determined based on the market rates an investor would expect for a similar investment with similar risks.

The significant unobservable inputs used in the fair value measurement of bank loans, bonds, profit participating notes and other equity investments are discount rates. Significant increases (decreases) in discount rates would result in significantly lower (higher) fair value measurements.

The significant unobservable inputs used in the fair value measurement of real estate are discount rates and capitalization rates. Significant increases (decreases) in any discount rates or capitalization rates in isolation would result in a significantly lower (higher) fair value measurement.

Certain investments of VIEs are valued using the NAV per share equivalent calculated by the investment manager as a practical expedient to determine an independent fair value.

Consolidated VIEs Liabilities

The debt obligations of certain consolidated VIEs, that are CLOs, were measured on the basis of the fair value of the financial assets of those CLOs as the financial assets were determined to be more observable and, as a result, categorized as Level II in the fair value hierarchy.

The significant unobservable inputs used in the fair value measurement of the Company’s liabilities of consolidated VIEs are discount rates and volatility rates. Significant increases (decreases) in discount rates would result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in volatility rates would result in a significantly higher (lower) fair value measurement.

Certain liabilities of VIEs are valued using the NAV per share equivalent calculated by the investment manager as a practical expedient to determine an independent fair value.

Contingent Consideration Obligations

The significant unobservable inputs used in the fair value measurement of the contingent consideration obligations are discount rate and volatility rate applied in the valuation models. These inputs in isolation can cause significant increases or decreases in fair value. See note 17 for further discussion of the contingent consideration obligations.

Retirement Services

AFS and trading securities

Athene uses discounted cash flow models to calculate the fair value for certain fixed maturity securities. The discount rate is a significant unobservable input because the credit spread includes adjustments made to the base rate. The base rate represents a market comparable rate for securities with similar characteristics. This excludes assets for which fair value is provided by independent broker quotes.

Mortgage loans

Athene uses discounted cash flow models from independent commercial pricing services to calculate the fair value of its mortgage loan portfolio. The discount rate is a significant unobservable input. This approach uses market transaction information and client portfolio-oriented information, such as prepayments or defaults, to support the valuations.

Interest sensitive contract liabilities – embedded derivative

Significant unobservable inputs used in the fixed indexed annuities embedded derivative of the interest sensitive contract liabilities valuation include:

1. Nonperformance risk – For contracts Athene issues, it uses the credit spread, relative to the U.S. Treasury curve based on Athene’s public credit rating as of the valuation date. This represents Athene’s credit risk for use in the estimate of the fair value of embedded derivatives.
2. Option budget – Athene assumes future hedge costs in the derivative’s fair value estimate. The level of option budgets determines the future costs of the options and impacts future policyholder account value growth.
3. Policyholder behavior – Athene regularly reviews the lapse and withdrawal assumptions (surrender rate). These are based on initial pricing assumptions updated for actual experience. Actual experience may be limited for recently issued products.

Valuation of Underlying Investments

Asset Management

As previously noted, the underlying entities that Apollo manages and invests in are primarily investment companies that account for their investments at estimated fair value.

On a quarterly basis, valuation committees consisting of members from senior management review and approve the valuation results related to the investments of the funds Apollo manages. For certain publicly traded vehicles managed by Apollo, a review is performed by an independent board of directors. Apollo also retains external valuation firms to provide third-party valuation consulting services to Apollo, which consist of certain limited procedures that management identifies and requests them to perform. The limited procedures provided by the external valuation firms assist management with validating their valuation results or determining fair value. Apollo performs various back-testing procedures to validate their valuation approaches, including comparisons between expected and observed outcomes, forecast evaluations and variance analyses.

However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Yield Investments

Yield investments are generally valued based on third party vendor prices and/or quoted market prices and valuation models. Valuations using quoted market prices are based on the average of the “bid” and the “ask” quotes provided by multiple brokers wherever possible without any adjustments. Apollo will designate certain brokers to use to value specific securities. In determining the designated brokers, Apollo considers the following: (i) brokers with which Apollo has previously transacted, (ii) the underwriter of the security and (iii) active brokers indicating executable quotes. In addition, when valuing a security based on broker quotes wherever possible Apollo tests the standard deviation amongst the quotes received and the variance between the concluded fair value and the value provided by a pricing service. When broker quotes are not available Apollo considers the use of pricing service quotes or other sources to mark a position. When relying on a pricing service as a primary source, Apollo (i) analyzes how the price has moved over the measurement period, (ii) reviews the number of brokers included in the pricing service’s population, if available, and (iii) validates the valuation levels with Apollo’s pricing team and traders.

Debt securities that are not publicly traded or whose market prices are not readily available are valued at fair value utilizing a model based approach to determine fair value. Valuation approaches used to estimate the fair value of illiquid credit investments also may include the income approach, as described below. The valuation approaches used consider, as applicable, market risks, credit risks, counterparty risks and foreign currency risks.

Equity and Hybrid Investments

The majority of illiquid equity and hybrid investments are valued using the market approach and/or the income approach, as described below.

Market Approach

The market approach is driven by current market conditions, including actual trading levels of similar companies and, to the extent available, actual transaction data of similar companies. Judgment is required by management when assessing which companies are similar to the subject company being valued. Consideration may also be given to any of the following factors: (1) the subject company’s historical and projected financial data; (2) valuations given to comparable companies; (3) the size and scope of the subject company’s operations; (4) the subject company’s individual strengths and weaknesses; (5) expectations relating to the market’s receptivity to an offering of the subject company’s securities; (6) applicable restrictions on transfer; (7) industry and market information; (8) general economic and market conditions; and (9) other factors deemed relevant. Market approach valuation models typically employ a multiple that is based on one or more of the factors described above.

Enterprise value as a multiple of EBITDA is common and relevant for most companies and industries, however, other industry specific multiples are employed where available and appropriate. Sources for gaining additional knowledge related to comparable companies include public filings, annual reports, analyst research reports and press releases. Once a comparable company set is determined, Apollo reviews certain aspects of the subject company’s performance and determines how its performance compares to the group and to certain individuals in the group. Apollo compares certain measurements such as EBITDA margins, revenue growth over certain time periods, leverage ratios and growth opportunities. In addition, Apollo compares the entry multiple and its relation to the comparable set at the time of acquisition to understand its relation to the comparable set on each measurement date.

Income Approach

The income approach provides an indication of fair value based on the present value of cash flows that a business or security is expected to generate in the future. The most widely used methodology for the income approach is a discounted cash flow method. Inherent in the discounted cash flow method are significant assumptions related to the subject company’s expected results, the determination of a terminal value and a calculated discount rate, which is normally based on the subject company’s WACC. The WACC represents the required rate of return on total capitalization, which is comprised of a required rate of return on equity, plus the current tax-effected rate of return on debt, weighted by the relative percentages of equity and debt that are typical in the industry. The most critical step in determining the appropriate WACC for each subject company is to select companies that are comparable in nature to the subject company and the credit quality of the subject company. Sources for gaining additional knowledge about the comparable companies include public filings, annual reports, analyst research reports and press releases. The general formula then used for calculating the WACC considers the after-tax rate of return on debt capital and the rate of return on common equity capital, which further considers the risk-free rate of return, market beta, market risk premium and small stock premium, if applicable. The variables used in the WACC formula are inferred from the comparable market data obtained. The Company evaluates the comparable companies selected and concludes on WACC inputs based on the most comparable company or analyzes the range of data for the investment.

The value of liquid investments, where the primary market is an exchange (whether foreign or domestic), is determined using period end market prices. Such prices are generally based on the close price on the date of determination.

Certain of the funds Apollo manages may also enter into foreign currency exchange contracts, total return swap contracts, credit default swap contracts and other derivative contracts, which may include options, caps, collars and floors. Foreign currency exchange contracts are marked-to-market by recognizing the difference between the contract exchange rate and the current market rate as unrealized appreciation or depreciation. If securities are held at the end of the period, the changes in value are recorded in income as unrealized. Realized gains or losses are recognized when contracts are settled. Total return swap and credit default swap contracts are recorded at fair value as an asset or liability with changes in fair value recorded as unrealized appreciation or depreciation. Realized gains or losses are recognized at the termination of the contract based on the difference between the close-out price of the total return or credit default swap contract and the original contract price. Forward contracts are valued based on market rates obtained from counterparties or prices obtained from recognized financial data service providers.

Retirement Services

NAV

Investment funds are typically measured using NAV as a practical expedient in determining fair value and are not classified in the fair value hierarchy. The carrying value reflects a pro rata ownership percentage as indicated by NAV in the investment fund financial statements, which may be adjusted if it is determined NAV is not calculated consistent with investment company fair value principles. The underlying investments of the investment funds may have significant unobservable inputs, which may include but are not limited to, comparable multiples and WACC rates applied in valuation models or a discounted cash flow model.

AFS and trading securities

The fair value for most marketable securities without an active market are obtained from several commercial pricing services. These are classified as Level 2 assets. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, trading activity, credit quality, issuer spreads, bids, offers and other reference data. This category typically includes U.S. and non-U.S. corporate bonds, U.S. agency and government guaranteed securities, CLO, ABS, CMBS and RMBS.

Athene also has fixed maturity securities priced based on indicative broker quotes or by employing market accepted valuation models. For certain fixed maturity securities, the valuation model uses significant unobservable inputs and are included in Level 3 in fair value hierarchy. Significant unobservable inputs used include discount rates, issue-specific credit adjustments, material non-public financial information, estimation of future earnings and cash flows, default rate assumptions, liquidity assumptions and indicative quotes from market makers. These inputs are usually considered unobservable, as not all market participants have access to this data.

Privately placed fixed maturity securities are valued based on the credit quality and duration of comparable marketable securities, which may be securities of another issuer with similar characteristics. In some instances, a matrix-based pricing model is used. These models consider the current level of risk-free interest rates, corporate spreads, credit quality of the issuer and cash flow characteristics of the security. Additional factors such as net worth of the borrower, value of collateral, capital structure of the borrower, presence of guarantees and Athene’s evaluation of the borrower’s ability to compete in its relevant market are also considered. Privately placed fixed maturity securities are classified as Level 2 or 3.

Equity securities

Fair values of publicly traded equity securities are based on quoted market prices and classified as Level 1. Other equity securities, typically private equities or equity securities not traded on an exchange, are valued based on other sources, such as commercial pricing services or brokers, and are classified as Level 2 or 3.

Mortgage loans

Athene estimates fair value monthly using discounted cash flow analysis and rates being offered for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations. The discounted cash flow model uses unobservable inputs, including estimates of discount rates and loan prepayments. Mortgage loans are classified as Level 3.

Investment funds

Certain investment funds for which Athene has elected the fair value option are included in Level 3 and are priced based on market accepted valuation models. The valuation models use significant unobservable inputs, which include material non-public financial information, estimation of future distributable earnings and demographic assumptions. These inputs are usually considered unobservable, as not all market participants have access to this data.

Funds withheld at interest embedded derivative

Athene estimates the fair value of the embedded derivative based on the change in the fair value of the assets supporting the funds withheld payable under modco and funds withheld reinsurance agreements. As a result, the fair value of the embedded derivative is classified as Level 2 or 3 based on the valuation methods used for the assets held supporting the reinsurance agreements.

Derivatives

Derivative contracts can be exchange traded or over the counter. Exchange-traded derivatives typically fall within Level 1 of the fair value hierarchy depending on trading activity. Over-the-counter derivatives are valued using valuation models or an income approach using third-party broker valuations. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit curves, measures of volatility, prepayment rates and correlation of the inputs. Athene considers and incorporates counterparty credit risk in the valuation process through counterparty credit rating requirements and monitoring of overall exposure. Athene also evaluates and includes its own nonperformance risk in valuing derivatives. The majority of Athene's derivatives trade in liquid markets; therefore, it can verify model inputs and model selection does not involve significant management judgment. These are typically classified within Level 2 of the fair value hierarchy.

Interest sensitive contract liabilities embedded derivative

Embedded derivatives related to interest sensitive contract liabilities with fixed indexed annuity products are classified as Level 3. The valuations include significant unobservable inputs associated with economic assumptions and actuarial assumptions for policyholder behavior.

AmerUs Closed Block

Athene elected the fair value option for the future policy benefits liability in the AmerUs Closed Block. The valuation technique is to set the fair value of policyholder liabilities equal to the fair value of assets. There is an additional component which captures the fair value of the open block's obligations to the closed block business. This component is the present value of the projected release of required capital and future earnings before income taxes on required capital supporting the AmerUs Closed Block, discounted at a rate which represents a market participant's required rate of return, less the initial required capital. Unobservable inputs include estimates for these items. The AmerUs Closed Block policyholder liabilities and any corresponding reinsurance recoverable are classified as Level 3.

ILICO Closed Block

Athene elected the fair value option for the ILICO Closed Block. The valuation technique is to set the fair value of policyholder liabilities equal to the fair value of assets. There is an additional component which captures the fair value of the open block's obligations to the closed block business. This component uses the present value of future cash flows which include commissions, administrative expenses, reinsurance premiums and benefits, and an explicit cost of capital. The discount rate includes a margin to reflect the business and nonperformance risk. Unobservable inputs include estimates for these items. The ILICO Closed Block policyholder liabilities and corresponding reinsurance recoverable are classified as Level 3.

Universal life liabilities and other life benefits

Athene elected the fair value option for certain blocks of universal and other life business ceded to Global Atlantic. Athene uses a present value of liability cash flows. Unobservable inputs include estimates of mortality, persistency, expenses, premium payments and a risk margin used in the discount rates that reflects the riskiness of the business. The universal life policyholder liabilities and corresponding reinsurance recoverable are classified as Level 3.

8. Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired

The following represents a rollforward of DAC, DSI and VOBA:

(In millions)	DAC	DSI	VOBA	Total
Balance at January 1, 2022	$ —	$ —	$ 4,547	$ 4,547
Additions	750	268	—	1,018
Unlocking	—	—	4	4
Amortization	(8)	—	(371)	(379)
Impact of unrealized investment (gains) losses and other	6	—	(5)	1
Balance at September 30, 2022	$ 748	$ 268	$ 4,175	$ 5,191

The expected amortization of VOBA for the next five years is as follows:

(In millions)	Expected Amortization
2022[1]	$ 117
2023	442
2024	405
2025	373
2026	339
2027	303

[1] Expected amortization for the remainder of 2022.

9. Goodwill

The following table presents Apollo's goodwill by segment:

(In millions)	As of September 30, 2022	As of December 31, 2021
Asset Management	$ 232	$ 85
Retirement Services	4,058	—
Principal Investing	32	32
Total Goodwill	$ 4,322	$ 117

On January 1, 2022, the Company completed the previously announced merger transactions with Athene. In connection with the completion of the Mergers, the Company recognized goodwill of $ 4.1 billion as of the Merger Date. See note 3 for further disclosure regarding the goodwill recorded as a result of the Mergers.

In connection with the completion of the Mergers, the Company undertook a strategic review of its operating structure and business segments to assess the performance of its businesses and the allocation of resources. As a result, the Company reorganized into three reportable segments: Asset Management, Retirement Services, and Principal Investing. The Company conducted interim impairment testing immediately prior to and subsequent to the reorganization and determined there to be no impairment of historical goodwill.

Apollo acquired Griffin Capital's U.S. wealth distribution business and U.S. asset management business in two separate closings on March 1, 2022 and May 3, 2022 and recorded goodwill of $ 13 million and $134 million, respectively, on each acquisition date. All of the goodwill associated with the Griffin Capital acquisitions are included within the Asset Management segment.

The Retirement Services segment had a negative carrying amount as of September 30, 2022.

10. Profit Sharing Payable

Profit sharing payable was $1.5 billion and $1.4 billion as of September 30, 2022 and December 31, 2021, respectively. The below is a roll-forward of the profit-sharing payable balance:

(In millions)		**Total**
Profit sharing payable, January 1, 2022	$	1,445
Profit sharing expense		366
Payments/other		(334)
Profit sharing payable, September 30, 2022	$	1,477

Profit sharing expense includes (i) changes in amounts due to current and former employees entitled to a share of performance revenues in funds managed by Apollo and (ii) changes to the fair value of the contingent consideration obligations recognized in connection with certain of the Company's acquisitions. Profit sharing expense excludes the potential return of profit-sharing distributions that would be due if certain funds were liquidated, which is recorded in due from related parties in the condensed consolidated statements of financial condition.

The Company requires that a portion of certain of the performance revenues distributed to the Company's employees be used to purchase restricted shares of common stock issued under its Equity Plan. Prior to distribution of the performance revenues, the Company records the value of the equity-based awards expected to be granted in other assets and accounts payable, accrued expenses, and other liabilities.

11. Income Taxes

The Company's income tax (provision) benefit totaled $ 185 million and $(101) million for the three months ended September 30, 2022 and 2021, respectively, and totaled $ 1.3 billion and $(498) million for the nine months ended September 30, 2022, and 2021, respectively. The Company's effective income tax rate was approximately 13.6% and 13.8% for the three months ended September 30, 2022 and 2021, respectively, and 18.3% and 12.0% for the nine months ended September 30, 2022 and 2021, respectively.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022 (the "IRA"). The IRA contains a number of tax-related provisions including a 15% minimum corporate income tax on certain large corporations as well as an excise tax on stock repurchases. It is unclear how the IRA will be implemented by the U.S. Department of the Treasury through regulation. The Company is still evaluating the impact of the IRA on its tax liability, which tax liability could also be affected by how the provisions of the IRA are implemented through such regulation. The Company will continue to evaluate the IRA's impact as further information becomes available.

Under U.S. GAAP, a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation, based on the technical

merits of the position. The Company recorded $15.7 million of unrecognized tax benefits as of September 30, 2022, for uncertain tax positions. Generally, all the unrecognized tax benefits, if recognized, would affect the effective tax rate. The Company does not anticipate a material change to its unrecognized tax benefits over the next twelve months.
The primary jurisdictions in which the Company operates and incurs income taxes are the United States and the United Kingdom. There are no unremitted earnings with respect to the United Kingdom or other foreign jurisdictions.

In the normal course of business, the Company is subject to examination by federal, state, local and foreign tax authorities. As of September 30, 2022, the Company's U.S. federal, state, local and foreign income tax returns for the years 2018 through 2020 are open under the general statute of limitations provisions and therefore subject to examination. Currently, the Internal Revenue Service is examining the tax returns of the Company and certain subsidiaries for the 2013, 2015, 2017, 2019, and 2020 tax years. The State and City of New York are examining certain subsidiaries' tax returns for tax years 2011 to 2020. The United Kingdom tax authorities are currently examining certain subsidiaries' tax returns for tax year 2017. There are other examinations ongoing in other foreign jurisdictions in which the Company operates. No provisions with respect to these examinations have been recorded, other than the unrecognized tax benefits discussed above.

The Company has historically recorded deferred tax assets resulting from the step-up in the tax basis of assets, including intangibles, resulting from exchanges of AOG Units for Class A shares by the Former Managing Partners and Contributing Partners. A related liability has also historically been recorded in "Due to Related Parties" in the condensed consolidated statements of financial condition for the expected payments under the tax receivable agreement entered into by and among the Company, the Former Managing Partners, the Contributing Partners, and other parties thereto (as amended, the "tax receivable agreement") (see note 16). The benefit the Company has historically obtained from the difference in the tax asset recognized and the related liability was recorded as an increase to additional paid in capital. The amortization period for the portion of the increase in tax basis related to intangibles is 15 years. The realization of the remaining portion of the increase in tax basis relates to the disposition of the underlying assets to which the step-up is attributed. The associated deferred tax assets reverse at the time of the corresponding asset disposition.

After the Mergers, the Former Managing Partners and Contributing Partners no longer own AOG Units. Therefore, there were no new exchanges subject to the tax receivable agreement during the nine months ended September 30, 2022. The table below presents the impact to the deferred tax asset, tax receivable agreement liability and additional paid in capital related to the exchange of AOG Units for Class A shares for the nine months ended September 30, 2021.

Exchange of AOG Units for Class A shares	Increase in Deferred Tax Asset	Increase in Tax Receivable Agreement Liability	Increase in Additional Paid in Capital
For the Nine Months Ended September 30, 2021	293	243	50

12. Debt

Company debt consisted of the following:

		September 30, 2022		December 31, 2021	
(In millions, except percentages)	Maturity Date	Outstanding Balance	Fair Value	Outstanding Balance	Fair Value
Asset Management					
4.00% 2024 Senior Notes[1,2]	May 30, 2024	$ 499	$ 486 [4]	$ 498	$ 530 [4]
4.40% 2026 Senior Notes[1,2]	May 27, 2026	498	474 [4]	498	553 [4]
4.87% 2029 Senior Notes[1,2]	February 15, 2029	674	629 [4]	675	778 [4]
2.65% 2030 Senior Notes[1,2]	June 5, 2030	495	395 [4]	495	506 [4]
4.77% 2039 Senior Secured Guaranteed Notes[1,2]		—	— [6]	317	369 [5]
5.00% 2048 Senior Notes[1,2]	March 15, 2048	297	264 [4]	297	397 [4]
4.95% 2050 Senior Subordinated Notes[1,2]	January 14, 2050	297	257 [4]	297	309 [4]
1.70% Secured Borrowing II[1]	April 15, 2032	17	16 [3]	19	19 [3]
1.30% 2016 AMI Term Facility I[1]	January 15, 2025	17	17 [3]	19	19 [3]
1.40% 2016 AMI Term Facility II[1]	July 23, 2023	16	16 [3]	19	19 [3]
		2,810	2,554	3,134	3,499
Retirement Services					
4.13% 2028 Notes[1]	January 12, 2028	1,085	900	—	—
6.15% 2030 Notes[1]	April 3, 2030	609	401	—	—
3.50% 2031 Notes[1]	January 15, 2031	526	481	—	—
3.95% 2051 Notes[1]	May 25, 2051	547	336	—	—
3.45% 2052 Notes[1]	May 15, 2052	504	309	—	—
		3,271	2,427	—	—
Total Debt		$ 6,081	$ 4,981	$ 3,134	$ 3,499

[1] Interest rate is calculated as weighted average annualized.

[2] Includes amortization of note discount, as applicable, totaling $16 million and $25 million as of September 30, 2022 and December 31, 2021, respectively. Outstanding balance is presented net of unamortized debt issuance costs.

[3] Fair value is based on broker quotes. These notes are valued using Level 3 inputs based on the number and quality of broker quotes obtained, the standard deviations of the observed broker quotes and the percentage deviation from external pricing services. For instances where broker quotes are not available, a discounted cash flow method is used.

[4] Fair value is based on broker quotes. These notes are valued using Level 2 inputs based on the number and quality of broker quotes obtained, the standard deviations of the observed broker quotes and the percentage deviation from external pricing services.

[5] Fair value is based on a discounted cash flow method. These notes are valued using Level 3 inputs.

[6] There is no outstanding balance as of September 30, 2022. These notes were transferred to a VIE consolidated by Athene during the nine months ended September 30, 2022.

Asset Management - Notes Issued

The indentures governing the 2024 Senior Notes, the 2026 Senior Notes, the 2029 Senior Notes, the 2030 Senior Notes, the 2048 Senior Notes and the 2050 Subordinated Notes include covenants that restrict the ability of Apollo Management Holdings, L.P., an Apollo subsidiary and issuer of the notes ("AMH") and, as applicable, the guarantors of the notes under the indentures, to incur indebtedness secured by liens on voting stock or profit participating equity interests of their respective subsidiaries, or merge, consolidate or sell, transfer or lease assets. The indentures also provide for customary events of default.

Retirement Services - Notes Issued

Athene's senior unsecured notes are callable by AHL at any time. If called prior to three months before the scheduled maturity date, the price is equal to the greater of (1) 100% of the principal and any accrued and unpaid interest and (2) an amount equal to the sum of the present values of remaining scheduled payments, discounted from the scheduled payment date to the redemption date treasury rate plus a spread as defined in the applicable prospectus supplement and any accrued and unpaid interest.

Credit and Liquidity Facilities

The following table represents the Company’s credit and liquidity facilities as of September 30, 2022:

Instrument/Facility	Borrowing Date	Maturity Date	Administrative Agent	Key terms
Asset Management - AMH credit facility[1]	November 23, 2020	November 23, 2025	Citibank	The commitment fee on the $750 million undrawn AMH credit facility as of September 30, 2022 was 0.09%.
Retirement Services - AHL credit facility	N/A	December 3, 2024	Citibank	The borrowing capacity under the AHL credit facility is $1.25 billion, with potential increases up to $1.75 billion.
Retirement Services - AHL liquidity facility	N/A	June 30, 2023	Wells Fargo Bank	The borrowing capacity under the AHL liquidity facility is $2.5 billion, with potential increases up to $3.0 billion.

[1] Refer below for details regarding the AMH credit facility refinancing, which occurred during the fourth quarter of 2022.

Asset Management - Credit Facility

Borrowings under the AMH credit facility may be used for working capital and general corporate purposes, including, permitted acquisitions. As of September 30, 2022, AMH, the borrower under the facility, could incur incremental facilities in an aggregate amount not to exceed $250 million plus additional amounts so long as AMH was in compliance with a net leverage ratio not to exceed 4.00 to 1.00.

As of September 30, 2022, there were no amounts outstanding under the AMH credit facility and the Company was in compliance with all covenants under the facility.

On October 12, 2022 (“Closing Date”), AMH, as borrower, entered into a new $ 1.0 billion revolving credit facility with Citibank, N.A., as administrative agent, which matures on October 12, 2027 (“2022 AMH credit facility”). In addition, AMH may incur incremental facilities in respect of the 2022 AMH credit facility in an aggregate amount not to exceed $250 million plus additional amounts so long as AMH is in compliance with a net leverage ratio not to exceed 4.00 to 1.00. The 2022 AMH credit facility refinanced the existing AMH credit facility dated as of November 23, 2020. As of the Closing Date, the existing AMH credit facility was undrawn and the facility and all related loan documents were terminated.

Borrowings under the 2022 AMH credit facility may be used for working capital and general corporate purposes, including, without limitation, permitted acquisitions. The 2022 AMH credit facility contains various standard affirmative and negative covenants with which AMH and its subsidiaries must comply, including maintaining minimum fee-generating assets under management of not less than $150 billion and a maximum total net leverage ratio not to exceed 4.00 to 1.00.

The interest rate on the 2022 AMH credit facility as of the Closing Date was based on adjusted Term SOFR and the applicable margin was 0.875%. The undrawn revolving commitment fee was 0.08% as of the Closing Date. As of November 8, 2022, there were no amounts outstanding under the 2022 AMH credit facility.

Retirement Services - Credit Facility and Liquidity Facility

AHL Credit Facility—AHL has a revolving credit agreement with Citibank, N.A. as administrative agent, which matures on December 3, 2024, subject to up to two one-year extensions (“AHL credit facility”). The borrowing capacity under the AHL credit facility is $1.25 billion, with potential increases up to $1.75 billion. In connection with the AHL credit facility, AHL and Athene USA Corporation (“AUSA”) guaranteed all of the obligations of AHL, Athene Life Re (“ALRe”), Athene Annuity Re Ltd. (“AARe”) and AUSA under this facility, and ALRe and AARe guaranteed certain of the obligations of AHL, ALRe, AARe and AUSA under this facility. The AHL credit facility contains various standard covenants with which the company must comply, including the following:

1. Consolidated debt to capitalization ratio of not greater than 35%;
2. Minimum consolidated net worth of no less than $7.3 billion; and
3. Restrictions on Athene’s ability to incur debt and liens, in each case with certain exceptions.

As of September 30, 2022, there were no amounts outstanding under the AHL credit facility and Athene was in compliance with all covenants under the facility.

Interest accrues on outstanding borrowings at either the Eurodollar Rate (as defined in the AHL credit facility) plus a margin or a base rate plus a margin, with the applicable margin varying based on Athene's Debt Rating (as defined in the AHL credit facility).

AHL Liquidity Facility—In the third quarter of 2022, AHL entered into a revolving credit facility with Wells Fargo Bank, National Association, as administrative agent, which matures on June 30, 2023, subject to additional 364-day extensions ("AHL liquidity facility"). The AHL liquidity facility will be used for liquidity and working capital needs to meet short-term cash flow and investment timing differences. The borrowing capacity under the AHL liquidity facility is $2.5 billion, with potential increases up to $3.0 billion. The AHL liquidity facility contains various standard covenants with which Athene must comply, including the following:

1. ALRe Minimum Consolidated Net Worth (as defined in the AHL liquidity facility) of no less than $9.3 billion; and
2. Restrictions on Athene's ability to incur debt and liens, in each case with certain exceptions.

Interest accrues on outstanding borrowings at the secured overnight financing rate (Adjusted Term SOFR, as defined in the AHL liquidity facility) plus a margin or a base rate plus a margin, with applicable margin varying based on ALRe's Financial Strength Rating (as defined in the AHL liquidity facility).

As of September 30, 2022, there were no amounts outstanding under the AHL liquidity facility and Athene was in compliance with all covenants under the facility.

Interest Expense

The following table presents the interest expense incurred related to the Company's debt:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	2022	2021	2022	2021
Asset Management	$ 31	$ 35	$ 94	$ 105
Retirement Services[1]	24	—	71	—
Total Interest Expense	$ 55	$ 35	$ 165	$ 105

Note: Debt issuance costs incurred are amortized into interest expense over the term of the debt arrangement, as applicable.

[1] Interest expense for Retirement Services is included in policy and other operating expenses on the condensed consolidated statements of operations.

13. Equity-Based Compensation

Under the Equity Plan, the Company grants equity-based awards to employees of AAM and AHL. Equity-based awards granted to employees and non-employees as compensation are measured based on the grant date fair value of the award, which considers the public share price of AGM's common stock subject to certain discounts, as applicable.

The Company grants both service-based and performance-based awards. The estimated total grant date fair value for service-based awards is charged to compensation expense on a straight-line basis over the vesting period, which is generally one to six years from the date of grant. Certain service-based awards are tied to profit sharing arrangements in which a portion of the performance fees distributed to the general partner are required to be used by employees to purchase restricted shares of common stock or is delivered in the form of RSUs, which are granted under the Company's Equity Plan. Performance-based awards vest subject to continued employment and the Company's achievement of specified performance goals. In accordance with U.S. GAAP, equity-based compensation expense for performance grants are typically recognized on an accelerated recognition method over the requisite service period to the extent the performance revenue metrics are met or deemed probable. Equity-based awards that do not require future service (i.e., vested awards) are expensed immediately.

For the three months ended September 30, 2022 and September 30, 2021, the Company recorded equity-based compensation expense of $ 118.8 million and $56.2 million, respectively. For the nine months ended September 30, 2022 and September 30, 2021, the Company recorded equity-based compensation expense of $412.9 million and $165.7 million, respectively. As of September 30, 2022, there was $ 759.3 million of estimated unrecognized compensation expense related to unvested RSU awards. This cost is expected to be recognized over a weighted-average period of 2.8 years.

Service-Based Awards

During the nine months ended September 30, 2022 and September 30, 2021, the Company awarded service-based grants of 4.9 million RSUs and 2.3 million RSUs with a grant date fair value of $ 297.8 million and $117.3 million, respectively.

During the three months ended September 30, 2022 and September 30, 2021, the Company recorded equity-based compensation expense on service-based awards of $ 61.0 million and $24.3 million, respectively. During the nine months ended September 30, 2022 and September 30, 2021, the Company recorded equity-based compensation expense on service-based awards of $183.6 million and $66.5 million, respectively.

Performance-Based Awards

During the nine months ended September 30, 2022 and September 30, 2021, the Company awarded performance-based grants of 2.9 million and 2.1 million RSUs to certain employees with a grant date fair value of $ 167.4 million and $97.6 million, respectively, which primarily vest subject to continued employment and the Company's receipt of performance revenues, within prescribed periods, sufficient to cover the associated equity-based compensation expense.

During the three months ended September 30, 2022 and September 30, 2021, the Company recorded equity-based compensation expense for performance-based awards of $ 39.1 million and $21.1 million, respectively. During the nine months ended September 30, 2022 and September 30, 2021, the Company recorded equity-based compensation expense for performance-based awards of $163.1 million and $65.0 million, respectively.

In December 2021, the Company awarded one-time grants to the Co-Presidents of AAM of 6.0 million RSUs which vest on a cliff basis subject to continued employment over five years, with 2.0 million of those RSUs also subject to the Company's achievement of certain fee related earnings and spread related earnings per share metrics. During the three and nine months ended September 30, 2022, the Company recorded equity-based compensation expense of $13.9 million and $41.7 million, respectively, for service-based awards and $5.9 million and $17.6 million, respectively, for performance-based awards, each related to these one-time grants.

The following table summarizes all RSU activity for the current period:

	Unvested	Weighted Average Grant Date Fair Value	Vested	Total Number of RSUs Outstanding
Balance at January 1, 2022	—		—	—
RSUs assumed in the Mergers	16,345,396	$52.45	15,976,551	32,321,947
Granted	7,147,818	$59.44	677,914	7,825,732
Forfeited	(313,223)	$52.32	(429)	(313,652)
Vested	(3,503,185)	$44.46	3,503,185	—
Issued	—	—	(6,664,764)	(6,664,764)
Balance at September 30, 2022	19,676,806	$56.56	13,492,457	33,169,263

Restricted Stock Awards

During the nine months ended September 30, 2022 and September 30, 2021, the Company awarded 0.5 million and 0.6 million restricted stock awards related to profit sharing arrangements with a grant date fair value of $ 33.5 million and $36.4 million, respectively.

During the three months ended September 30, 2022 and September 30, 2021, the Company recorded equity-based compensation expense on restricted stock related to profit sharing arrangements of $ 13.2 million and $8.3 million, respectively. During the nine months ended September 30, 2022 and September 30, 2021, the Company recorded equity-based compensation expense on restricted stock related to profit sharing arrangements of $46.1 million and $19.2 million, respectively.

14. Equity

Common Stock

Holders of common stock are entitled to participate in dividends from the Company on a pro rata basis.

During the three and nine months ended September 30, 2022 and 2021, the Company issued shares of common stock in settlement of vested RSUs. The Company has generally allowed holders of vested RSUs and exercised share options to settle their tax liabilities by reducing the number of shares of common stock issued to them, which the Company refers to as "net share settlement." Additionally, the Company has generally allowed holders of share options to settle their exercise price by reducing the number of shares of common stock issued to them at the time of exercise by an amount sufficient to cover the exercise price. The net share settlement results in a liability for the Company and a corresponding accumulated deficit adjustment.

On January 3, 2022, the Company announced a share repurchase program, pursuant to which, the Company is authorized to repurchase (i) up to an aggregate of $ 1.5 billion of shares of its common stock in order to opportunistically reduce its share count and (ii) up to an aggregate of $1.0 billion of shares of its common stock in order to offset the dilutive impact of share issuances under its equity incentive plans. Shares of common stock may be repurchased from time to time in open market transactions, in privately negotiated transactions, pursuant to a trading plan adopted in accordance with Rule 10b5-1 of the Exchange Act, or otherwise, as well as through reductions of shares that otherwise would have been issued to participants under the Company's Equity Plan in order to satisfy associated tax obligations. The repurchase program does not obligate the Company to make any repurchases at any specific time. The program is effective until the aggregate repurchase amount that has been approved by the AGM board of directors has been expended and may be suspended, extended, modified or discontinued at any time.

The table below outlines the share activity for the nine months ended September 30, 2022 and 2021.

	Nine Months Ended September 30,	
	2022	2021
Shares of common stock issued in settlement of vested RSUs and options exercised[1]	6,258,244	4,141,843
Shares issued to Apollo Opportunity Foundation[2]	1,724,137	—
Reduction of shares of common stock issued[3]	(2,754,496)	(1,786,021)
Shares of common stock purchased related to share issuances and forfeitures[4]	(219,736)	(270,985)
Issuance of shares of common stock for equity-based awards	5,008,149	2,084,837

[1] The gross value of shares issued was $395 million and $226 million for the nine months ended September 30, 2022 and 2021, respectively, based on the closing price of the shares of common stock at the time of issuance.

[2] Shares issued to Apollo Opportunity Foundation in connection with an irrevocable pledge to contribute 1.7 million shares of common stock. The gross value of shares issued for the nine months ended September 30, 2022 totaled $103.4 million.

[3] Cash paid for tax liabilities associated with net share settlement was $ 176 million and $99 million for the nine months ended September 30, 2022 and 2021, respectively.

[4] Certain Apollo employees receive a portion of the profit sharing proceeds of certain funds in the form of (a) restricted shares of common stock that they are required to purchase with such proceeds or (b) RSUs, in each case which equity-based awards generally vest over three years. These equity-based awards are granted under the Company's Equity Plan. To prevent dilution on account of these awards, Apollo may, in its discretion, repurchase shares of common stock on the open market and retire them. During the nine months ended September 30, 2022 and 2021, Apollo issued 506,534 and 625,958 of such restricted shares and 219,736 and 270,985 of such RSUs under the Equity Plan, respectively, and repurchased 726,270 and 896,943 shares of common stock in open-market transactions not pursuant to a publicly-announced repurchase plan or program, respectively. In addition, there were 527 and 0 restricted shares forfeited during the nine months ended September 30, 2022 and 2021.

During the nine months ended September 30, 2022 and 2021, 7,307,288 and 2,547,770 shares of common stock were repurchased in open market transactions as part of the publicly announced share repurchase program discussed above, respectively, and such shares were subsequently canceled by the Company. The Company paid $418 million and $150 million for these open market share repurchases during the nine months ended September 30, 2022 and 2021, respectively.

Dividends and Distributions

Outlined below is information regarding quarterly dividends and distributions (in millions, except per share data). Certain subsidiaries of the Company may be subject to U.S. federal, state, local and non-U.S. income taxes at the entity level and may pay taxes and/or make payments under the tax receivable agreement.

Dividend Declaration Date	Dividend per Share of Common Stock	Payment Date	Dividend to Common Stockholders	Distribution to Non-Controlling Interest Holders in the Apollo Operating Group	Total Distributions	Distribution Equivalents on Participating Securities
February 3, 2021	$ 0.60	February 26, 2021	$ 139	$ 121	$ 260	$ 5
N/A	—	April 14, 2021	—	42	42	—
May 4, 2021	0.50	May 28, 2021	116	101	217	4
N/A	—	June 15, 2021	—	20	20	—
August 4, 2021	0.50	August 31, 2021	122	94	216	4
N/A	—	September 15, 2021	—	24	24	—
November 2, 2021	0.50	November 30, 2021	124	93	217	4
N/A	—	December 15, 2021	—	23	23	—
Year ended December 31, 2021	$ 2.10		$ 501	$ 518	$ 1,019	$ 17
February 11, 2022	$ 0.40	February 28, 2022	$ 229	$ —	$ 229	$ 12
May 5, 2022	0.40	May 31, 2022	229	—	229	12
August 4, 2022	0.40	August 31, 2022	229	—	229	11
Nine months ended September 30, 2022	$ 1.20		$ 687	$ —	$ 687	$ 35

Accumulated Other Comprehensive Income (Loss)

The following provides the details and changes in AOCI:

(In millions)	Unrealized investment gains (losses) on AFS securities without a credit allowance	Unrealized investment gains (losses) on AFS securities with a credit allowance	DAC, DSI and future policy benefits adjustments on AFS securities	Unrealized gains (losses) on hedging instruments	Foreign currency translation and other adjustments	Accumulated other comprehensive income (loss)
Balance at June 30, 2022	$ (9,999)	$ (138)	$ 432	$ (27)	$ (58)	$ (9,790)
Other comprehensive income (loss) before reclassifications	(5,812)	(128)	218	(79)	11	(5,790)
Less: Reclassification adjustments for gains (losses) realized[1]	(24)	—	1	1	—	(22)
Less: Income tax expense (benefit)	(1,001)	(23)	45	(12)	—	(991)
Less: Other comprehensive loss attributable to non-controlling interests	(713)	(5)	5	(91)	(5)	(809)
Balance at September 30, 2022	$ (14,073)	$ (238)	$ 599	$ (4)	$ (42)	$ (13,758)

[1] Recognized in investment related gains (losses) on the condensed consolidated statements of operations.

(In millions)	Unrealized investment gains (losses) on AFS securities without a credit allowance	Unrealized investment gains (losses) on AFS securities with a credit allowance	DAC, DSI and future policy benefits adjustments on AFS securities	Unrealized gains (losses) on hedging instruments	Foreign currency translation and other adjustments	Accumulated other comprehensive income (loss)
Balance at December 31, 2021	$ (1)	$ —	$ —	$ (1)	$ (3)	$ (5)
Other comprehensive income (loss) before reclassifications	(20,027)	(319)	768	(110)	(81)	(19,769)
Less: Reclassification adjustments for gains (losses) realized[1]	(178)	—	4	16	—	(158)
Less: Income tax expense (benefit)	(3,526)	(57)	160	(21)	—	(3,444)
Less: Other comprehensive loss attributable to non-controlling interests	(2,251)	(24)	5	(102)	(42)	(2,414)
Balance at September 30, 2022	$ (14,073)	$ (238)	$ 599	$ (4)	$ (42)	$ (13,758)

[1] Recognized in investment related gains (losses) on the condensed consolidated statements of operations.

15. Earnings per Share

The following presents basic and diluted net income (loss) per share of common stock computed using the two-class method:

	Basic and Diluted			
	Three months ended September 30,		Nine months ended September 30,	
(In millions, except share and per share amounts)	2022	2021	2022	2021
Numerator:				
Net income (loss) attributable to common stockholders	$ (876)	$ 249	$ (3,797)	$ 1,568
Dividends declared on common stock[1]	(230)	(122)	(688)	(377)
Dividends on participating securities[2]	(11)	(4)	(35)	(13)
Earnings allocable to participating securities[3]	—	(4)	—	(43)
Undistributed income (loss) attributable to common stockholders: Basic	(1,117)	119	(4,520)	1,135
Denominator:				
Weighted average number of shares of common stock outstanding: Basic and Diluted	584,317,603	239,451,921	585,187,783	233,539,355
Net income (loss) per share of common stock: Basic and Diluted[4]				
Distributed income	$ 0.40	$ 0.50	$ 1.20	$ 1.60
Undistributed income (loss)	(1.92)	0.51	(7.75)	4.87
Net income (loss) per share of common stock: Basic and Diluted	$ (1.52)	$ 1.01	$ (6.55)	$ 6.47

[1] See note 14 for information regarding quarterly dividends.
[2] Participating securities consist of vested and unvested RSUs that have rights to dividends and unvested restricted shares.
[3] No allocation of undistributed losses was made to the participating securities as the holders do not have a contractual obligation to share in the losses of the Company with common stockholders.
[4] For the three and nine months ended September 30, 2022 and 2021, all of the classes of securities were determined to be anti-dilutive.

The Company has granted RSUs that provide the right to receive, subject to vesting during continued employment, shares of common stock pursuant to the Equity Plan.

Any dividend equivalent paid to an employee on RSUs will not be returned to the Company upon forfeiture of the award by the employee. Vested and unvested RSUs that are entitled to non-forfeitable dividend equivalents qualify as participating securities and are included in the Company's basic and diluted earnings per share computations using the two-class method. The holder of an RSU participating security would have a contractual obligation to share in the losses of the entity if the holder is obligated to fund the losses of the issuing entity or if the contractual principal or mandatory redemption amount of the participating security is reduced as a result of losses incurred by the issuing entity. The RSU participating securities do not have a mandatory redemption amount and the holders of the participating securities are not obligated to fund losses; therefore, neither the vested RSUs nor the unvested RSUs are subject to any contractual obligation to share in losses of the Company.

Prior to December 31, 2021, AAM had one Class B share outstanding, which was held by BRH Holdings GP, Ltd. (“BRH”). The voting power of the Class B share was reduced on a one vote per one AOG Unit basis in the event of an exchange of AOG Units for Class A shares, subject to the terms of AAM’s certificate of incorporation. The Class B share had no net income (loss) per share as it did not participate in Apollo’s earnings (losses) or dividends. The Class B share had no dividend rights and only a de minimis liquidation right. The Class B share represented 46.6% of the total voting power of the Class A shares and Class B share with respect to the limited matters upon which they were entitled to vote together as a single class pursuant to AAM’s governing documents as of December 31, 2021. On December 31, 2021, the Class B share was exchanged for 10 Class A shares, which were subsequently exchanged into 10 shares of AGM common stock in the Mergers on January 1, 2022.

The following table summarizes the anti-dilutive securities:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Weighted average vested RSUs	—	647,966	—	666,044
Weighted average unvested RSUs	14,128,418	7,322,877	13,344,097	7,434,469
Weighted average unexercised options	2,424,407	—	2,424,407	—
Weighted average AOG Units outstanding	—	163,292,411	—	169,865,872
Weighted average unvested restricted shares	2,091,278	886,940	2,210,753	750,035

16. Related Parties

Asset Management

Due from/ to related parties

Due from/ to related parties includes:

- unpaid management fees, transaction and advisory fees and reimbursable expenses from the funds Apollo manages and their portfolio companies;
- reimbursable payments for certain operating costs incurred by these funds as well as their related parties; and
- other related party amounts arising from transactions including loans to employees and periodic sales of ownership interests in funds managed by Apollo.

Due from related parties and Due to related parties consisted of the following as of September 30, 2022 and December 31, 2021:

(In millions)	September 30, 2022	December 31, 2021
Due from Related Parties:		
Due from funds[1]	$ 284	$ 316
Due from portfolio companies	52	67
Due from employees and former employees	94	107
Total Due from Related Parties	$ 430	$ 490
Due to Related Parties:		
Due to Former Managing Partners and Contributing Partners[2]	$ 906	$ 1,118
Due to funds	117	104
Total Due to Related Parties	$ 1,023	$ 1,222

[1] Includes $42 million and $48 million as of September 30, 2022 and December 31, 2021, respectively, related to a receivable from a fund in connection with the Company’s sale of a platform investment to such fund. The amount is payable to the Company over five years and is held at fair value.

[2] Includes $394 million and $570 million as of September 30, 2022 and December 31, 2021, respectively, related to the AOG Unit Payment, payable in equal installments through December 31, 2024.

Tax Receivable Agreement

Prior to the consummation of the Mergers, each of the Former Managing Partners and Contributing Partners had the right to exchange vested AOG Units for Class A shares, subject to certain restrictions. All Apollo Operating Group entities have made, or will make, an election under Section 754 of the U.S. Internal Revenue Code, which will result in an adjustment to the tax basis of the assets owned by the Apollo Operating Group entities at the time an exchange was made. The election results in an increase to the tax basis of underlying assets which will reduce the amount of tax that AGM and its subsidiaries will otherwise be required to pay in the future.

The tax receivable agreement provides for payment to the Former Managing Partners and Contributing Partners of 85% of the amount of cash tax savings, if any, in U.S. federal, state, local and foreign income taxes the Company realizes as a result of the increase to the tax basis of underlying assets resulting from transactions and other exchanges of AOG Units for Class A shares that have occurred in prior years. AGM and its subsidiaries retain the benefit from the remaining 15% of actual cash tax savings. In May 2022, Apollo waived its early termination right, which had provided it the right to early terminate the tax receivable agreement at any time by payment of an early termination payment to all holders. If the Company does not make the required annual payment on a timely basis as outlined in the tax receivable agreement, interest is accrued on the balance until the payment date.

Following the closing of the Mergers, the Former Managing Partners and Contributing Partners no longer own AOG Units. Therefore, there were no new exchanges subject to the tax receivable agreement during the nine months ended September 30, 2022.

As a result of the exchanges of AOG Units for Class A shares during the nine months ended September 30, 2021, a $ 243 million liability was recorded to estimate the amount of the future expected payments to be made by AGM and its subsidiaries to the Former Managing Partners and Contributing Partners pursuant to the tax receivable agreement.

AOG Unit Payment

On December 31, 2021, holders of AOG Units (other than Athene and the Company) sold and transferred a portion of such AOG Units to a wholly-owned consolidated subsidiary of the Company, in exchange for an amount equal to $ 3.66 multiplied by the total number of AOG Units held by such holders immediately prior to such transaction. The remainder of the AOG Units held by such holders were exchanged for shares of AGM common stock concurrently with the consummation of the Mergers on January 1, 2022.

As of September 30, 2022, the outstanding payable amount due to Former Managing Partners and Contributing Partners was $ 394 million, which is payable in equal installments through December 31, 2024.

Due from Employees and Former Employees

As of September 30, 2022 and December 31, 2021, due from related parties includes various amounts due to Apollo including employee loans and return of profit-sharing distributions. As of September 30, 2022 and December 31, 2021, the balance includes interest-bearing employee loans receivable of $16 million and $ 18 million, respectively. The outstanding principal amount of the loans as well as all accrued and unpaid interest is required to be repaid at the earlier of the eighth anniversary of the date of the relevant loan or at the date of the relevant employee's resignation.

The receivable from certain employees and former employees includes an amount for the potential return of profit-sharing distributions that would be due if certain funds were liquidated of $ 66 million and $ 65 million at September 30, 2022 and December 31, 2021, respectively.

Indemnity

Certain of the performance revenues Apollo earns from funds may be subject to repayment by its subsidiaries that are general partners of the funds in the event that certain specified return thresholds are not ultimately achieved. The Former Managing Partners, Contributing Partners and certain other investment professionals have personally guaranteed, subject to certain limitations, the obligations of these subsidiaries in respect of this obligation. Such guarantees are several and not joint and are limited to a particular individual's distributions. Apollo has agreed to indemnify each of the Former Managing Partners and certain Contributing Partners against all amounts that they pay pursuant to any of these personal guarantees in favor of certain funds that it manages (including costs and expenses related to investigating the basis for or objecting to any claims made in respect of the guarantees) for all interests that the Former Managing Partners and Contributing Partners contributed or sold to the Apollo Operating Group.

Apollo recorded an indemnification liability of $13 million as of September 30, 2022 and December 31, 2021.

Due to Related Parties

Based upon an assumed liquidation of certain of the funds Apollo manages, it has recorded a general partner obligation to return previously distributed performance allocations, which represents amounts due to certain funds. The obligation is recognized based upon an assumed liquidation of a fund's net assets as of the reporting date. The actual determination and any required payment would not take place until the final disposition of a fund's investments based on the contractual termination of the fund or as otherwise set forth in the respective governing document of the fund.

Apollo recorded general partner obligations to return previously distributed performance allocations related to certain funds of $89 million and $81 million as of September 30, 2022 and December 31, 2021.

Athora

AAM and its subsidiaries (together, "Apollo Asset Management"), through ISGI, provides investment advisory services to certain portfolio companies of funds managed by Apollo and Athora, a strategic platform that acquires or reinsures blocks of insurance business in the European life insurance market (collectively, the "Athora Accounts"). Apollo Asset Management had equity commitments outstanding to Athora of up to $402 million as of September 30, 2022, subject to certain conditions.

Athora Sub-Advised

Apollo provides sub-advisory services with respect to a portion of the assets in certain portfolio companies of funds managed by Apollo and the Athora Accounts. Apollo broadly refers to "Athora Sub-Advised" assets as those assets in the Athora Accounts which Apollo explicitly sub-advises as well as those assets in the Athora Accounts which are invested directly in funds and investment vehicles Apollo manages.

Apollo earns a base management fee on the aggregate market value of substantially all of the investment accounts of or relating to Athora and also a sub-advisory fee on the Athora Sub-Advised assets, which varies depending on the specific asset class.

Regulated Entities and Affiliated Service Providers

Apollo Global Securities, LLC ("AGS") is a registered broker dealer with the SEC and is a member of the Financial Industry Regulatory Authority, subject to the minimum net capital requirements of the SEC. AGS was in compliance with these requirements as of September 30, 2022. From time to time AGS, as well as other Apollo affiliates, provide services to related parties of Apollo, including Apollo funds and their portfolio companies, whereby the Company or its affiliates earn fees for providing such services.

Griffin Capital Securities, LLC ("GCS") is a registered broker dealer with the SEC and is a member of the Financial Industry Regulatory Authority, subject to the minimum net capital requirements of the SEC. GCS was in compliance with these requirements as of September 30, 2022.

Investment in SPACs

In October 2020, APSG I, a SPAC, completed an initial public offering, ultimately raising total gross proceeds of $817 million, including the underwriters' partial exercise of their over-allotment. In a private placement concurrent offering, APSG I sold warrants to APSG Sponsor, L.P., a subsidiary of Apollo, for total gross proceeds of $18 million. APSG Sponsor, L.P. also holds Class B ordinary shares of APSG I. In May 2022, APSG I completed a business combination with American Express Global Business Travel. As a result of the business combination, Apollo no longer consolidates APSG I as a VIE. The deconsolidation resulted in an unrealized gain of $162 million, which includes $82 million of unrealized gains related to previously held Class B ordinary shares, which converted to Class A shares of the newly merged entity ("GBTG"), presented in net gains from investment activities within Other income (loss) - Asset Management in the condensed consolidated statements of operations. Apollo continues to hold a non-controlling interest in GBTG at fair value, substantially all of which is presented within

Investments (Asset Management) in the condensed consolidated statements of financial condition. Apollo has significant influence in the retained investment, and has elected the fair value option for subsequent measurement.

On February 12, 2021, APSG II, a SPAC, completed an initial public offering, raising total gross proceeds of $ 690 million, including the underwriters' exercise in full of their over-allotment option. In a private placement concurrent with the initial public offering, APSG II sold warrants to APSG Sponsor II, L.P., a subsidiary of Apollo, for total gross proceeds of $ 16 million. APSG Sponsor II, L.P. also holds Class B ordinary shares of APSG II. Apollo currently consolidates APSG II as a VIE, and thus all private placement warrants and Class B ordinary shares are eliminated in consolidation.

On July 13, 2021, Acropolis Infrastructure Acquisition Corp. ("Acropolis"), a SPAC, completed an initial public offering, ultimately raising total gross proceeds of $ 345 million, including the underwriters' subsequent exercise in full of their over-allotment option. In a private placement concurrent with the initial public offering, Acropolis sold warrants to Acropolis Infrastructure Acquisition Sponsor, L.P., a subsidiary of Apollo, for total gross proceeds of $ 9 million. Acropolis Infrastructure Acquisition Sponsor, L.P. also holds Class B common stock of Acropolis. Apollo currently consolidates Acropolis as a VIE, and thus all private placement warrants and Class B common stock are eliminated in consolidation.

As described in note 2, the Company consolidates entities that are VIEs for which the Company has been designated as the primary beneficiary. Through its interests in the respective sponsors, the Company has the primary beneficiary power to direct the activities that most significantly impact the economic performance of these SPACs. In addition, the Company's combined interests in these VIEs are significant. Assets and liabilities of the consolidated SPACs are shown within the respective line items of the condensed consolidated financial statements, as outlined below.

The tables below present the financial information of these SPACs in aggregate:

(In millions)	September 30, 2022	December 31, 2021
Assets:		
Cash and cash equivalents	$ 1	$ 2
Restricted cash and cash equivalents	695	690
U.S. Treasury securities, at fair value	347	1,162
Other assets	1	3
Total Assets	**$ 1,044**	**$ 1,857**
Liabilities, Redeemable non-controlling interests and Stockholders' Equity		
Liabilities:		
Accounts payable and accrued expenses	$ 3	$ 2
Due to related parties	8	20
Other liabilities	42	144
Total Liabilities	**53**	**166**
Redeemable non-controlling interests:		
Redeemable non-controlling interests	1,009	1,762
Stockholders' Equity (Deficit):		
Additional paid in capital	(64)	(98)
Retained earnings	45	27
Total Stockholders' Equity (Deficit)	**(19)**	**(71)**
Total Liabilities, Redeemable non-controlling interests and Stockholders' Equity	**$ 1,043**	**$ 1,857**

APOLLO GLOBAL MANAGEMENT, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

(In millions)	For the Three Months Ended September 30, 2022	2021	For the Nine Months Ended September 30, 2022	2021
Expenses:				
General, administrative and other	$ 1	$ 3	$ 7	$ 13
Total Expenses	1	3	7	13
Other Income (Loss):				
Net gains (losses) from investment activities	4	29	21	28
Interest income	5	—	7	—
Total Other Income (Loss)	9	29	28	28
Net Income Attributable to Apollo Global Management, Inc.	8	26	21	15

Retirement Services

Apollo Aligned Alternatives, L.P. Investment – During the second quarter of 2022, Athene contributed $ 8.0 billion of certain of its alternative investments to AAA in exchange for limited partnership interests in AAA. Athene consolidates AAA as a VIE. Apollo established AAA for the purpose of providing a single vehicle through which Athene and third-party investors can participate in a portfolio of alternative investments. Additionally, the Company believes AAA enhances its ability to increase alternative assets under management by raising capital from third parties, which will allow Athene to achieve greater scale and diversification for alternatives. Third-party investors began to invest in AAA on July 1, 2022.

Athene Freedom

Athene has a limited partnership investment in Athene Freedom, for which Apollo is the general partner, and which Athene contributed to AAA during the second quarter of 2022. Athene Freedom indirectly invests in both Wheels, Inc. ("Wheels") and Donlen, LLC ("Donlen"). Additionally, as of September 30, 2022, Athene owns $ 933 million ABS and corporate debt securities issued by Wheels and Donlen, which are held as investments in related parties on the condensed consolidated statements of financial condition.

Athora

Athene has a cooperation agreement with Athora, pursuant to which, among other things, (1) for a period of 30 days from the receipt of notice of a cession, Athene has the right of first refusal to reinsure (i) up to 50% of the liabilities ceded from Athora's reinsurance subsidiaries to Athora Life Re Ltd. and (ii) up to 20% of the liabilities ceded from a third party to any of Athora's insurance subsidiaries, subject to a limitation in the aggregate of 20% of Athora's liabilities, (2) Athora agreed to cause its insurance subsidiaries to consider the purchase of certain funding agreements and/or other spread instruments issued by Athene's insurance subsidiaries, subject to a limitation that the fair market value of such funding agreements purchased by any of Athora's insurance subsidiaries may generally not exceed 3% of the fair market value of such subsidiary's total assets, (3) Athene provides Athora with a right of first refusal to pursue acquisition and reinsurance transactions in Europe (other than the UK) and (4) Athora provides Athene and its subsidiaries with a right of first refusal to pursue acquisition and reinsurance transactions in North America and the UK. Notwithstanding the foregoing, pursuant to the cooperation agreement, Athora is only required to use its reasonable best efforts to cause its subsidiaries to adhere to the provisions set forth in the cooperation agreement and therefore Athora's ability to cause its subsidiaries to act pursuant to the cooperation agreement may be limited by, among other things, legal prohibitions or the inability to obtain the approval of the board of directors or other applicable governing body of the applicable subsidiary, which approval is solely at the discretion of such governing body. As of September 30, 2022, Athene had not exercised its right of first refusal to reinsure liabilities ceded to Athora's insurance or reinsurance subsidiaries.

The following table summarizes Athene's investments in Athora:

(In millions)	September 30, 2022
Investment fund	$ 789
Non-redeemable preferred equity securities	334
Total investment in Athora	$ 1,123

Additionally, as of September 30, 2022, Athene had $54 million of funding agreements outstanding to Athora . Athene also has commitments to make additional investments in Athora of $ 809 million as of September 30, 2022.

Venerable

Athene has coinsurance and modco agreements with Venerable Insurance and Annuity Company ("VIAC"). VIAC is a related party due to Athene's minority equity investment in its holding company's parent, VA Capital Company LLC ("VA Capital"), which was $232 million as of September 30, 2022. The minority equity investment in VA Capital is included in investments in related parties on the condensed consolidated statements of financial condition and accounted for as an equity method investment. VA Capital is owned by a consortium of investors, led by affiliates of Apollo, Crestview Partners III Management, LLC and Reverence Capital Partners L.P., and is the parent of Venerable, which is the parent of VIAC. Additionally, Athene has term loans receivable from Venerable due in 2033, which is included in investments in related parties on the condensed consolidated statements of financial condition. The loans are held at fair value and were $274 million as of September 30, 2022. While management viewed the overall transactions with Venerable as favorable to Athene, the stated interest rate of 6.257% on the term loans to Venerable represented a below-market interest rate, and management considered such rate as part of its evaluation and pricing of the reinsurance transactions.

PK AirFinance

Athene has investments in PK AirFinance ("PK Air"), an aviation lending business with a portfolio of loans ("Aviation Loans"). The Aviation Loans are generally fully secured by aircraft leases and aircraft. Apollo owns the PK Air loan origination platform, including personnel and systems and, pursuant to certain agreements entered into between Athene, Apollo, and certain entities managed by Apollo, the Aviation Loans are securitized by a special purpose vehicle ("SPV") for which Apollo acts as ABS manager ("ABS-SPV"). The ABS-SPV issues tranches of senior notes and subordinated notes, which are secured by the Aviation Loans. Athene has purchased both senior and subordinated notes of PK Air, which are included in investments in related parties on the condensed consolidated statements of financial condition. During the first quarter of 2022, Athene contributed its investment in the subordinated notes to PK Air Holdings, LP, and then contributed PK Air Holdings, LP to AAA during the second quarter of 2022. As of September 30, 2022, Athene holds $1.1 billion of PK Air senior notes and has commitments to make additional investments in PK Air of $ 1.0 billion.

Apollo/Athene Dedicated Investment Program ("ADIP")

Athene's subsidiary, Athene Co-Invest Reinsurance Affiliate Holding Ltd. (together with its subsidiaries, "ACRA") is partially owned by ADIP, a series of funds managed by Apollo. Athene's subsidiary, ALRe, currently holds 36.55% of the economic interests in ACRA and all of ACRA's voting interests, with ADIP holding the remaining 63.45% of the economic interests. During the three and nine months ended September 30, 2022, Athene received capital contributions of $ 336 million and $1,047 million, respectively, from ADIP.

17. Commitments and Contingencies

Investment Commitments

The Company has unfunded capital commitments as of September 30, 2022 and December 31, 2021 of $ 0.5 billion and $1.0 billion, respectively, related to the funds it manages.

Athene had commitments to make investments, primarily capital contributions to investment funds, inclusive of related party commitments discussed previously, of $ 18.1 billion as of September 30, 2022. Athene expects most of the current commitments will be invested over the next five years; however, these commitments could become due any time upon counterparty request.

Contingent Obligations

Performance allocations with respect to certain funds are subject to reversal in the event of future losses to the extent of the cumulative revenues recognized in income to date. If all of the existing investments became worthless, the amount of cumulative revenues that have been recognized by Apollo through September 30, 2022 and that could be reversed approximates $4.3 billion. Performance allocations are affected by changes in the fair values of the underlying investments in the funds that Apollo manages. Valuations, on an unrealized basis, can be significantly affected by a variety of external factors including, but not limited to, bond yields and industry trading multiples. Movements in these items can affect valuations quarter to quarter even if the underlying business fundamentals remain stable. Management views the possibility of all of the investments becoming worthless as remote.

Additionally, at the end of the life of certain funds, Apollo may be obligated as general partner, to repay the funds' performance allocations received in excess of what was ultimately earned. This obligation amount, if any, will depend on final realized values of investments at the end of the life of each fund or as otherwise set forth in the partnership agreement of the fund.

Certain funds may not generate performance allocations as a result of unrealized and realized losses that are recognized in the current and prior reporting periods. In certain cases, performance allocations will not be generated until additional unrealized and realized gains occur. Any appreciation would first cover the deductions for invested capital, unreturned organizational expenses, operating expenses, management fees and priority returns based on the terms of the respective fund agreements.

One of Apollo's subsidiaries, AGS, provides underwriting commitments in connection with securities offerings of related parties of Apollo, including portfolio companies of the funds Apollo manages, as well as third parties. As of September 30, 2022, there were no open underwriting commitments.

The Company, along with a third-party institutional investor, has committed to provide financing to a consolidated VIE that invests across Apollo's capital markets platform (such VIE, the "Apollo Capital Markets Partnership"). Pursuant to these arrangements, the Company has committed equity financing to the Apollo Capital Markets Partnership. The Apollo Capital Markets Partnership also has a revolving credit facility with Sumitomo Mitsui Banking Corporation, as lead arranger, administrative agent and letter of credit issuer, Mizuho Bank Ltd., and other lenders party thereto, pursuant to which it may borrow up to $2.25 billion. The revolving credit facility, which has a final maturity date of April 1, 2025, is non-recourse to the Company, except that the Company provided customary comfort letters with respect to its capital contributions to the Apollo Capital Markets Partnership. As of September 30, 2022, the Apollo Capital Markets Partnership had funded commitments of $ 511 million to transactions across Apollo's capital markets platform, all of which were funded through the revolving credit facility, and no capital had been funded by the Company to the Apollo Capital Markets Partnership pursuant to its commitment.

Whether the commitments of the Apollo Capital Markets Partnership are actually funded, in whole or in part, depends on the contractual terms of such commitments, including the satisfaction or waiver of any conditions to closing or funding. It is expected that between the time the Apollo Capital Markets Partnership makes a commitment and funding of such commitment, efforts will be made to syndicate such commitment to, among others, third parties, which should reduce its risk when committing to certain transactions. The Apollo Capital Markets Partnership may also, with respect to a particular transaction, enter into other arrangements with third parties which reduce its commitment risk.

In connection with the acquisition of Stone Tower in 2012, Apollo agreed to pay its former owners a specified percentage of future performance revenues earned from certain of its funds, CLOs, and strategic investment accounts. This obligation liability was determined based on the present value of estimated future performance revenue payments and is recorded in other liabilities. The fair value of the remaining contingent obligation was $103 million and $126 million as of September 30, 2022 and December 31, 2021, respectively. This contingent consideration obligation is remeasured to fair value at each reporting period until the obligations are satisfied. The changes in the fair value of the Stone Tower contingent consideration obligation is reflected in profit sharing expense in the condensed consolidated statements of operations.

In connection with the acquisition of Griffin Capital's U.S. asset management business on May 3, 2022, Apollo agreed to pay its former owners certain share-based consideration contingent on specified AUM and capital raising thresholds. This obligation was determined based on the present value of estimated future performance relative to such thresholds and is recorded in other liabilities. The fair value of the contingent obligation liabilities were approximately $25 million and $36 million as of September 30, 2022 and the date of acquisition, respectively. This contingent consideration obligation is remeasured to fair value at each reporting period until the respective thresholds are met such that the contingencies are satisfied. The changes in the fair value of the Griffin Capital contingent consideration obligation are reflected in other income (loss) in the condensed consolidated statements of income.

Funding Agreements

Athene is a member of the Federal Home Loan Bank of Des Moines ("FHLB") and, through its membership, has issued funding agreements to the FHLB in exchange for cash advances. As of September 30, 2022, Athene had $ 3.7 billion of FHLB funding agreements outstanding. Athene is required to provide collateral in excess of the funding agreement amounts outstanding, considering any discounts to the securities posted and prepayment penalties.

Athene has a funding agreement backed notes ("FABN") program, which allows Athene Global Funding, a special purpose, unaffiliated statutory trust, to offer its senior secured medium-term notes. Athene Global Funding uses the net proceeds from each sale to purchase one or more funding agreements from Athene. As of September 30, 2022, Athene had $ 20.8 billion of board-authorized FABN funding agreements outstanding. Athene had $ 13.3 billion of board-authorized FABN capacity remaining as of September 30, 2022.

Athene established a secured funding agreement backed repurchase agreement ("FABR") program, in which a special-purpose, unaffiliated entity enters into repurchase agreements with a bank and the proceeds of the repurchase agreements are used by the special purpose entity to purchase funding agreements from Athene. As of September 30, 2022, Athene had $2.0 billion of FABR funding agreements outstanding.

Pledged Assets and Funds in Trust (Restricted Assets)

Athene's total restricted assets included on the condensed consolidated statements of financial condition are as follows:

(In millions)	September 30, 2022
AFS securities	$ 11,532
Trading securities	57
Equity securities	48
Mortgage loans	7,625
Investment funds	103
Derivative assets	84
Short-term investments	8
Other investments	170
Restricted cash and cash equivalents	1,024
Total restricted assets	$ 20,651

The restricted assets are primarily related to reinsurance trusts established in accordance with coinsurance agreements and the FHLB and FABR funding agreements described above.

Letters of Credit

Athene has undrawn letters of credit totaling $ 1.4 billion as of September 30, 2022. These letters of credit were issued for Athene's reinsurance program and have expirations through May 22, 2024.

Litigation and Regulatory Matters

The Company is party to various legal actions arising from time to time in the ordinary course of business including claims and lawsuits, arbitrations, reviews, investigations or proceedings by governmental and self-regulatory agencies regarding the Company's business.

In 2000 and 2001, two insurance companies which were subsequently merged into Athene Annuity and Life Company, a wholly owned subsidiary of Athene ("AAIA"), purchased broad based variable corporate-owned life insurance ("COLI") policies from American General Life Insurance Company ("American General"). In January 2012, the COLI policy administrator delivered to AAIA a supplement to the existing COLI policies and advised that American General and ZC Resource Investment Trust ("ZC Trust") had unilaterally implemented changes set forth in the supplement that, if effective, would: (1) potentially negatively impact the crediting rate for the policies and (2) change the exit and surrender protocols set forth in the policies. In March 2013, AAIA filed suit against American General, ZC Trust, and ZC Resource LLC in Chancery Court in Delaware, seeking, among other relief, a declaration that the changes set forth in the supplement were ineffectual and in breach of the parties' agreement. The parties filed cross motions for judgment as a matter of law, and the court granted defendants' motion and dismissed without prejudice on ripeness grounds. The issue that negatively impacts the crediting rate for one of the COLI policies has subsequently been triggered and, on April 3, 2018, AAIA filed suit against the same defendants in Chancery Court in Delaware seeking substantially similar relief. Defendants moved to dismiss and the court heard oral arguments on February 13, 2019. The court issued an opinion on July 31, 2019 that did not address the merits, but found that the Chancery Court did not have jurisdiction over AAIA's claims and directed AAIA to either amend our complaint or transfer the matter to Delaware Superior Court. The matter was transferred to the Delaware Superior Court. Defendants renewed their motion to dismiss and the Superior Court heard oral arguments on December 18, 2019. The Superior Court issued an opinion on May 18, 2020 in which it granted in part and denied in part defendants' motion. The Superior Court denied defendants' motion with respect to the issue that negatively impacts the crediting rate for one of the COLI policies, which issue proceeded to discovery. The Superior Court granted defendants' motion and dismissed without prejudice on ripeness grounds claims related to the exit and surrender protocols set forth in the policies, and dismissed defendant ZC Resource LLC. If the supplement were to have been deemed effective, the purported changes to the policies could have impaired AAIA's ability to access the value of guarantees associated with the policies. The parties engaged in discovery as well as discussions concerning whether the matter could be resolved without further litigation and, at the request of the parties, on August 11, 2021, the court entered an Amended Scheduling Order setting the trial date for June 2023. On December 27, 2021, the parties agreed in principle to a settlement, pursuant to which AAIA will be able to surrender the policies at any time and receive proceeds within six months. During the year ended December 31, 2021, Athene recorded an impairment of the COLI asset of $53 million, and an adjustment to deferred tax liabilities of $ 47 million, to reflect the terms of the settlement.

From 2015 to 2018, Athene's U.S. insurance subsidiaries experienced increased complaints related to the conversion and administration of the block of life insurance business acquired in connection with Athene's acquisition of Aviva USA and reinsured to affiliates of Global Atlantic. The life insurance policies included in this block have been and are currently being administered by AllianceOne Inc. ("AllianceOne"), a subsidiary of DXC Technology Company, which was retained by such Global Atlantic affiliates to provide third party administration services on such policies. AllianceOne also administers a small block of annuity policies that were on Aviva USA's legacy policy administration systems that were also converted in connection with the acquisition of Aviva USA and have experienced some similar service and administration issues, but to a lesser degree. As a result of the difficulties experienced with respect to the administration of such policies, Athene has received notifications from several state regulators, including but not limited to New York State Department of Financial Services ("NYSDFS"), the California Department of Insurance ("CDI") and the Texas Department of Insurance ("TDI"), indicating, in each case, that the respective regulator planned to undertake a market conduct examination or enforcement proceeding of the applicable U.S. insurance subsidiary relating to the treatment of policyholders subject to Athene's reinsurance agreements with affiliates of Global Atlantic and the conversion of the life and annuity policies, including the administration of such blocks by AllianceOne. Athene or one or more of its subsidiaries have entered into consent orders with several state regulators, including the NYSDFS, the CDI and the TDI, to resolve underlying matters in the respective states. All fines and costs, including those associated with remediation plans, paid in connection with the consent orders are subject to indemnification by Global Atlantic or affiliates of Global Atlantic. Pursuant to the terms of the reinsurance agreements between Athene and the relevant affiliates of Global Atlantic, the applicable affiliates of Global Atlantic have financial responsibility for the ceded life block and are subject to significant administrative service requirements, including compliance with applicable law. The agreements also provide for indemnification to Athene, including for administration issues. In addition to the examinations and proceedings initiated to date, it is possible that other regulators may pursue similar formal examinations, inquiries or enforcement proceedings and that any examinations, inquiries and/or enforcement proceedings may result in fines, administrative penalties and payments to policyholders.

On August 3, 2017, a complaint was filed in the United States District Court for the Middle District of Florida against AAM, a senior partner of Apollo and a former principal of Apollo by Michael McEvoy on behalf of a purported class of employees of subsidiaries of CEVA Group, LLC ("CEVA Group") who purchased shares in CEVA Investment Limited ("CIL"), the former parent company of CEVA Group. The complaint alleged that the defendants breached fiduciary duties to and defrauded the plaintiffs by inducing them to purchase shares in CIL and subsequently participating in a debt restructuring of CEVA Group in which shareholders of CIL did not receive a recovery. McEvoy subsequently revised his complaint to attempt to assert claims that do not belong to CIL. The amended complaint no longer named any individual defendants, but Apollo Management VI, L.P. and CEVA Group were added as defendants. The amended complaint sought damages of approximately € 30 million and asserts, among other things, claims for violations of the Investment Advisers Act of 1940, breach of fiduciary duties, and breach of contract. On December 7, 2018, McEvoy filed his amended complaint in the District Court for the Middle District of Florida. On January 6, 2020, the Florida court granted in part Apollo's motion to dismiss, dismissing McEvoy's Investment Advisers Act of 1940, as amended (the "Investment Advisers Act") claim with prejudice, and denying without prejudice Apollo's motion with respect to the remaining claims, and directing the parties to conduct limited discovery, and submit new briefing, solely with respect to the statute of limitations. On July 30, 2020, Apollo and CEVA filed a joint motion for summary judgment on statute of limitations grounds. On June 29, 2021, the district court issued a decision denying the defendants' joint motion for summary judgment on statute of limitations grounds, and set deadlines on July 23, 2021 for the plaintiff to file an amended complaint and August 20, 2021 for defendants to answer or move to dismiss the amended complaint. Plaintiff filed his second amended complaint on July 23, 2021 which added alleged grounds for tolling the statute of limitations. Also on July 23, 2021, the defendants filed a joint motion for reconsideration with respect to aspects of the district court's June 29, 2021 decision. On March 10, 2022, the court granted defendants' motion for reconsideration and granted Apollo's motion for summary judgment. On April 7, 2022, Plaintiff filed a motion to alter or amend the court's order of March 10. The defendants, including Apollo, opposed that motion on April 28, 2022. The court denied Plaintiff's motion on May 26, 2022. Plaintiff has appealed the court's decisions to the Eleventh Circuit. Apollo believes that Plaintiff's appeal is without merit. No reasonable estimate of possible loss, if any, can be made at this time.

On December 21, 2017, several entities referred to collectively as "Harbinger" commenced an action in New York Supreme Court captioned *Harbinger Capital Partners II LP et al. v. Apollo Global Management LLC, et al.* (No. 657515/2017). The complaint named as defendants AAM, and funds managed by Apollo that invested in SkyTerra Communications, Inc. ("SkyTerra"), among others. The complaint alleged that during the period of Harbinger's various equity and debt investments in SkyTerra from 2004 to 2010, the defendants concealed from Harbinger material defects in SkyTerra technology. The complaint further alleged that Harbinger would not have made investments in SkyTerra totaling approximately $ 1.9 billion had it known of the defects, and that the public disclosure of these defects ultimately led to SkyTerra filing for bankruptcy in 2012 (after it had been renamed LightSquared). The complaint sought $1.9 billion in damages, as well as punitive damages, interest, costs, and fees. On June 12, 2019, Harbinger voluntarily discontinued the state action without prejudice. On June 8, 2020, Harbinger refiled its litigation in New York Supreme Court, captioned *Harbinger Capital Partners II, LP et al. v. Apollo Global Management, LLC et al.* (No. 652342/2020). The complaint adds eight new defendants and three new claims relating to Harbinger's contention that the new defendants induced Harbinger to buy CCTV One Four Holdings, LLC ("CCTV") to support SkyTerra's network even though they allegedly knew that the network had material defects. On November 23, 2020, Defendants refiled a bankruptcy motion, and on November 24, 2020, filed in the state court a motion to stay the state court proceedings pending a ruling by the bankruptcy court on the bankruptcy motion. On February 1, 2021, the bankruptcy court denied the bankruptcy motion. On March 31, 2021, Defendants filed their motions to dismiss the New York Supreme Court action. Hearings were held on the motions to dismiss on February 15, 2022 and February 18, 2022, and the motions remain pending. Apollo believes the claims in this action are without merit. Because this action is in the early stages, no reasonable estimate of possible loss, if any, can be made at this time.

On November 1, 2019, plaintiff Benjamin Fongers filed a putative class action in Illinois Circuit Court, Cook County, against CareerBuilder, LLC ("CareerBuilder") and AAM. Plaintiff alleges that in March 2019, CareerBuilder changed its compensation plan so that sales representatives such as Fongers would (i) receive reduced commissions; and (ii) only be able to receive commissions for accounts they originated that were not reassigned to anyone else, a departure from the earlier plan. Plaintiff also claims that the plan applied retroactively to deprive sales representatives of commissions to which they were earlier entitled. Plaintiff alleges that AAM exercises complete control over CareerBuilder and thus, CareerBuilder acts as AAM's agent. Based on these allegations, Plaintiff alleges claims against both defendants for breach of written contract, breach of implied contract, unjust enrichment, violation of the Illinois Sales Representative Act, and violation of the Illinois Wage and Payment Collection Act. The defendants removed the action to the Northern District of Illinois on December 5, 2019, and Plaintiff moved to remand on January 6, 2020. On October 21, 2020, the district court granted the motion to remand. On January 11, 2021, the district court ordered the clerk of court to take the necessary steps to transfer the case back to Illinois Circuit Court, Cook County. On March 8, 2021, Plaintiff filed a motion under 28 U.S.C. § 1447(c) to recover attorneys' fees of approximately $35,000 for the remand briefing. Defendants filed their opposition on March 31, 2021, and Plaintiff replied on April 14, 2021. Defendants filed motions to dismiss the complaint in the Illinois Circuit Court, Cook County on June 11, which were fully briefed on August 13, 2021. CareerBuilder has also filed a Motion for a Protective Order and to Stay Discovery pending the outcome of the motions to dismiss. On February 7, 2022, the court held a hearing on the motions to dismiss and the request to stay discovery. At the hearing, the court took the motions to dismiss under advisement and granted CareerBuilder's motion to stay discovery. On March 11, 2022, the parties filed a Notice of Settlement notifying the court that the parties have reached an agreement to resolve the case in full, and the court has granted preliminary approval of the settlement. The final approval hearing for the settlement is scheduled for November 17, 2022.

In March 2020, Frank Funds, which claims to be a former shareholder of MPM Holdings, Inc. ("MPM"), commenced an action in the Delaware Court of Chancery, captioned *Frank Funds v. Apollo Global Management, Inc., et al.* , C.A. No. 2020-0130, against AAM, certain former MPM directors (including three Apollo officers and employees), and members of the consortium that acquired MPM in a May 2019 merger. The complaint asserts, on behalf of a putative class of former MPM shareholders, a claim against Apollo for breach of its fiduciary duties as MPM's alleged controlling shareholder in connection with the May 2019 merger. Frank Funds seeks unspecified compensatory damages. On July 23, 2019, a group of former MPM shareholders filed an appraisal petition in Delaware Chancery Court seeking the fair value of their MPM shares that were purchased through MPM's May 15, 2019 merger, in an action captioned *In re Appraisal of MPM Holdings, Inc.* , C.A. No. 2019-0519 (Del. Ch.). On June 3, 2020, petitioners moved for leave to file a verified amended appraisal petition and class-action complaint that included claims for breach of fiduciary duty and/or aiding and abetting breaches of fiduciary duty against AAM, the Apollo-affiliated fund that owned MPM's shares before the merger, certain former MPM directors (including three Apollo employees), and members of the consortium that acquired MPM, based on alleged actions related to the May 2019 merger. The petitioners also sought to consolidate their appraisal proceeding with the Frank Funds action. On November 13, 2020, the Chancery Court granted the parties' stipulated order to consolidate the two matters, and on December 21, 2020, the Chancery Court granted petitioners' motion for leave to file the proposed amended complaint. This new consolidated action is captioned *In Re MPM Holdings Inc. Appraisal and Stockholder Litigation*, C.A. No. 2019-0519 (Del Ch.). On January 13, 2022, the Chancery Court denied Apollo's motion to dismiss. Apollo believes the claims in this action are without merit. Because this action is in the early stages, no reasonable estimate of possible loss, if any, can be made at this time.

On August 4, 2020, a putative class action complaint was filed in the United States District Court for the District of Nevada against PlayAGS Inc. ("PlayAGS"), all of the members of PlayAGS's board of directors (including three directors who are affiliated with Apollo), certain underwriters of PlayAGS (including Apollo Global Securities, LLC), as well as AAM, Apollo Investment Fund VIII, L.P., Apollo Gaming Holdings, L.P., and Apollo Gaming Voteco, LLC (these last four parties, together, the "Apollo Defendants"). The complaint asserts claims against all defendants arising under the Securities Act of 1933 in connection with certain secondary offerings of PlayAGS stock conducted in August 2018 and March 2019, alleging that the registration statements issued in connection with those offerings did not fully disclose certain business challenges facing PlayAGS. The complaint further asserts a control person claim under Section 20(a) of the Exchange Act against the Apollo Defendants and the director defendants (including the directors affiliated with Apollo), alleging such defendants were responsible for certain misstatements and omissions by PlayAGS about its business. Plaintiffs filed amended complaints on January 11, 2021 and again on March 25, 2021. On May 24, 2021, the Apollo Defendants filed a motion to dismiss the complaint, which motion remains pending. Apollo believes the claims in this action are without merit. Because this action is in the early stages, no reasonable estimate of possible loss, if any, can be made at this time.

On or around October 19, 2021, a purported stockholder of AAM filed a complaint against AAM in the Court of Chancery of the State of Delaware seeking the disclosure of certain additional documents pursuant to Section 220 of the Delaware General Corporation Law. The complaint alleges that the stockholder seeks to investigate (a) whether wrongdoing or mismanagement occurred in connection with the decision of the AAM board of directors to pay, in connection with the elimination of the AAM Up-C structure, the partners of AP Professional Holdings, L.P. (including the Former Managing Partners) a payment of cash equal to $ 3.66 per AOG Unit held, which the complaint characterizes as providing $ 640 million for "Tax Receivable Agreement" assets (which the stockholder alleges are worth nothing); (b) the independence and disinterestedness of AAM directors and/or officers; and (c) potential damages relating thereto. Apollo and the stockholder subsequently resolved the Section 220 action through the production of supplemental documents, and, on September 29, 2022, the Section 220 action was voluntarily dismissed. It is possible that the stockholder later pursues a plenary action challenging the substantive issues that are the subject of the stockholder's investigation.

Certain of Apollo's investment adviser subsidiaries have received a request for information and documents from the SEC in connection with an investigation concerning compliance with record retention requirements relating to business communications sent or received via electronic messaging channels. As has been publicly reported, the SEC is conducting similar investigations of other investment advisers.

18. Segments

The Company conducts its business through three reportable segments: (i) Asset Management, (ii) Retirement Services and (iii) Principal Investing. Segment information is utilized by the Company's chief operating decision maker to assess performance and to allocate resources.

The performance is measured by the Company's chief operating decision maker on an unconsolidated basis because management makes operating decisions and assesses the performance of each of the Company's business segments based on financial and operating metrics and data that exclude the effects of consolidation of any of the affiliated funds.

Segment Reporting Changes

In connection with the completion of the Mergers, Apollo undertook a strategic review of its operating structure and business segments to assess the performance of its businesses and the allocation of resources. As a result, for periods following the Mergers, Apollo is reporting results through three operating and reportable segments called Asset Management, Retirement Services, and Principal Investing.

In connection with these changes, all prior periods have been recast to conform to the new presentation. Consequently, this information will be different from the historical segment financial results previously reported by Apollo in its reports filed with the SEC.

Adjusted Segment Income

Adjusted Segment Income, or "ASI", is the key performance measure used by management in evaluating the performance of the asset management, retirement services, and principal investing segments. Management uses Adjusted Segment Income to make key operating decisions such as the following:

- decisions related to the allocation of resources such as staffing decisions including hiring and locations for deployment of the new hires;
- decisions related to capital deployment such as providing capital to facilitate growth for the business and/or to facilitate expansion into new businesses;
- decisions related to expenses, such as determining annual discretionary bonuses and equity-based compensation awards to its employees. With respect to compensation, management seeks to align the interests of certain professionals and selected other individuals with those of the investors in the funds and those of Apollo's stockholders by providing such individuals a profit sharing interest in the performance fees earned in relation to the funds. To achieve that objective, a certain amount of compensation is based on Apollo's performance and growth for the year; and
- decisions related to the amount of earnings available for dividends to common stockholders and holders of equity-based awards that participate in dividends.

Adjusted Segment Income is a measure of profitability and has certain limitations in that it does not take into account certain items included under U.S. GAAP. Adjusted Segment Income is the sum of (i) Fee Related Earnings, (ii) Spread Related Earnings and (iii) Principal Investing Income. Adjusted Segment Income excludes the effects of the consolidation of any of the related funds and SPACs, interest and other financing costs related to AGM not attributable to any specific segment, taxes and related payables, transaction-related charges and any acquisitions. Transaction-related charges includes equity-based compensation charges, the amortization of intangible assets, contingent consideration, and certain other charges associated with acquisitions, and restructuring charges. In addition, Adjusted Segment Income excludes non-cash revenue and expense related to equity awards granted by unconsolidated related parties to employees of the Company, compensation and administrative related expense reimbursements, as well as the assets, liabilities and operating results of the funds and VIEs that are included in the condensed consolidated financial statements.

Adjusted Segment Income may not be comparable to similarly titled measures used by other companies and is not a measure of performance calculated in accordance with U.S. GAAP. We use Adjusted Segment Income as a measure of operating performance, not as a measure of liquidity. Adjusted Segment Income should not be considered in isolation or as a substitute for net income or other income data prepared in accordance with U.S. GAAP. The use of Adjusted Segment Income without consideration of related U.S. GAAP measures is not adequate due to the adjustments described above. Management compensates for these limitations by using Adjusted Segment Income as a supplemental measure to U.S. GAAP results, to provide a more complete understanding of our performance as management measures it. A reconciliation of Adjusted Segment Income to its most directly comparable U.S. GAAP measure of income (loss) before income tax provision can be found in this footnote.

Fee Related Earnings

Fee Related Earnings ("FRE") is a component of Adjusted Segment Income that is used to assess the performance of the Asset Management segment. FRE is the sum of (i) management fees, (ii) advisory and transaction fees, (iii) fee-related performance fees from indefinite term vehicles, that are measured and received on a recurring basis and not dependent on realization events of the underlying investments and (iv) other income, net, less (a) fee-related compensation, excluding equity-based compensation, (b) non-compensation expenses incurred in the normal course of business, (c) placement fees and (d) non-controlling interests in the management companies of certain funds the Company manages.

Spread Related Earnings

Spread Related Earnings ("SRE") is a component of Adjusted Segment Income that is used to assess the performance of the Retirement Services segment, excluding certain market volatility and certain expenses related to integration, restructuring, equity-based compensation, and other expenses. For the Retirement Services segment, SRE equals the sum of (i) the net investment earnings on Athene's net invested assets and (ii) management fees earned on the ADIP share of ACRA assets, less (x) cost of funds, (y) operating expenses excluding equity-based compensation and (z) financing costs including interest expense and preferred dividends, if any, paid to Athene's preferred stockholders.

Principal Investing Income

Principal Investing Income ("PII") is a component of Adjusted Segment Income that is used to assess the performance of the Principal Investing segment. For the Principal Investing segment, PII is the sum of (i) realized performance fees, excluding realizations received in the form of shares, and (ii) realized investment income, less (x) realized principal investing compensation expense, excluding expense related to equity-based compensation, and (y) certain corporate compensation and non-compensation expenses.

APOLLO GLOBAL MANAGEMENT, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

The following present financial data for the Company's reportable segments.

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	2022	2021	2022	2021
Asset Management				
Management fees[1]	$ 545.9	$ 472.5	$ 1,573.2	$ 1,395.2
Advisory and transaction fees, net	104.6	65.2	271.8	203.8
Fee-related performance fees	20.0	19.8	45.9	36.7
Fee-related compensation	(193.8)	(160.7)	(556.4)	(476.7)
Other operating expenses	(112.1)	(76.7)	(318.8)	(218.3)
Fee Related Earnings	364.6	320.1	1,015.7	940.7
Retirement Services				
Fixed income and other investment income, net	1,470.4	—	3,979.3	—
Alternative investment income, net	249.6	—	883.6	—
Strategic capital management fees	13.6	—	38.6	—
Cost of funds	(965.5)	—	(2,677.8)	—
Other operating expenses	(117.1)	—	(334.9)	—
Interest and other financing costs	(72.9)	—	(198.8)	—
Spread Related Earnings	578.1	—	1,690.0	—
Principal Investing				
Realized performance fees	92.9	608.0	371.0	1,183.6
Realized investment income	61.4	295.2	324.7	397.6
Principal investing compensation	(90.3)	(309.0)	(401.3)	(631.3)
Other operating expenses	(13.9)	(11.8)	(37.6)	(34.1)
Principal Investing Income	50.1	582.4	256.8	915.8
Adjusted Segment Income	$ 992.8	$ 902.5	$ 2,962.5	$ 1,856.5
Segment Assets:				
Asset Management			$ 1,818	
Retirement Services			234,188	
Principal Investing			8,142	
Total Assets[2]			$ 244,148	

[1] Includes intersegment management fees from Retirement Services of $192 million and $555 million for the three and nine months ended September 30, 2022, respectively.
[2] Refer below for a reconciliation of total assets for Apollo's total reportable segments to total consolidated assets.

The following reconciles total consolidated revenues to total asset management fee related revenues:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	2022	2021	2022	2021
Total Consolidated Revenues	$ 2,979	$ 1,078	$ 6,126	$ 4,756
Retirement services GAAP revenue	(2,502)	—	(4,248)	—
Equity awards granted by unconsolidated related parties, reimbursable expenses and other[1]	(37)	(26)	(116)	(84)
Adjustments related to consolidated funds and VIEs[1]	(2)	33	69	108
Performance fees	(27)	(450)	(262)	(2,596)
Principal investment income	68	(77)	(233)	(549)
Retirement services management fees	192	—	555	—
Total Asset Management Fee Related Revenues	$ 671	$ 558	$ 1,891	$ 1,635

[1] Represents advisory fees, management fees and performance fees earned from consolidated VIEs which are eliminated in consolidation. Includes non-cash revenues related to equity awards granted by unconsolidated related parties to employees of the Company and certain compensation and administrative related expense reimbursements.

The following presents the reconciliation of income before income tax provision reported in the condensed consolidated statements of operations to Adjusted Segment Income:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	2022	2021	2022	2021
Income (loss) before income tax provision (benefit)	$ (1,359)	$ 732	$ (6,986)	$ 4,153
Asset Management Adjustments:				
Equity-based profit sharing expense and other[1]	55	32	219	94
Equity-based compensation	46	20	139	55
Preferred dividends	—	(9)	—	(27)
Transaction-related charges[2]	(5)	(1)	(6)	27
Merger-related transaction and integration costs[3]	14	15	50	39
(Gains) losses from change in tax receivable agreement liability	—	—	14	(2)
Net (income) loss attributable to non-controlling interests in consolidated entities	328	(113)	1,882	(300)
Unrealized performance fees	66	159	109	(1,411)
Unrealized profit sharing expense	(19)	(41)	(16)	646
HoldCo interest and other financing costs[4]	29	42	103	128
Unrealized principal investment income (loss)	128	219	138	(154)
Unrealized net (gains) losses from investment activities and other	(15)	(152)	(138)	(1,391)
Retirement Services Adjustments:				
Investment (gains) losses, net of offsets	1,737	—	6,913	—
Non-operating change in insurance liabilities and related derivatives, net of offsets	(64)	—	398	—
Integration, restructuring and other non-operating expenses	37	—	104	—
Equity-based compensation	15	—	40	—
Adjusted Segment Income	$ 993	$ 903	$ 2,963	$ 1,857

[1] Equity-based profit sharing expense and other includes certain profit sharing arrangements in which a portion of performance fees distributed to the general partner are required to be used by employees of Apollo to purchase restricted shares of common stock or is delivered in the form of RSUs, which are granted under the Equity Plan. Equity-based profit sharing expense and other also includes performance grants which are tied to the Company's receipt of performance fees, within prescribed periods, sufficient to cover the associated equity-based compensation expense.

[2] Transaction-related charges include contingent consideration, equity-based compensation charges and the amortization of intangible assets and certain other charges associated with acquisitions, and restructuring charges.

[3] Merger-related transaction and integration costs includes advisory services, technology integration, equity-based compensation charges and other costs associated with the Mergers.

[4] Represents interest and other financing costs related to AGM not attributable to any specific segment.

The following table presents the reconciliation of the Company's total reportable segment assets to total assets:

(In millions)	September 30, 2022	December 31, 2021
Total reportable segment assets	$ 244,148	$ 13,573
Adjustments[1]	6,192	16,929
Total assets	$ 250,340	$ 30,502

[1] Represents the addition of assets of consolidated funds and VIEs and consolidation elimination adjustments.

19. Subsequent Events

Dividends

On November 2, 2022, the Company declared a cash dividend of $ 0.40 per share of common stock, which will be paid on November 30, 2022 to holders of record at the close of business on November 17, 2022.

ITEM 1A. UNAUDITED SUPPLEMENTAL PRESENTATION OF STATEMENTS OF FINANCIAL CONDITION

(In millions)	As of September 30, 2022			
	Apollo Global Management, Inc. and Consolidated Subsidiaries	Consolidated Funds and VIEs	Eliminations	Consolidated
Assets				
Asset Management				
Cash and cash equivalents	$ 1,118	$ 1	$ —	$ 1,119
Restricted cash and cash equivalents	2	695	—	697
Investments	5,801	348	(295)	5,854
Assets of consolidated variable interest entities				
Cash and cash equivalents	—	155	—	155
Investments	—	3,039	(7)	3,032
Other assets	—	84	(36)	48
Due from related parties	486	—	(56)	430
Goodwill	264	—	—	264
Other assets	2,280	11	—	2,291
	9,951	4,333	(394)	13,890
Retirement Services				
Cash and cash equivalents	9,823	—	—	9,823
Restricted cash and cash equivalents	1,024	—	—	1,024
Investments	162,088	—	—	162,088
Investments in related parties	34,619	—	(11,485)	23,134
Assets of consolidated variable interest entities				
Cash and cash equivalents	—	418	—	418
Investments	1,517	13,523	—	15,040
Other assets	7	87	—	94
Reinsurance recoverable	4,356	—	—	4,356
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,191	—	—	5,191
Goodwill	4,058	—	—	4,058
Other assets	11,507	—	(283)	11,224
	234,190	14,028	(11,768)	236,450
Total Assets	$ 244,141	$ 18,361	$ (12,162)	$ 250,340

(Continued)

(In millions)	As of September 30, 2022			
	Apollo Global Management, Inc. and Consolidated Subsidiaries	Consolidated Funds and VIEs	Eliminations	Consolidated
Liabilities, Redeemable non-controlling interests and Equity				
Liabilities				
Asset Management				
Accounts payable, accrued expenses, and other liabilities	$ 2,988	$ 45	$ (1)	$ 3,032
Due to related parties	1,059	8	(44)	1,023
Debt	2,810	—	—	2,810
Liabilities of consolidated variable interest entities				
Debt, at fair value	—	1,883	(174)	1,709
Notes payable	—	50	—	50
Other liabilities	—	661	(1)	660
	6,857	2,647	(220)	9,284
Retirement Services				
Interest sensitive contract liabilities	166,894	—	—	166,894
Future policy benefits	54,709	—	—	54,709
Debt	3,271	—	—	3,271
Payables for collateral on derivatives and securities to repurchase	7,015	—	—	7,015
Other liabilities	5,010	—	—	5,010
Liabilities of consolidated variable interest entities				
Other liabilities	13	1,272	(14)	1,271
	236,912	1,272	(14)	238,170
Total Liabilities	243,769	3,919	(234)	247,454
Commitments and Contingencies (note 17)				
Redeemable non-controlling interests:				
Redeemable non-controlling interests	—	1,019	5	1,024
Equity				
Additional paid in capital	15,307	(65)	14	15,256
Retained earnings (accumulated deficit)	(2,802)	12,013	(12,048)	(2,837)
Accumulated other comprehensive income (loss)	(13,813)	(36)	91	(13,758)
Total AGM Stockholders' Equity (Deficit)	(1,308)	11,912	(11,943)	(1,339)
Non-controlling interests	1,680	1,511	10	3,201
Total Equity	372	13,423	(11,933)	1,862
Total Liabilities, Redeemable non-controlling interests and Equity	**$ 244,141**	**$ 18,361**	**$ (12,162)**	**$ 250,340**

(Concluded)

(In millions)	As of December 31, 2021			
	Apollo Global Management, Inc. and Consolidated Subsidiaries	Consolidated Funds and VIEs	Eliminations	Consolidated
Assets				
Cash and cash equivalents	$ 915	$ 2	$ —	$ 917
Restricted cash and cash equivalents	18	690	—	708
Investments	10,474	1,162	(282)	11,354
Assets of consolidated variable interest entities				
Cash and cash equivalents	—	463	—	463
Investments	—	15,133	(396)	14,737
Other assets	—	253	(1)	252
Due from related parties	587	(9)	(88)	490
Goodwill	117	—	—	117
Other assets	1,462	3	(1)	1,464
Total Assets	$ 13,573	$ 17,697	$ (768)	$ 30,502
Liabilities, Redeemable non-controlling interests and Equity				
Liabilities				
Accounts payable, accrued expenses, and other liabilities	$ 2,731	$ 146	$ (30)	$ 2,847
Due to related parties	1,231	10	(19)	1,222
Debt	3,134	—	—	3,134
Liabilities of consolidated variable interest entities				
Debt, at fair value	—	8,068	(125)	7,943
Notes payable	—	2,714	(103)	2,611
Other liabilities	$ —	867	(86)	781
Total Liabilities	7,096	11,805	(363)	18,538
Commitments and Contingencies (note 17)				
Redeemable non-controlling interests:				
Redeemable non-controlling interests	—	1,762	8	1,770
Equity				
Series A Preferred Stock	264	—	—	264
Series B Preferred Stock	290	—	—	290
Additional paid in capital	2,166	(98)	28	2,096
Retained earnings	1,165	433	(454)	1,144
Accumulated other comprehensive income (loss)	(5)	(13)	13	(5)
Total AGM Stockholders' Equity	3,880	322	(413)	3,789
Non-controlling interests	2,597	3,808	—	6,405
Total Equity	6,477	4,130	(413)	10,194
Total Liabilities, Redeemable non-controlling interests and Equity	**$ 13,573**	**$ 17,697**	**$ (768)**	**$ 30,502**

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with Apollo Global Management, Inc.’s condensed consolidated financial statements and the related notes within this quarterly report. This discussion contains forward-looking statements that are subject to known and unknown risks and uncertainties. Actual results and the timing of events may differ significantly from those expressed or implied in such forward-looking statements due to a number of factors, including those included in our quarterly report on Form 10-Q filed with the SEC on May 10, 2022 and in the section of this report entitled “Item 1A. Risk Factors.” The highlights listed below have had significant effects on many items within our condensed consolidated financial statements and affect the comparison of the current period’s activity with those of prior periods. Target returns included in this report are presented gross and do not account for fees, expenses and taxes, which will reduce returns. Target returns are neither guarantees nor predictions or projections of future performance. There can be no assurance that target returns will be achieved or that Apollo will be successful in implementing the applicable strategy. Actual gross and net returns for funds managed by Apollo, and individual investors participating directly or indirectly in funds managed by Apollo, may vary significantly from the target returns set forth herein.

General

Our Businesses

Founded in 1990, Apollo is a high-growth, global alternative asset manager and a retirement services provider. Apollo conducts its business primarily in the United States through the following three reportable segments: Asset Management, Retirement Services and Principal Investing. These business segments are differentiated based on the investment services they provide as well as varying investing strategies.

Asset Management

Our Asset Management segment focuses on three investing strategies: yield, hybrid and equity. We have a flexible mandate in many of the funds we manage which enables our funds to invest opportunistically across a company’s capital structure. We raise, invest and manage funds on behalf of some of the world’s most prominent pension, endowment and sovereign wealth funds, as well as other institutional and individual investors. As of September 30, 2022, we had total AUM of $523.3 billion.

Our Asset Management segment had a team of 2,528 employees as of September 30, 2022, with offices throughout the world. This team possesses a broad range of transaction, financial, managerial and investment skills. We operate our asset management business in a highly integrated manner, which we believe distinguishes us from other alternative asset managers. Our investment teams frequently collaborate across disciplines and believe that this collaboration enables the funds we manage to more successfully invest across a company’s capital structure. Our objective is to achieve superior long-term risk-adjusted returns for our clients. The majority of the investment funds we manage are designed to invest capital over periods of seven or more years from inception, thereby allowing us to seek to generate attractive long-term returns throughout economic cycles. We have a contrarian, value-oriented investment approach, emphasizing downside protection, and the preservation of capital. We believe our contrarian investment approach is reflected in a number of ways, including:

- our willingness to pursue investments in industries that our competitors typically avoid;
- the often complex structures employed in some of the investments of our funds;
- our experience investing during periods of uncertainty or distress in the economy or financial markets; and
- our willingness to undertake transactions that have substantial business, regulatory or legal complexity.

We have applied this investment philosophy to identify what we believe are attractive investment opportunities, deploy capital across the balance sheet of industry leading, or “franchise,” businesses and create value throughout economic cycles.

The yield, hybrid and equity investing strategies of our Asset Management segment reflect the range of investment capabilities across our platform based on relative risk and return. As an asset manager, we earn fees for providing investment management services and expertise to our client base. The amount of fees charged for managing these assets depends on the underlying investment strategy, liquidity profile, and, ultimately, our ability to generate returns for our clients. We also earn transaction and advisory fees as part of our growing capital solutions business and as part of monitoring and deployment activity alongside our sizeable private equity franchise. After expenses, we call the resulting earnings stream “Fee Related Earnings” or “FRE”, which represents the primary performance measure for the Asset Management segment.

Yield

Yield is our largest asset management strategy with $372.6 billion of AUM as of September 30, 2022. Our yield strategy focuses on generating excess returns through high-quality credit underwriting and origination. Beyond participation in the traditional issuance and secondary credit markets, through our origination platforms and corporate solutions capabilities we seek to originate attractive and safe-yielding assets for our investors. Within our yield strategy, we target 4% to 10% returns for our clients. Since inception, the total return yield fund has generated a 5% gross Return on Equity ("ROE") and 4% net ROE annualized through September 30, 2022. The investment portfolios of the yield-oriented funds Apollo manages include several asset classes, as described below:

- *Corporate Fixed Income* ($97.7 billion of AUM), which generally includes investment grade corporate bonds, emerging markets investments and investment grade private placement investments;

- *Corporate Credit* ($71.9 billion of AUM), which includes performing credit investments, including income-oriented, senior loan and bond investments involving issuers primarily domiciled in the U.S. and in Europe as well as investment grade asset-backed securities;

- *Structured Credit* ($70.7 billion of AUM), which includes corporate structured and asset-backed securities as well consumer and residential real estate credit investments;

- *Real Estate Debt* ($38.4 billion of AUM), including debt investments across a broad spectrum of property types and at various points within a property's capital structure, including first mortgage and mezzanine financing and preferred equity; and

- *Direct Origination* ($33.8 billion of AUM), which includes originations (both directly with sponsors and through banks) and investments in loans primarily related to middle market lending and aviation finance.

Hybrid

Our hybrid strategy, with $56.7 billion of AUM as of September 30, 2022, brings together our capabilities across debt and equity to seek to offer a differentiated risk-adjusted return with an emphasis on structured downside protected opportunities across asset classes. We target 8% to 15% returns within our hybrid strategy by pursuing investments in all market environments, deploying capital during both periods of dislocation and market strength, and focusing on different investing strategies and asset classes. Our flagship hybrid credit hedge fund has generated an 11% gross ROE and a 7% net ROE annualized and our hybrid value funds have generated a 21% gross IRR and a 17% net IRR from inception through September 30, 2022. The investing strategies and asset classes within our hybrid strategy are described below:

- *Accord and Credit Strategies* ($10.0 billion of AUM), which refers to the investment strategy of certain funds managed by Apollo that invest opportunistically in both the primary and secondary markets in order to seek to capitalize on both near and longer-term relative value across market cycles. The investment portfolios of these funds include credit investments in a broad array of primary and secondary opportunities encompassing stressed and distressed public and private securities including senior loans (secured and unsecured), large corporate investment grade loan origination and structured capital solutions, high yield, mezzanine, derivative securities, debtor in possession financings, rescue or bridge financings, and other debt investments.

- *Hybrid Value* ($11.2 billion of AUM), which refers to the investment strategy of certain funds managed by Apollo that focus on providing companies, among other things, rescue financing or customized capital solutions, including senior secured and unsecured debt or preferred equity securities, often with equity-linked or equity-like upside, as well as structured equity investments.

- *Infrastructure Equity* ($5.5 billion of AUM), which refers to the investment strategy of certain funds managed by Apollo that focus on investing in a broad range of infrastructure assets, including communications, midstream energy, power and renewables, and transportation related assets.

- *Hybrid Real Estate* ($5.0 billion of AUM), which includes our net lease and core plus investment strategies. In our net lease strategy, we seek to build net lease investment portfolios for our clients that are diversified by both geography and tenancy, while targeting attractive risk-adjusted returns. In our core plus strategy, we seek to build investment portfolios for our clients that include stabilized real estate investments with attractive fundamentals in select cities in Europe.

Equity

Our equity strategy manages $93.9 billion of AUM as of September 30, 2022. Our equity strategy emphasizes flexibility, complexity, and purchase price discipline to drive opportunistic-like returns for our clients throughout market cycles. Apollo's equity team has experience across sectors, industries, and geographies in both private equity and real estate equity. Our control equity transactions are principally buyouts, corporate carveouts and distressed investments, while our real estate funds generally transact in single asset, portfolio and platform acquisitions. Within our equity strategy, we target upwards of 15% returns in the funds we manage. We have consistently produced attractive long-term investment returns in our traditional private equity funds, generating a 39% gross IRR and a 24% net IRR on a compound annual basis from inception through September 30, 2022. Our equity strategy focuses on several investing strategies as described below:

- *Flagship Private Equity* ($66.1 billion of AUM), which refers to our investment strategy focused on creating investment opportunities with attractive risk-adjusted returns across industries and geographies and throughout market cycles, utilizing our value-oriented investment approach. Through this strategy, we seek to build portfolios of investments that are created at meaningful discounts to comparable market multiples of adjusted cash flow, thereby resulting in what we believe are portfolios focused on capital preservation. The transactions in this strategy include opportunistic buyouts, corporate carveouts and distressed investments. After acquisition by an Apollo-managed fund, Apollo works with its funds' portfolio companies to seek to accelerate growth and execute a value creation strategy.

  Included within flagship private equity are assets related to our impact investing strategy, which pursues private equity-like investment opportunities with the intention of generating a positive, measurable, social and/or environmental impact while also seeking attractive risk-adjusted returns. The impact investment strategy targets investment opportunities across five core impact-aligned investment themes including: (i) economic opportunity, (ii) education; (iii) health, safety and wellness; (iv) industry 4.0; and (v) climate and sustainability.

- *European Principal Finance ("EPF")* ($7.6 billion of AUM), which refers to our investment strategy focused on European commercial and residential real estate, performing loans, non-performing loans, and unsecured consumer loans, as well as acquiring assets as a result of distressed market situations. Certain of the European principal finance vehicles we manage also own captive pan-European financial institutions, loan servicing and property management platforms that perform banking and lending activities and manage and service consumer credit receivables and loans secured by commercial and residential properties.

- *Real Estate Equity* ($5.4 billion of AUM), which refers to our investment strategy that targets investments in real estate and real estate-related assets, portfolios and platforms located in primary, secondary and tertiary markets across North America and Asia and across various real estate asset classes.

Perpetual Capital

Included within our investing strategies above is $305.4 billion of Perpetual Capital, out of the $523.3 billion of AUM as of September 30, 2022. As of September 30, 2022, Perpetual Capital includes, without limitation, certain assets in our Yield strategy, including assets relating to publicly traded and non-traded vehicles, certain origination platform assets and assets managed for certain of our retirement services clients. Perpetual Capital assets may be withdrawn under certain circumstances.

Retirement Services

Our retirement services business is conducted by Athene, a leading financial services company that specializes in issuing, reinsuring and acquiring retirement savings products designed for the increasing number of individuals and institutions seeking to fund retirement needs. Athene provides retail annuity retirement solutions to policyholders, and reinsures fixed indexed annuities ("FIA"), multi-year guaranteed annuities ("MYGA"), traditional one-year guarantee fixed deferred annuities, immediate annuities and institutional products from reinsurance partners. In addition, Athene offers institutional products, including funding agreements and pension group annuities. Apollo's asset management business provides a full suite of services for Athene's investment portfolio, including direct investment management, asset allocation, mergers and acquisition asset diligence and certain operational support services, including investment compliance, tax, legal and risk management support. As of September 30, 2022, Athene had 1,602 employees.

Our retirement services business focuses on generating spread income by combining the two core competencies of (1) sourcing long-term, generally illiquid liabilities and (2) using the global scale and reach of our asset management business to actively source or originate assets with Athene's preferred risk and return characteristics. Athene's investment philosophy is to invest a portion of its assets in securities that earn an incremental yield by taking measured liquidity and complexity risk and capitalizing on its long-dated, persistent liability profile to prudently achieve higher net investment earned rates, rather than solely assuming credit risk. A cornerstone of Athene's investment philosophy is that given the operating leverage inherent in its business, modest investment outperformance can translate to outsized return performance. Because Athene maintains discipline in underwriting attractively priced liabilities, it has the ability to invest in a broad range of high-quality assets to generate attractive earnings.

Our asset management expertise supports the sourcing and underwriting of asset classes for Athene's portfolio. Athene is invested in a diverse array of corporate bonds and more structured, but highly rated, asset classes. Athene establishes risk thresholds which in turn define risk tolerance across a wide range of factors, including credit risk, liquidity risk, concentration risk and caps on specific asset classes. In addition to other efforts, we partially mitigate the risk of rising interest rates by strategically allocating a meaningful portion of Athene's investment portfolio into floating rate securities. Athene also maintains holdings in less interest rate-sensitive investments, including collateralized loan obligations ("CLO"), commercial mortgage loans, residential mortgage loans, non-agency residential mortgage-backed securities ("RMBS") and various types of structured products, consistent with its strategy of pursuing incremental yield by assuming liquidity risk and complexity risk, rather than assuming solely credit risk.

Rather than increase Athene's allocation to higher risk securities to increase yield, we pursue the direct origination of high-quality, predominantly senior secured assets, which we believe possess greater alpha-generating qualities than securities that would otherwise be readily available in public markets. These direct origination strategies include investments sourced by (1) affiliated platforms that originate loans to third parties and in which Athene gains exposure directly to the loan or indirectly through its ownership of the platform, and (2) our extensive network of direct relationships with predominantly investment-grade counterparties.

Athene uses, and may continue to use, derivatives, including swaps, options, futures and forward contracts, and reinsurance contracts to hedge risks such as current or future changes in the fair value of its assets and liabilities, current or future changes in cash flows, changes in interest rates, equity markets, currency fluctuations and changes in longevity.

Products

Athene principally offers two product lines: annuities and funding agreements.

Annuities

Athene's primary product line is annuities, which include Fixed Indexed Annuities, Registered Index-Linked Annuities, Fixed Rate Annuities, Payout Annuities and Group Annuities.

Fixed Indexed Annuities ("FIAs"). FIAs are the majority of Athene's net reserve liabilities. FIAs are a type of insurance contract in which the policyholder makes one or more premium deposits which earn interest, on a tax deferred basis, at a crediting rate based on a specified market index, subject to a specified cap, spread or participation rate. FIAs allow policyholders the possibility of earning interest without significant risk to principal, unless the contract is surrendered during a surrender charge period. A market index tracks the performance of a specific group of stocks or other assets representing a particular segment of the market, or in some cases, an entire market. Athene generally buys options on the indices to which the FIAs are tied to hedge the associated market risk. The cost of the option is priced into the overall economics of the product as an option budget. Athene generates income on FIA products by earning an investment spread, based on the difference between (1) income earned on the investments supporting the liabilities and (2) the cost of funds, including fixed interest credited to customers, option costs, the cost of providing guarantees (net of rider fees), policy issuance and maintenance costs, and commission costs.

Registered Index-Linked Annuities ("RILA"). A RILA is similar to an FIA in offering the policyholder the opportunity for tax-deferred growth based in part on the performance of a market index. Compared to an FIA, a RILA has the potential for higher returns but also has the potential for risk of loss to principal and related earnings. A RILA provides the ability for the policyholder to participate in the positive performance of certain market indices during a term, limited by a cap or adjusted for a participation rate. Negative performance of the market indices during a term can result in negative policyholder returns, with downside protection typically provided in the form of either a “buffer” or a “floor” to limit the policyholder’s exposure to market loss. A “buffer” is protection from negative exposure up to a certain percentage, typically 10 or 20 percent. A “floor” is protection from negative exposure less than a stated percentage (i.e., the policyholder risks exposure of loss up to the “floor,” but is protected against any loss in excess of this amount).

Fixed Rate Annuities. Fixed rate annuities include annual reset annuities and MYGAs. Unlike FIAs, fixed rate annuities earn interest at a set rate (or declared crediting rate), rather than a rate that may vary based on an index. Fixed rate annual reset annuities have a crediting rate that is typically guaranteed for one year. After such period, Athene has the ability to change the crediting rate at its discretion, generally once annually, to any rate at or above a guaranteed minimum rate. MYGAs are similar to annual reset annuities except that the initial crediting rate is guaranteed for a specified number of years, rather than just one year, before it may be changed at Athene’s discretion. After the initial crediting period, MYGAs can generally be reset annually.

Withdrawal Options for Deferred Annuities. After the first year following the issuance of a deferred annuity, the policyholder is typically permitted to make withdrawals up to 5% or 10% (depending on the contract) of the prior year’s value without a surrender charge or market value adjustment (“MVA”), subject to certain limitations. Withdrawals in excess of the allowable amounts are assessed a surrender charge and MVA if such withdrawals are made during the surrender charge period of the policy. The surrender charge for most Athene products at contract inception is generally between 7% and 15% of the contract value and decreases by approximately one percentage point per year during the surrender charge period, which generally ranges from 3 to 20 years.

At maturity, the policyholder may elect to receive proceeds in the form of a single payment or an annuity. If the annuity option is selected, the policyholder will receive a series of payments either over the policyholder’s lifetime or over a fixed number of years, depending upon the terms of the contract. Some contracts permit annuitization prior to maturity. A fixed annuity policyholder may also elect to purchase an income rider.

Income Riders to Fixed Annuity Products. Athene’s income riders on its deferred annuities can be broadly categorized as either guaranteed or participating. Guaranteed income riders provide policyholders with a GLWB, which permits policyholders to elect to receive guaranteed payments for life from their contract without having to annuitize their policies. Participating income riders tend to have lower levels of guaranteed income than guaranteed income riders but provide policyholders the opportunity to receive greater levels of income if the policies’ indexed crediting strategies perform well. As of September 30, 2022, approximately 33% of Athene’s deferred annuity account value had rider benefits.

Payout Annuities. Payout annuities primarily consist of single premium immediate annuities (“SPIA”), supplemental contracts and structured settlements. Payout annuities provide a series of periodic payments for a fixed period of time or for the life of the policyholder, based upon the policyholder’s election at the time of issuance. The amounts, frequency and length of time of the payments are fixed at the outset of the annuity contract. SPIAs are often purchased by persons at or near retirement age who desire a steady stream of payments over a future period of years. Supplemental contracts are typically created upon the conversion of a death claim or the annuitization of a deferred annuity. Structured settlements generally relate to legal settlements.

Group Annuities. Group annuities issued in connection with pension group annuity transactions usually involve a single premium group annuity contract issued to discharge certain pension plan liabilities. The group annuities that Athene issues are non-participating contracts. The assets supporting the guaranteed benefits for each contract may be held in a separate account. Group annuity benefits may be purchased for current, retired and/or terminated employees and their beneficiaries covered under terminating or continuing pension plans. Both immediate and deferred annuity certificates may be issued pursuant to a single group annuity contract. Immediate annuity certificates cover those retirees and beneficiaries currently receiving payments, whereas deferred annuity certificates cover those participants who have not yet begun receiving benefit payments. Immediate annuity certificates have no cash surrender rights, whereas deferred annuity certificates may include an election to receive a lump sum payment, exercisable by the participant upon either the participant achieving a specified age or the occurrence of a specified event, such as termination of the participant’s employment.

Athene earns income on group annuities based upon the spread between the return on the assets received in connection with the pension group annuity transaction and the cost of the pension obligations assumed. Group annuities expose Athene to longevity risk, which would be realized if plan participants live longer than assumed in underwriting the transaction, resulting in aggregate payments that exceed Athene’s expectations.

Funding Agreements

Funding agreements are issued opportunistically to institutional investors at attractive risk-adjusted funding costs. Funding agreements are negotiated privately between an investor and an insurance company. They are designed to provide an agreement holder with a guaranteed return of principal and periodic interest payments, while offering competitive yields and predictable returns. The interest rate can be fixed or floating. Athene also includes repurchase agreements with a term that exceeds one year at the time of execution within the funding agreement product category.

Distribution Channels

Athene has developed four dedicated distribution channels to address the retirement services market: retail, flow reinsurance, institutional and acquisitions and block reinsurance, which support opportunistic origination across differing market environments. Additionally, Athene believes these distribution channels enable it to achieve stable asset growth while maintaining attractive returns.

Retail

Athene has built a scalable platform that allows it to originate and rapidly grow its business in deferred annuity products. Athene has developed a suite of retirement savings products, distributed through its network of approximately 54 independent marketing organizations; approximately 75,000 independent agents in all 50 states; and a growing network of 16 banks and 125 regional broker-dealers. Athene is focused in every aspect of its retail channel on providing high quality products and service to its policyholders and maintaining appropriate financial protection over the life of their policies.

Flow Reinsurance

Flow reinsurance provides another opportunistic channel for Athene to source liabilities with attractive cost of funds and offers insurance companies the opportunity to improve their product offerings and enhance their financial results. As in the retail channel, Athene does not pursue flow volume growth at the expense of profitability, and therefore tends to respond rapidly to adjust pricing for changes in asset yields.

Reinsurance is an arrangement under which an insurance company, the reinsurer, agrees to indemnify another insurance company, the ceding company or cedant, for all or a portion of certain insurance risks underwritten by the ceding company. Reinsurance is designed to (1) reduce the net amount at risk on individual risks, thereby enabling the ceding company to increase the volume of business it can underwrite, as well as increase the maximum risk it can underwrite on a single risk, (2) stabilize operating results by reducing volatility in the ceding company's loss experience, (3) assist the ceding company in meeting applicable regulatory requirements and (4) enhance the ceding company's financial strength and surplus position.

Within its flow reinsurance channel, Athene generally conducts third-party flow reinsurance transactions through its subsidiary, ALRe. As a fixed annuity reinsurer, ALRe partners with insurance companies to develop solutions to their capital requirements, enhance their presence in the retirement market and improve their financial results. The specific liabilities that ALRe targets to reinsure include FIAs, MYGAs, traditional one-year guarantee fixed deferred annuities, immediate annuities and institutional products. For various transaction-related reasons, from time to time, Athene's US insurance subsidiaries will reinsure business from third-party ceding companies. In these instances, the respective US insurance subsidiary will generally retrocede a portion of the reinsured business to Athene Annuity Re Ltd. or ALRe.

Institutional

The Institutional channel includes pension group annuity transactions and funding agreements.

Pension Group Annuity Transactions. Athene partners with institutions seeking to transfer and thereby reduce their obligation to pay future pension benefits to retirees and deferred participants, through pension group annuities. Athene works with advisors, brokers and consultants to source pension group annuity transactions and design solutions that meet the needs of prospective pension group annuity counterparties.

Funding Agreements. Athene participates in a FABN program through which it may issue funding agreements to a special-purpose trust that issues marketable medium-term notes. The notes are underwritten and marketed by major investment banks' broker-dealer operations and are sold to institutional investors. The proceeds of the issuance of notes are used by the trust to purchase one or more funding agreements from Athene subsidiaries with matching interest and maturity payment terms. Athene has established a funding agreement-backed repurchase program, in which a special-purpose, unaffiliated entity may enter into a repurchase agreement with a bank and the proceeds of the repurchase transactions are used by the special-purpose entity to purchase secured funding agreements from Athene subsidiaries. Athene is also a member of the FHLB and Athene has issued funding agreements to the FHLB in exchange for cash advances. Finally, repurchase agreements with an original maturity exceeding one year are also included within the funding agreement channel.

Acquisitions and Block Reinsurance

Acquisitions. Acquisitions are an important source of growth in our retirement services business. Athene has a proven ability to acquire businesses in complex transactions at favorable terms, manage the liabilities acquired and reinvest the associated assets. Athene plans to continue leveraging this expertise in sourcing and evaluating transactions to profitably grow its business. Athene believes its demonstrated ability to source transactions, consummate complex transactions and reinvest assets into higher yielding investments as well as its access to capital provide it with distinct advantages relative to other acquisition candidates.

Block Reinsurance. Through block reinsurance transactions, Athene partners with life and annuity companies to decrease their exposure to one or more products or to divest of lower-margin or non-core segments of their businesses. Unlike acquisitions in which Athene must acquire the assets or stock of a target company, block reinsurance allows Athene to contractually assume assets and liabilities associated with a certain book of business. In doing so, Athene contractually assumes responsibility for only that portion of the business that it deems desirable, without assuming additional liabilities.

Capital

We believe that Athene has a strong capital position and that it is well positioned to meet policyholder and other obligations. Athene measures capital sufficiency using an internal capital model which reflects management's view on the various risks inherent to its business, the amount of capital required to support its core operating strategies and the amount of capital necessary to maintain its current ratings in a recessionary environment. The amount of capital required to support Athene's core operating strategies is determined based upon internal modeling and analysis of economic risk, as well as inputs from rating agency capital models and consideration of both NAIC risk-based capital ("RBC") and Bermuda capital requirements. Capital in excess of this required amount is considered excess equity capital, which is available to deploy.

Deployable Capital

Athene's deployable capital is comprised of capital from three sources: excess equity capital, untapped debt capacity and available undrawn capital commitments from ACRA. As of September 30, 2022, we believe that Athene had approximately $5.8 billion in total excess equity capital, untapped debt capacity and available undrawn ACRA commitments available to be deployed, subject, in the case of debt capacity, to favorable market conditions and general availability.

ACRA

In order to support growth strategies and capital deployment opportunities, Athene established ACRA as a long-duration, on-demand capital vehicle. Athene owns 36.55% of ACRA's economic interests and 100% of ACRA's voting interests, with the remaining 63.45% of the economic interests being owned by ADIP, a series of funds managed by Apollo. ACRA participates in certain transactions by drawing a portion of the required capital for such transactions from third-party investors equal to ADIP's proportionate economic interest in ACRA. This strategic capital solution allows us the flexibility to simultaneously deploy capital across multiple accretive avenues, while maintaining a strong financial position for Athene and its subsidiaries.

Uses of Capital

Capital deployment includes the payment for a business opportunity, such as the payment of a ceding commission to enter into a block reinsurance transaction, and the retention of capital based on our internal capital model. Currently, we deploy capital from our retirement services business in four primary ways: (1) supporting organic growth, (2) supporting inorganic growth, (3) making dividend payments to AGM from time to time, and (4) retaining capital to support financial strength ratings upgrades. Athene generally seeks mid-teen returns on its capital deployment.

Internal Reinsurance

Subject to quota shares generally ranging from 80% to 100%, substantially all of the existing deposits held and new deposits generated by Athene's US insurance subsidiaries are reinsured to its Bermuda reinsurance subsidiaries. Athene maintains the same reserving standards for its Bermuda reinsurance subsidiaries as it does for its US insurance subsidiaries. Athene also retrocedes certain inorganic transactions, pension group annuity transactions and funding agreement transactions to ACRA, and effective January 1, 2022, it began to retrocede a quota share of its retail business to a subsidiary of ACRA. Athene's internal reinsurance structure provides it with several strategic and operational advantages, including the aggregation of regulatory capital, which makes the aggregate capital of its Bermuda reinsurance subsidiaries available to support the risks assumed by each entity, and enhanced operating efficiencies. As a result of its internal reinsurance structure and third-party direct to Bermuda business, a significant majority of Athene's aggregate capital is held by its Bermuda reinsurance subsidiaries.

Ratings

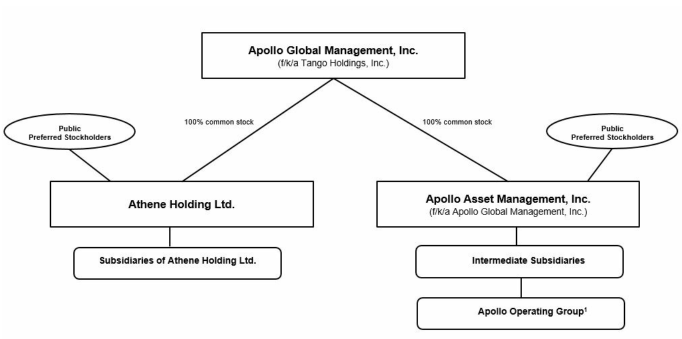
As of September 30, 2022, each of Athene's significant insurance subsidiaries is rated "A+", "A1" or "A" by the four rating agencies that evaluate the financial strength of such subsidiaries. To achieve financial strength ratings aspirations in the Retirement Services segment, Athene may choose to retain additional capital above the level required by the rating agencies to support operating needs. Athene believes there are numerous benefits to achieving stronger ratings over time, including increased recognition of and confidence in the financial strength by prospective business partners, particularly within product distribution, as well as potential profitability improvements in certain organic channels through lower funding costs.

Principal Investing

Our Principal Investing segment is comprised of our realized performance fee income, realized investment income from our balance sheet investments, and certain allocable expenses related to corporate functions supporting the entire company. The Principal Investing segment also includes our growth capital and liquidity resources at AGM. We expect to deploy capital into strategic investments over time that will help accelerate the growth of our Asset Management segment, by broadening our investment management and/or product distribution capabilities or increasing the efficiency of our operations. We believe these investments will translate into greater compounded annual growth of Fee Related Earnings.

Given the cyclical nature of performance fees, earnings from our Principal Investing segment, or Principal Investing Income ("PII"), is inherently more volatile in nature than earnings from the Asset Management and Retirement Services segments. We earn fees based on the investment performance of the funds we manage and compensate our employees, primarily investment professionals, with a meaningful portion of these proceeds to align our team with the investors in the funds we manage and incentivize them to deliver strong investment performance over time. We expect to increase the proportion of performance fee income we pay to our employees over time, and as such proportion increases, we expect PII to represent a relatively smaller portion of our total company earnings.

The diagram below depicts our current organizational structure:



Note: The organizational structure chart above depicts a simplified version of the Apollo structure. It does not include all legal entities in the structure.
(1) Includes direct and indirect ownership by AGM.

Business Environment

Economic and Market Conditions

Our asset management and retirement services businesses are affected by the condition of global financial markets and the economy. Price fluctuations within equity, credit, commodity, foreign exchange markets, as well as interest rates and global inflation, which may be volatile and mixed across geographies, can significantly impact the performance of our business, including, but not limited to, the valuation of investments, including those of the funds we manage, and related income we may recognize.

We carefully monitor economic and market conditions that could potentially give rise to global market volatility and affect our business operations, investment portfolios and derivatives, which includes global inflation.

Adverse economic conditions may result from domestic and global economic and political developments, including plateauing or decreasing economic growth and business activity, civil unrest, geopolitical tensions or military action, such as the armed conflict between Ukraine and Russia and corresponding sanctions imposed by the United States and other countries, and new or evolving legal and regulatory requirements on business investment, hiring, migration, labor supply and global supply chains.

U.S. inflation remained heightened during the third quarter of 2022, and the U.S. Federal Reserve continued its interest rate hiking cycle as a result. The U.S. Bureau of Labor Statistics reported that the annual U.S. inflation rate increased to 8.2% as of September 30, 2022, compared to 9.1% as of June 30, 2022, and core inflation is at the highest level since the 1980s. In September 2022, the Federal Reserve raised the benchmark interest rate to a target range of 3.00% to 3.25% from a target range of 1.50% to 1.75% in June 2022. The increase in the U.S. inflation rate continues to be driven by various factors, including the armed conflict between Ukraine and Russia, supply chain disruptions, persistent consumer demand, tight labor markets, a distorted supply/demand housing imbalance, and residential vacancy rates.

In the U.S., the S&P 500 Index decreased by 5.3% during the third quarter of 2022, following a decrease of 16.4% during the second quarter of 2022. Global equity markets have also been impacted, with the MSCI All Country World ex USA Index decreasing 9.1% during the third quarter of 2022, following a decrease of 14.4% in the second quarter of 2022.

Conditions in the credit markets have a significant impact on our business. Credit markets are negative in 2022, with the BofAML HY Master II Index decreasing by 0.7% in the third quarter of 2022, while the S&P/LSTA Leveraged Loan Index increased by 1.3%. The U.S. 10-year Treasury yield at the end of the quarter was 3.83%.

In terms of economic conditions in the U.S., the Bureau of Economic Analysis reported real GDP increased at an annual rate of 2.6% in the third quarter of 2022, following a decrease of 0.9% in the second quarter of 2022. As of October 2022, the International Monetary Fund estimated that the U.S. economy will expand by 1.6% in 2022 and 1.0% in 2023. The U.S. Bureau of Labor Statistics reported that the U.S. unemployment rate decreased to 3.5% as of September 30, 2022.

Foreign exchange rates can materially impact the valuations of our investments and those of the funds we manage that are denominated in currencies other than the U.S. dollar. The increasing yield disparity globally drove the strengthening of the U.S. dollar compared to the euro and the British pound. Relative to the U.S. dollar, the euro depreciated 6.5% during the third quarter of 2022, after depreciating 5.3% in the second quarter of 2022, while the British pound depreciated 8.3% during the third quarter of 2022, after depreciating 7.3% in the second quarter of 2022. The price of crude oil depreciated by 24.8% during the quarter, after appreciating by 5.5% in the second quarter of 2022, as recession fears counteracted constrained supply and oil export disruptions due to the ongoing conflict between Ukraine and Russia.

We are actively monitoring the developments in Ukraine resulting from the Russia/Ukraine conflict and the economic sanctions and restrictions imposed against Russia, Belarus, and certain Russian and Belarussian entities and individuals. The Company continues to (i) identify and assess any exposure to designated persons or entities across the Company's business; (ii) ensure existing surveillance and controls are calibrated to the evolving sanctions; and (iii) ensure appropriate levels of communication across the Company, and with other relevant market participants, as appropriate.

As of September 30, 2022, the funds we manage have no investments that would cause Apollo or any Apollo managed fund to be in violation of current international sanctions, and we believe the direct exposure of investment portfolios of the funds we manage to Russia and Ukraine is insignificant. The Company and the funds we manage do not intend to make any new material investments in Russia, and have appropriate controls in place to ensure review of any new exposure.

Institutional investors continue to allocate capital towards alternative investment managers for more attractive risk-adjusted returns in a low interest rate environment, and we believe the business environment remains generally accommodative to raise larger successor funds, launch new products, and pursue attractive strategic growth opportunities.

Interest Rate Environment

Rates have already moved meaningfully higher than most predictions for 2022, and this trend continued in the third quarter. The ten-year US Treasury moved out of the 2.80%-3.20% range, reaching levels as high as 3.97% over the quarter. Given the Federal Reserve's continued focus on curbing inflation and recessionary concerns, it is difficult to predict rates in the near term, although they will likely be higher.

With respect to Retirement Services, Athene's investment portfolio consists predominantly of fixed maturity investments. If prevailing interest rates were to rise, we believe the yield on Athene's new investment purchases may also rise and Athene's investment income from floating rate investments would increase, while the value of Athene's existing investments may decline. If prevailing interest rates were to decline, it is likely that the yield on Athene's new investment purchases may decline and Athene's investment income from floating rate investments would decrease, while the value of Athene's existing investments may increase.

Athene addresses interest rate risk through managing the duration of the liabilities it sources with assets it acquires through asset liability management ("ALM") modeling. As part of its investment strategy, Athene purchases floating rate investments, which we expect would perform well in a rising interest rate environment, as we are currently experiencing, and which we expect would underperform in a declining rate environment. As of September 30, 2022, Athene's net invested asset portfolio includes $38.3 billion of floating rate investments, or 20% of its net invested assets, and its net reserve liabilities include $13.5 billion of floating rate liabilities at notional, or 7% of its net invested assets, translating to $24.8 billion of net floating rate assets, or 13% of its net invested assets.

If prevailing interest rates were to rise, we believe Athene's products would be more attractive to consumers and its sales would likely increase. If prevailing interest rates were to decline, it is likely that Athene's products would be less attractive to consumers and Athene's sales would likely decrease. In periods of prolonged low interest rates, the net investment spread may be negatively impacted by reduced investment income to the extent that Athene is unable to adequately reduce policyholder crediting rates due to policyholder guarantees in the form of minimum crediting rates or otherwise due to market conditions. A significant majority of Athene's deferred annuity products have crediting rates that it may reset annually upon renewal following the expiration of the current guaranteed period. While Athene has the contractual ability to lower these crediting rates to the guaranteed minimum levels, its willingness to do so may be limited by competitive pressures.

See Part I - Item 3. Quantitative and Qualitative Disclosures About Market Risk, which includes a discussion regarding interest rate and other significant risks and our strategies for managing these risks.

Overview of Results of Operations

Financials Measures under U.S. GAAP - Asset Management

The following discussion of financial measures under U.S. GAAP is based on Apollo's asset management business as of September 30, 2022.

Revenues

Management Fees

The significant growth of the assets we manage has had a positive effect on our revenues. Management fees are typically calculated based upon any of "net asset value," "gross assets," "adjusted par asset value," "adjusted costs of all unrealized portfolio investments," "capital commitments," "invested capital," "adjusted assets," "capital contributions," or "stockholders' equity," each as defined in the applicable limited partnership agreement and/or management agreement of the unconsolidated funds or accounts.

Advisory and Transaction Fees, Net

As a result of providing advisory services with respect to actual and potential investments, we are entitled to receive fees for transactions related to the acquisition and, in certain instances, disposition and financing of companies, some of which are portfolio companies of the funds we manage, as well as fees for ongoing monitoring of portfolio company operations and directors' fees. We also receive advisory fees for advisory services provided to certain funds. In addition, monitoring fees are generated on certain structured portfolio company investments. Under the terms of the limited partnership agreements for certain funds, the management fee payable by the funds may be subject to a reduction based on a certain percentage (up to 100%) of such advisory and transaction fees, net of applicable broken deal costs ("Management Fee Offset"). Such amounts are presented as a reduction to advisory and transaction fees, net, in the condensed consolidated statements of operations (see note 2 to our condensed consolidated financial statements for more detail on advisory and transaction fees, net).

Performance Fees

The general partners of the funds we manage are entitled to an incentive return of normally up to 20% of the total returns of a fund's capital, depending upon performance of the underlying funds and subject to preferred returns and high water marks, as applicable. Performance fees, categorized as performance allocations, are accounted for as an equity method investment, and effectively, the performance fees for any period are based upon an assumed liquidation of the funds' assets at the reporting date, and distribution of the net proceeds in accordance with the funds' allocation provisions. Performance fees categorized as incentive fees, which are not accounted as an equity method investment, are deferred until fees are probable to not be significantly reversed. The majority of performance fees are comprised of performance allocations.

As of September 30, 2022, approximately 45% of the value of our funds' investments on a gross basis was determined using market-based valuation methods (i.e., reliance on broker or listed exchange quotes) and the remaining 55% was determined primarily by comparable company and industry multiples or discounted cash flow models. See "Item 1A. Risk Factors—Risks Relating to Our Asset Management Business—*The performance of the funds we manage, and our performance, may be adversely affected by the financial performance of portfolio companies of the funds we manage and industries in which the funds we manage invest"* in our quarterly report on Form 10-Q filed with the SEC on May 10, 2022 for discussion regarding certain industry-specific risks that could affect the fair value of our equity funds' portfolio company investments.

In our equity strategy funds, the Company does not earn performance fees until the investors in the fund have achieved cumulative investment returns on invested capital (including management fees and expenses) in excess of an 8% hurdle rate. Additionally, certain of our yield and hybrid strategy funds have various performance fee rates and hurdle rates. Certain of our yield and hybrid strategy funds allocate performance fees to the general partner in a similar manner as the equity funds. In our equity, certain yield and hybrid funds, so long as the investors achieve their priority returns, there is a catch-up formula whereby the Company earns a priority return for a portion of the return until the Company's performance fees equate to its incentive fee rate for that fund; thereafter, the Company participates in returns from the fund at the performance fee rate. Performance fees, categorized as performance allocations, are subject to reversal to the extent that the performance fees distributed exceed the amount due to the general partner based on a fund's cumulative investment returns. The Company recognizes potential repayment of previously received performance fees as a general partner obligation representing all amounts previously distributed to the general partner that would need to be repaid to the Apollo funds if these funds were to be liquidated based on the current fair value of the underlying funds' investments as of the reporting date. The actual general partner obligation, however, would not become payable or realized until the end of a fund's life or as otherwise set forth in the respective limited partnership agreement of the fund.

The table below presents an analysis of Apollo's (i) performance fees receivable on an unconsolidated basis and (ii) realized and unrealized performance fees:

	As of September 30, 2022	Performance Fees for the Three Months Ended September 30, 2022			Performance Fees for the Nine Months Ended September 30, 2022		
(In millions)	Performance Fees Receivable on an Unconsolidated Basis	Unrealized	Realized	Total	Unrealized	Realized	Total
AIOF I and II	$ 30.2	$ 16.2	$ —	$ 16.2	$ 14.2	$ 5.6	$ 19.8
ANRP I, II and III[1]	28.6	(0.8)	0.3	(0.5)	(64.5)	2.1	(62.4)
EPF Funds	127.3	9.3	9.6	18.9	(11.2)	47.0	35.8
FCI Funds	135.7	(12.0)	—	(12.0)	(3.6)	—	(3.6)
Fund IX	1,136.9	(32.9)	22.2	(10.7)	368.7	93.4	462.1
Fund VIII	293.8	(35.5)	8.1	(27.4)	(432.4)	14.4	(418.0)
Fund VII[2]	39.7	(9.6)	9.2	(0.4)	(37.7)	43.7	6.0
Fund VI	16.6	(0.3)	0.9	0.6	(0.8)	1.2	0.4
Fund IV and Fund V[1]	—	0.1	—	0.1	(0.2)	—	(0.2)
HVF I	87.3	4.6	3.2	7.8	(18.8)	60.0	41.2
Real Estate Equity Funds[1]	60.3	0.1	0.7	0.8	17.9	14.3	32.2
Corporate Credit	13.3	5.8	5.7	11.5	1.2	10.1	11.3
Structured Finance and ABS	75.1	6.8	3.9	10.7	(4.6)	14.2	9.6
Direct Origination	140.8	7.8	10.6	18.4	29.8	26.3	56.1
Other[1,3]	357.4	(26.5)	38.6	12.1	29.4	84.6	114.0
Total	$ 2,543.0	$ (66.9)	$ 113.0	$ 46.1	$ (112.6)	$ 416.9	$ 304.3
Total, net of profit sharing payable[4]/expense	$ 1,153.7	$ (47.1)	$ 34.4	$ (12.7)	$ (92.9)	$ 52.3	$ (40.6)

[1] As of September 30, 2022, certain funds had $88.6 million in general partner obligations to return previously distributed performance fees. The fair value gain on investments and income at the fund level needed to reverse the general partner obligations was $1.4 billion as of September 30, 2022.

[2] As of September 30, 2022, the remaining investments and escrow cash of Fund VII was valued at 112% of the fund's unreturned capital, which was below the required escrow ratio of 115%. As a result, the fund is required to place in escrow current and future performance fee distributions to the general partner until the specified return ratio of 115% is met (at the time of a future distribution) or upon liquidation. As of September 30, 2022, Fund VII had $85.5 million of gross performance fees or $48.7 million net of profit sharing, in escrow. With respect to Fund VII, realized performance fees currently distributed to the general partner are limited to potential tax distributions and interest on escrow balances per the fund's partnership agreements. Performance fees receivable as of September 30, 2022 and realized performance fees for the three and nine months ended September 30, 2022 include interest earned on escrow balances that is not subject to contingent repayment.

[3] Other includes certain SIAs.

[4] There was a corresponding profit sharing payable of $1.4 billion as of September 30, 2022, including profit sharing payable related to amounts in escrow and contingent consideration obligations of $103.0 million.

The general partners of certain of our funds accrue performance fees, categorized as performance allocations, when the fair value of investments exceeds the cost basis of the individual investors' investments in the fund, including any allocable share of expenses incurred in connection with such investments, which we refer to as "high water marks." These high water marks are applied on an individual investor basis. Certain of the funds we manage have investors with various high water marks, the achievement of which is subject to market conditions and investment performance.

Performance fees from certain funds we manage are subject to contingent repayment by the general partner in the event of future losses to the extent that the cumulative performance fees distributed from inception to date exceeds the amount computed as due to the general partner at the final distribution. These general partner obligations, if applicable, are included in due to related parties on the condensed consolidated statements of financial condition.

The following table summarizes our performance fees since inception through September 30, 2022:

	Performance Fees Since Inception[1]				
	Undistributed by Fund and Recognized	Distributed by Fund and Recognized[2]	Total Undistributed and Distributed by Fund and Recognized[3]	General Partner Obligation[3]	Maximum Performance Fees Subject to Potential Reversal[4]
			(in millions)		
AIOF I and II	$ 30.2	$ 37.1	$ 67.3	$ —	$ 47.8
ANRP I, II and III	28.6	158.6	187.2	15.1	50.1
EPF Funds	127.3	457.5	584.8	26.9	348.0
FCI Funds	135.7	24.2	159.9	—	135.7
Fund IX	1,136.9	482.6	1,619.5	—	1,404.2
Fund VIII	293.8	1,653.2	1,947.0	—	1,354.9
Fund VII	39.7	3,225.1	3,264.8	—	14.9
Fund VI	16.6	1,663.9	1,680.5	—	—
Fund IV and Fund V	—	2,053.1	2,053.1	31.9	0.6
HVF I	87.3	145.1	232.4	—	153.2
Real Estate Equity	60.3	71.2	131.5	1.5	71.5
Corporate Credit	13.3	926.0	939.3	—	7.6
Structured Finance and ABS	75.1	52.2	127.3	—	60.9
Direct Origination	140.8	69.6	210.4	—	127.8
Other[5]	357.4	1,681.2	2,038.6	13.2	538.7
Total	$ 2,543.0	$ 12,700.6	$ 15,243.6	$ 88.6	$ 4,315.9

[1] Certain funds are denominated in euros and historical figures are translated into U.S. dollars at an exchange rate of €1.00 to $0.98 as of September 30, 2022. Certain funds are denominated in pounds sterling and historical figures are translated into U.S. dollars at an exchange rate of £1.00 to $1.12 as of September 30, 2022.

[2] Amounts in "Distributed by Fund and Recognized" for the Citi Property Investors ("CPI"), Gulf Stream Asset Management, LLC ("Gulf Stream"), Stone Tower Capital LLC and its related companies ("Stone Tower") funds and SIAs are presented for activity subsequent to the respective acquisition dates. Amounts exclude certain performance fees from business development companies and Redding Ridge Holdings LP ("Redding Ridge Holdings"), an affiliate of Redding Ridge.

[3] Amounts were computed based on the fair value of fund investments on September 30, 2022. Performance fees have been allocated to and recognized by the general partner. Based on the amount allocated, a portion is subject to potential reversal or, to the extent applicable, has been reduced by the general partner obligation to return previously distributed performance fees at September 30, 2022. The actual determination and any required payment of any such general partner obligation would not take place until the final disposition of the fund's investments based on contractual termination of the fund.

[4] Represents the amount of performance fees that would be reversed if remaining fund investments became worthless on September 30, 2022. Amounts subject to potential reversal of performance fees include amounts undistributed by a fund (i.e., the performance fees receivable), as well as a portion of the amounts that have been distributed by a fund, net of taxes and not subject to a general partner obligation to return previously distributed performance fees, except for those funds that are gross of taxes as defined in the respective funds' governing documents.

[5] Other includes certain SIAs.

Expenses

Compensation and Benefits

The most significant expense in our asset management business is compensation and benefits expense. This consists of fixed salary, discretionary and non-discretionary bonuses, profit sharing expense associated with the performance fees earned and compensation expense associated with the vesting of non-cash equity-based awards.

Our compensation arrangements with certain employees contain a significant performance-based incentive component. Therefore, as our net revenues increase, our compensation costs rise. Our compensation costs also reflect the increased investment in people as we expand geographically and create new funds.

In addition, certain professionals and selected other individuals have a profit sharing interest in the performance fees earned in order to better align their interests with our own and with those of the investors in funds we manage. Profit sharing expense is part of our compensation and benefits expense and is generally based upon a fixed percentage of performance fees. Profit sharing expense can reverse during periods when there is a decline in performance fees that were previously recognized. Profit sharing amounts are normally distributed to employees after the corresponding investment gains have been realized and generally before preferred returns are achieved for the investors. Therefore, changes in our unrealized performance fees have the same effect on our profit sharing expense. Profit sharing expense increases when unrealized performance fees increase. Realizations only impact profit sharing expense to the extent that the effects on investments have not been recognized previously. If losses on other investments within a fund are subsequently realized, the profit sharing amounts previously distributed are normally subject to a general partner obligation to return performance fees previously distributed back to the funds. This general partner obligation due to the funds would be realized only when the fund is liquidated, which generally occurs at the end of the fund's term. However, indemnification obligations also exist for realized gains with respect to Fund IV, Fund V and Fund VI, which, although our Former Managing Partners and Contributing Partners would remain personally liable, may indemnify our Former Managing Partners and Contributing Partners for 17.5% to 100% of the previously distributed profits regardless of the fund's future performance. See note 16 to our condensed consolidated financial statements for further information regarding the Company's indemnification liability.

The Company grants equity awards to certain employees, including RSUs, restricted shares of common stock and options, that generally vest and become exercisable in quarterly installments or annual installments depending on the award terms. In some instances, vesting of an RSU is also subject to the Company's receipt of performance fees, within prescribed periods, sufficient to cover the associated equity-based compensation expense. See note 13 to our condensed consolidated financial statements for further discussion of equity-based compensation.

Other expenses

The balance of our other expenses includes interest, placement fees, and general, administrative and other operating expenses. Interest expense consists primarily of interest related to the 2024 Senior Notes, the 2026 Senior Notes, the 2029 Senior Notes, the 2030 Senior Notes, the 2048 Senior Notes and the 2050 Subordinated Notes as discussed in note 12 to our condensed consolidated financial statements. Placement fees are incurred in connection with our capital raising activities. In cases where the limited partners of the funds are determined to be the customer in an arrangement, placement fees may be capitalized as a cost to acquire a customer contract, and amortized over the life of the customer contract. General, administrative and other expenses includes occupancy expense, depreciation and amortization, professional fees and costs related to travel, information technology and administration. Occupancy expense represents charges related to office leases and associated expenses, such as utilities and maintenance fees. Depreciation and amortization of fixed assets is normally calculated using the straight-line method over their estimated useful lives, ranging from two to sixteen years, taking into consideration any residual value. Leasehold improvements are amortized over the shorter of the useful life of the asset or the expected term of the lease. Intangible assets are amortized based on the future cash flows over the expected useful lives of the assets.

Other Income (Loss)

Net Gains (Losses) from Investment Activities

Net gains (losses) from investment activities include both realized gains and losses and the change in unrealized gains and losses in our investment portfolio between the opening reporting date and the closing reporting date. Net unrealized gains (losses) are a result of changes in the fair value of unrealized investments and reversal of unrealized gains (losses) due to dispositions of investments during the reporting period. Significant judgment and estimation goes into the assumptions that drive these models and the actual values realized with respect to investments could be materially different from values obtained based on the use of those models. The valuation methodologies applied impact the reported value of investment company holdings and their underlying portfolios in our condensed consolidated financial statements.

Net Gains (Losses) from Investment Activities of Consolidated Variable Interest Entities

Changes in the fair value of the consolidated VIEs' assets and liabilities and related interest, dividend and other income and expenses subsequent to consolidation are presented within net gains (losses) from investment activities of consolidated variable interest entities and are attributable to non-controlling interests in the condensed consolidated statements of operations.

Other Income (Losses), Net

Other income (losses), net includes gains (losses) arising from the remeasurement of foreign currency denominated assets and liabilities, remeasurement of the tax receivable agreement liability and other miscellaneous non-operating income and expenses.

Financials Measures under U.S. GAAP - Retirement Services

The following discussion of financial measures under U.S. GAAP is based on the Company's retirement services business which is operated by Athene as of September 30, 2022.

Revenues

Premiums

Premiums for long-duration contracts, including products with fixed and guaranteed premiums and benefits, are recognized as revenue when due from policyholders. Insurance revenues are reported net of amounts ceded.

Product charges

Revenues for universal life-type policies and investment contracts, including surrender and market value adjustments, costs of insurance, policy administration, GMDB, GLWB and no-lapse guarantee charges, are earned when assessed against policyholder account balances during the period.

Net investment income

Net investment income is a significant component of Athene's total revenues. Athene recognizes investment income as it accrues or is legally due, net of investment management and custody fees. Investment income on fixed maturity securities includes coupon interest, as well as the amortization of any premium and the accretion of any discount. Investment income on equity securities represents dividend income and preferred coupons interest.

Investment related gains (losses)

Investment related gains (losses) primarily consist of (i) realized gains and losses on sales of investments, (ii) unrealized gains or losses relating to identified risks within AFS securities in fair value hedging relationships, (iii) gains and losses on trading securities, (iv) change in the fair value of the embedded derivatives and derivatives not designated as a hedge, (v) change in fair value of mortgage loan assets and (vi) allowance for expected credit losses recorded through credit loss expense.

Expenses

Interest sensitive contract benefits

Universal life-type policies and investment contracts include fixed indexed and traditional fixed annuities in the accumulation phase, funding agreements, universal life insurance, fixed indexed universal life insurance and immediate annuities without significant mortality risk (which includes pension group annuities without life contingencies). Liabilities for traditional fixed annuities, universal life insurance and funding agreements are carried at the account balances without reduction for potential surrender or withdrawal charges, except for a block of universal life business ceded to Global Atlantic which is carried at fair value. Fixed indexed annuities and fixed indexed universal life insurance contracts contain an embedded derivative. Benefits reserves for fixed indexed annuities and fixed indexed universal life insurance contracts are reported as the sum of the fair value of the embedded derivative and the host (or guaranteed) component of the contracts. Liabilities for immediate annuities without significant mortality risk are calculated as the present value of future liability cash flows and policy maintenance expenses discounted at contractual interest rates.

Changes in the interest sensitive contract liabilities, excluding deposits and withdrawals, are recorded in interest sensitive contract benefits or product charges on the condensed consolidated statements of operations.

Future policy and other policy benefits

Athene issues contracts classified as long-duration, which includes term and whole life, accident and health, disability, and deferred and immediate annuities with life contingencies (which includes pension group annuities with life contingencies). Liabilities for non-participating long-duration contracts are established using accepted actuarial valuation methods which require the use of assumptions related to expenses, investment yields, mortality, morbidity and persistency at the date of issue or acquisition.

Changes in future policy benefits other than the adjustment for the OCI effects of unrealized investment gains and losses on AFS securities, are recorded in future policy and other policy benefits on the condensed consolidated statements of operations.

Amortization of deferred acquisition costs, deferred sales inducements, and value of business acquired

Costs related directly to the successful acquisition of new or renewal insurance or investment contracts are deferred to the extent they are recoverable from future premiums or gross profits. These costs consist of commissions and policy issuance costs, as well as sales inducements credited to policyholder account balances.

Deferred costs related to investment contracts without significant revenue streams from sources other than investment of the policyholder funds are amortized using the effective interest method. Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds are amortized over the lives of the policies, based upon the proportion of the present value of actual and expected deferred costs to the present value of actual and expected gross profits to be earned over the life of the policies. VOBA associated with acquired contracts is amortized in relation to applicable policyholder liabilities.

Policy and other operating expenses

Policy and other operating expenses includes normal operating expenses, policy acquisition expenses, interest expense, dividends to policyholders, integration, restructuring and other non-operating expenses, and stock compensation expenses.

Other Financial Measures under U.S. GAAP

Income Taxes

Significant judgment is required in determining the provision for income taxes and in evaluating income tax positions, including evaluating uncertainties. We recognize the income tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained upon examination, including resolution of any related appeals or litigation, based on the technical merits of the positions. The tax benefit is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. If a tax position is not considered more likely than not to be sustained, then no benefits of the position are recognized. The Company’s income tax positions are reviewed and evaluated quarterly to determine whether or not we have uncertain tax positions that require financial statement recognition or de-recognition.

Deferred tax assets and liabilities are recognized for the expected future tax consequences, using currently enacted tax rates, of differences between the carrying amount of assets and liabilities and their respective tax basis. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Non-Controlling Interests

For entities that are consolidated, but not 100% owned, a portion of the income or loss and corresponding equity is allocated to owners other than Apollo. The aggregate of the income or loss and corresponding equity that is not owned by the Company is included in non-controlling interests in the condensed consolidated financial statements. Non-controlling interests primarily include limited partner interests in certain consolidated funds and VIEs. Prior to the Mergers on January 1, 2022, the non-controlling interests relating to Apollo Global Management, Inc. also included the ownership interest in the Apollo Operating Group held by the Former Managing Partners and Contributing Partners through their limited partner interests in AP Professional Holdings, L.P. and the non-controlling interest in the Apollo Operating Group held by Athene.

The authoritative guidance for non-controlling interests in the condensed consolidated financial statements requires reporting entities to present non-controlling interest as equity and provides guidance on the accounting for transactions between an entity and non-controlling interests. According to the guidance, (1) non-controlling interests are presented as a separate component of stockholders' equity on the Company's condensed consolidated statements of financial condition, (2) net income (loss) includes the net income (loss) attributable to the non-controlling interest holders on the Company's condensed consolidated statements of operations, (3) the primary components of non-controlling interest are separately presented in the Company's condensed consolidated statements of changes in stockholders' equity to clearly distinguish the interests in the Apollo Operating Group and other ownership interests in the consolidated entities and (4) profits and losses are allocated to non-controlling interests in proportion to their ownership interests regardless of their basis.

Results of Operations

Below is a discussion of our condensed consolidated results of operations for the three and nine months ended September 30, 2022 and 2021. For additional analysis of the factors that affected our results at the segment level, see "—Segment Analysis" below:

	For the Three Months ended September 30,		Total Change	Percentage Change	For the Nine Months Ended September 30,		Total Change	Percentage Change
	2022	2021			2022	2021		
	(In millions)				(In millions)			
Revenues								
Asset Management								
Management fees	$ 389	$ 475	$ (86)	(18.1)%	$ 1,100	$ 1,402	$ (302)	(21.5)%
Advisory and transaction fees, net	110	63	47	74.6	286	205	81	39.5
Investment income (loss)	(31)	535	(566)	NM	475	3,125	(2,650)	(84.8)
Incentive fees	9	5	4	80.0	17	24	(7)	(29.2)
	477	1,078	(601)	(55.8)	1,878	4,756	(2,878)	(60.5)
Retirement Services								
Premiums	3,045	—	3,045	NM	10,769	—	10,769	NM
Product charges	184	—	184	NM	525	—	525	NM
Net investment income	2,033	—	2,033	NM	5,667	—	5,667	NM
Investment related gains (losses)	(2,847)	—	(2,847)	NM	(12,823)	—	(12,823)	NM
Revenues of consolidated variable interest entities	114	—	114	NM	148	—	148	NM
Other revenues	(27)	—	(27)	NM	(38)	—	(38)	NM
	2,502	—	2,502	NM	4,248	—	4,248	NM
Total Revenues	2,979	1,078	1,901	176.3	6,126	4,756	1,370	28.8
Expenses								
Asset Management								
Compensation and benefits:								
Salary, bonus and benefits	232	182	50	27.5	684	540	144	26.7
Equity-based compensation	104	56	48	85.7	373	165	208	126.1
Profit sharing expense	50	263	(213)	(81.0)	372	1,279	(907)	(70.9)
Total compensation and benefits	386	501	(115)	(23.0)	1,429	1,984	(555)	(28.0)
Interest expense	31	35	(4)	(11.4)	94	105	(11)	(10.5)
General, administrative and other	167	112	55	49.1	472	328	144	43.9
	584	648	(64)	(9.9)	1,995	2,417	(422)	(17.5)
Retirement Services								
Interest sensitive contract benefits	89	—	89	NM	(573)	—	(573)	NM
Future policy and other policy benefits	3,294	—	3,294	NM	10,988	—	10,988	NM
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	125	—	125	NM	375	—	375	NM
Policy and other operating expenses	343	—	343	NM	982	—	982	NM
	3,851	—	3,851	NM	11,772	—	11,772	NM
Total Expenses	4,435	648	3,787	NM	13,767	2,417	11,350	469.6
Other income (loss) – Asset Management								
Net gains (losses) from investment activities	(16)	173	(189)	NM	164	1,439	(1,275)	(88.6)
Net gains (losses) from investment activities of consolidated variable interest entities	85	142	(57)	(40.1)	465	400	65	16.3
Other income (loss), net	28	(13)	41	NM	26	(25)	51	NM
Total Other Income (Loss)	97	302	(205)	(67.9)	655	1,814	(1,159)	(63.9)
Income (loss) before income tax (provision) benefit	(1,359)	732	(2,091)	NM	(6,986)	4,153	(11,139)	NM
Income tax (provision) benefit	185	(101)	286	NM	1,280	(498)	1,778	NM
Net income (loss)	(1,174)	631	(1,805)	NM	(5,706)	3,655	(9,361)	NM
Net (income) loss attributable to non-controlling interests	298	(373)	671	NM	1,909	(2,060)	3,969	NM
Net income (loss) attributable to Apollo Global Management, Inc.	(876)	258	(1,134)	NM	(3,797)	1,595	(5,392)	NM
Preferred stock dividends	—	(9)	9	(100.0)	—	(27)	27	(100.0)
Net income (loss) available to Apollo Global Management, Inc. Common Stockholders	$ (876)	$ 249	$ (1,125)	NM	$ (3,797)	$ 1,568	$ (5,365)	NM

Note: "NM" denotes not meaningful. Changes from negative to positive amounts and positive to negative amounts are not considered meaningful. Increases or decreases from zero and changes greater than 500% are also not considered meaningful.

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

In this section, references to 2022 refer to the three months ended September 30, 2022 and references to 2021 refer to the three months ended September 30, 2021.

Asset Management

Revenues

Revenues were $477 million in 2022, a decrease of $601 million from $1.1 billion in 2021, primarily driven by lower investment income (loss). Investment income (loss) decreased $566 million in 2022 to $(31) million compared to $535 million in 2021. The investment income (loss) of $(31) million in 2022 is comprised of principal investment income (losses) of $(70) million, partially offset by performance allocations of $39 million.

The principal investment income (losses) were primarily attributable to the decreased unrealized value of investments held by certain funds managed by Apollo and other entities in which the Company has a direct interest, mainly with respect to Motive Partners and AP Liberty L.P., as a result of the equity market volatility and public share price fluctuations in 2022. Significant drivers for performance allocations in 2021 were performance allocations earned from Fund IX, HVF I and Fund VII of $177 million, $53 million and $48 million, respectively, primarily as a result of fund appreciation and realization activity. Significant drivers for performance allocations in 2022 were performance allocations earned from EPF III and MidCap of $20 million and $14 million, respectively, partially offset by performance allocation losses from Fund VIII of $29 million.

See below for details on the respective funds' performance allocations in 2022.

The performance allocations from EPF III in 2022 were primarily driven by net foreign currency gains, as the U.S. dollar strengthened compared to the euro, as well as increased performance allocations related to private positions held in the consumer services and financial services industries.

The performance allocations from MidCap in 2022 were primarily driven by higher interest income.

The performance allocation losses from Fund VIII in 2022 were primarily driven by the depreciation in the value of the fund's investments in the consumer services, leisure, and media, telecom and technology sectors.

Management fees decreased by $86 million to $389 million in 2022 from $475 million in 2021. The decrease for 2022 was primarily driven by the elimination of management fees between AAM and Athene subsidiaries upon consolidation, as a result of the Mergers. The decrease was partially offset by increases in management fees earned from Apollo Diversified Real Estate Fund (f/k/a Griffin Institutional Access Real Estate Fund) and Apollo Diversified Credit Fund (f/k/a Griffin Institutional Access Credit Fund) (collectively "ADREF and ADCF") of $25 million, as a result of the management fee contribution from the Griffin Capital U.S. asset management business acquisition, and from MidCap of $12 million, driven by higher Fee-Generating AUM.

The decreases in investment income (loss) and management fees were offset, in part, by an increase in advisory and transaction fees. Advisory and transaction fees increased by $47 million to $110 million in 2022 from $63 million in 2021. Advisory and transaction fees earned in 2022 were primarily attributable to advisory and transaction fees earned from companies in the consumer services, financial services and natural resource sectors as well as structuring fees earned from companies in the financial services, real estate and consumer services sectors.

Expenses

Expenses were $584 million in 2022, a decrease of $64 million from $648 million in 2021 due to a decrease in profit sharing expense of $213 million resulting from lower investment income during 2022. In any period, the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds generating performance allocations in the period. This decrease was partially offset by an increase in salary, bonus and benefits of $50 million and an increase in equity-based compensation of $48 million due to accelerated headcount growth in 2022. In addition, equity-based compensation increased as a result of: (i) performance grants which are tied to the Company's receipt of performance fees, within prescribed periods and are typically recognized on an accelerated recognition method over the requisite service period to the extent the performance revenue metrics are met or deemed probable, and (ii) the impact of one-time grants awarded to the Co-Presidents of AAM which vest on a cliff basis subject to continued employment over five years and the Company's achievement of FRE and SRE per share metrics.

General, administrative and other expenses were $167 million in 2022, an increase of $55 million from $112 million in 2021. The increase in 2022 was primarily driven by increases in the amortization expense associated with the Company's commitment asset, higher travel and entertainment expenses, as well as the absorption of occupancy expense to support the Company's increased headcount, including from the acquisition of Griffin Capital's U.S. asset management business.

Other Income (Loss)

Other income (loss) was $97 million in 2022, a decrease of $205 million from $302 million in 2021 primarily due to a decrease in net gains from investment activities, as a result of AAM no longer holding an interest in Athene Holding following the Mergers, and a decrease in net gains from investment activities of consolidated VIEs as a result of the Company's deconsolidation of VIEs in the first half of 2022. Other income (loss) in 2022 was primarily attributable to higher interest income earned on the Company's money market funds and U.S. Treasury securities, as a result of a rising interest rate environment, as well as gains from consolidated VIEs, which was offset, in part, by losses from certain of the Company's balance sheet investments. Other income (loss) in 2021 was primarily attributable to net gains from investment activities from the Company's investment in Athene Holding during 2021.

Retirement Services

Revenues

Retirement Services revenues were $2.5 billion in 2022. Revenues were primarily driven by pension group annuity premiums and net investment income, partially offset by the adverse impact from investment related gains and losses. Investment related losses of $2.8 billion were primarily driven by unfavorable changes in the fair value of reinsurance asset s, mortgage loans, FIA hedging derivatives, trading securities, and realized losses on AFS securities, partially offset by foreign exchange gains on derivatives. The losses on Retirement Services' assets were primarily due to an increase in U.S. Treasury rates and credit spread widening in the current quarter. The change in fair value of FIA hedging derivatives decreased due to the unfavorable performance of the indices upon which Athene's call options are based as the majority of the call options are based on the S&P 500 index, which decreased 5.3% during the quarter. The foreign exchange gains on derivatives were primarily driven by the strengthening of the U.S. dollar in the current quarter for assets denominated in foreign currencies.

Expenses

Retirement Services expenses were $3.9 billion in 2022. Expenses were primarily driven by pension group annuity obligations, interest credited to policyholders, interest paid on funding agreements, policy and other operating expenses and amortization of DAC and VOBA, partially offset by a decrease in the change of FIA fair value embedded derivatives. The change in FIA fair value embedded derivatives was primarily due to the performance of the equity indices to which Athene's FIA policies are linked, primarily the S&P 500 index, which experienced a decrease of 5.3% during the quarter, as well as the favorable change in discount rates and favorable unlocking , partially offset by unfavorable economics impacting policyholder projected benefits. The FIA fair value embedded derivatives unlocking in 2022 was $41 million favorable due to changes to projected interest crediting, partially offset by the impact of higher rates on future account values.

Income Tax (Provision) Benefit

The Company's income tax (provision) benefit totaled $185 million and $(101) million in 2022 and 2021, respectively. The change to the provision was primarily related to the decrease in pre-tax income. The provision for income taxes includes federal, state, local and foreign income taxes resulting in an effective income tax rate of 13.6% and 13.8% for 2022 and 2021, respectively. The most significant reconciling items between the U.S. federal statutory income tax rate and the effective income tax rate were due to the following: (i) income pass through to non-controlling interests, (ii) foreign, state and local income taxes, including NYC UBT, and (iii) equity-based compensation net of the limiting provisions for executive compensation under Internal Revenue Code Section 162(m) (see note 11 to the condensed consolidated financial statements for further details regarding the Company's income tax provision).

Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

In this section, references to 2022 refer to the nine months ended September 30, 2022 and references to 2021 refer to the nine months ended September 30, 2021.

Asset Management

Revenues

Revenues were $1.9 billion in 2022, a decrease of $2.9 billion from $4.8 billion in 2021 due to lower investment income (loss) and, to a lesser extent, a decrease in management fees. Investment income (loss) decreased $2.7 billion in 2022 to $475 million compared to $3.1 billion in 2021. The decrease in investment income (loss) of $2.7 billion in 2022 was primarily driven by decreases in performance allocations.

Significant drivers for performance allocations in 2021 were performance allocations earned from Fund IX, Fund VIII and Fund VII of $875 million, $683 million, $232 million, respectively, primarily as a result of fund appreciation and realization activity. Significant drivers for performance allocations in 2022 were performance allocations primarily earned from Fund IX of $474 million, partially offset by performance allocation losses from Fund VIII of $435 million, as a result of continued equity market volatility in 2022.

See below for details on the respective funds' performance allocations in 2022.

The performance allocations from Fund IX in 2022 were primarily driven by the appreciation and realization of the fund's investments in the consumer services, leisure, and media, telecom and technology sectors.

The performance allocation losses from Fund VIII were primarily driven by the depreciation in the value of the fund's investments in the consumer services, leisure, and media, telecom and technology sectors.

Management fees decreased by $302 million to $1.1 billion in 2022 from $1.4 billion in 2021. The decrease for 2022 was primarily driven by the elimination of management fees between AAM and Athene subsidiaries upon consolidation, as a result of the Mergers. The decrease was partially offset by increases in management fees earned from ADREF and ADCF of $42 million, as a result of the management fee contribution from the Griffin Capital U.S. asset management business acquisition, and from MidCap of $23 million, driven by higher Fee-Generating AUM.

The decreases in investment income (loss) and management fees were offset, in part, by an increase in advisory and transaction fees. Advisory and transaction fees increased by $81 million to $286 million in 2022 from $205 million in 2021. Advisory and transaction fees earned during 2022 were primarily attributable to advisory and transaction fees earned from companies in the financial services, consumer services, healthcare, consumer and retail, real estate, natural resources and media, telecom and technology sectors, as well as structuring fees earned from companies in the financial services, consumer services, real estate and leisure sectors.

Expenses

Expenses were $2.0 billion in 2022, a decrease of $422 million from $2.4 billion in 2021 due to a decrease in profit sharing expense of $907 million resulting from the corresponding lower investment income during 2022. This decrease was partially offset by increases in equity-based compensation of $208 million and an increase in salary, bonus and benefits of $144 million due to accelerated headcount growth in 2022, including for certain senior level roles, as the Company strategically invests in talent that will seek to capture its next phase of growth. In addition, equity-based compensation increased as a result of: (i) performance grants which are tied to the Company's receipt of performance fees, within prescribed periods and are typically recognized on an accelerated recognition method over the requisite service period to the extent the performance revenue metrics are met or deemed probable, and (ii) the impact of one-time grants awarded to the Co-Presidents of AAM which vest on a cliff basis subject to continued employment over five years and the Company's achievement of FRE and SRE per share metrics.

General, administrative and other expenses were $472 million in 2022, an increase of $144 million from $328 million in 2021. The increase in 2022 was primarily driven by increases in the amortization expense associated with the Company's commitment asset, higher travel and entertainment expenses, as well as the absorption of occupancy expense to support the Company's increased headcount, including from the acquisition of Griffin Capital's U.S. asset management business.

Other Income (Loss)

Other income (loss) was $655 million in 2022, a decrease of $1.2 billion from $1.8 billion in 2021. This decrease was primarily driven by a decrease in net gains from investment activities, as a result of AAM no longer holding an interest in Athene Holding following the Mergers. Other income (loss) in 2022 was primarily attributable to net gains from investment activities of consolidated VIEs and income earned as a result of APSG I's deconsolidation event. Other income (loss) in 2021 was primarily attributable to net gains from investment activities from the Company's investment in Athene Holding during 2021.

Retirement Services

Revenues

Retirement Services revenues were $4.2 billion in 2022. Revenues were primarily driven by pension group annuity premiums and net investment income, partially offset by the adverse impact of investment related losses. Investment related losses of $12.8 billion were primarily driven by unfavorable changes in the fair value of reinsurance assets, mortgage loans, FIA hedging derivatives, trading and equity securities, realized losses on AFS securities and an increase in the provision for credit losses, partially offset by foreign exchange gains on derivatives. The losses on Retirement Services' assets were primarily due to an increase in U.S. Treasury rates and credit spread widening in the current year. The change in fair value of FIA hedging derivatives decreased due to the unfavorable performance of the indices upon which Athene's call options are based as the majority of the call options are based on the S&P 500 index, which decreased 24.8% during the year. The unfavorable change in the provision for credit losses was primarily driven by unfavorable economics. The foreign exchange gains on derivatives were primarily driven by the strengthening of the U.S. dollar in the current year for assets denominated in foreign currencies.

Expenses

Retirement Services expenses were $11.8 billion in 2022. Expenses were primarily driven by pension group annuity obligations, interest credited to policyholders, interest paid on funding agreements, policy and other operating expenses and amortization of DAC and VOBA, partially offset by a decrease in the change in FIA fair value embedded derivatives. The change in FIA fair value embedded derivatives was primarily due to the performance of the equity indices to which Athene's FIA policies are linked, primarily the S&P 500 index, which experienced a decrease of 24.8% during the year, as well as the favorable change in discount rates and favorable unlocking, partially offset by unfavorable economics impacting policyholder projected benefits. The FIA fair value embedded derivatives unlocking in 2022 was $41 million favorable due to changes to projected interest crediting, partially offset by the impact of higher rates on future account values.

Income Tax (Provision) Benefit

The Company's income tax (provision) benefit totaled $1,280 million and $(498) million in 2022 and 2021, respectively. The change to the provision was primarily related to the decrease in pre-tax income and a tax benefit from the derecognition of a deferred tax liability related to the Mergers. The provision for income taxes includes federal, state, local and foreign income taxes resulting in an effective income tax rate of 18.3% and 12.0% for 2022 and 2021, respectively. The most significant reconciling items between the U.S. federal statutory income tax rate and the effective income tax rate were due to the following: (i) a benefit realized from the derecognition of a deferred tax liability related to the Company's historical holdings in Athene, (ii) foreign, state and local income taxes, including NYC UBT, (iii) income attributable to non-controlling interests and (iv) equity-based compensation net of the limiting provisions for executive compensation under IRC Section 162(m) (see note 11 to the condensed consolidated financial statements for further details regarding the Company's income tax provision).

Managing Business Performance - Key Segment and Non-U.S. GAAP Performance Measures

We believe that the presentation of Adjusted Segment Income supplements a reader's understanding of the economic operating performance of each of our segments.

Adjusted Segment Income and Adjusted Net Income

Adjusted Segment Income, or "ASI", is the key performance measure used by management in evaluating the performance of the Asset Management, Retirement Services, and Principal Investing segments. Adjusted Net Income ("ANI") represents Adjusted Segment Income less HoldCo interest and other financing costs and estimated income taxes. For purposes of calculating the Adjusted Net Income tax rate, Adjusted Segment Income is reduced by HoldCo interest and financing costs. Income taxes on FRE and PII represents the total current corporate, local, and non-U.S. taxes as well as the current payable under Apollo's tax receivable agreement. Income taxes on FRE and PII excludes the impacts of deferred taxes and the remeasurement of the tax receivable agreement, which arise from changes in estimated future tax rates. Certain assumptions and methodologies that impact the implied FRE and PII income tax provision are similar to those used under U.S. GAAP. Specifically, certain deductions considered in the income tax provision under U.S. GAAP relating to transaction related charges, equity-based compensation, and tax deductible interest expense are taken into account for the implied tax provision. Income Taxes on SRE represent the total current and deferred tax expense or benefit on income before taxes adjusted to eliminate the impact of the tax expense or benefit associated with the non-operating adjustments. Management believes the methodologies used to compute income taxes on FRE, SRE, and PII are meaningful to each segment and increases comparability of income taxes between periods.

We believe that ASI is helpful for an understanding of our business and that investors should review the same supplemental financial measure that management uses to analyze our segment performance. This measure supplements and should be considered in addition to and not in lieu of the results of operations discussed below in "—Overview of Results of Operations" that have been prepared in accordance with U.S. GAAP. See note 18 to the condensed consolidated financial statements for more details regarding the components of ASI and management's consideration of ASI.

Fee Related Earnings, Spread Related Earnings and Principal Investing Income

Fee Related Earnings, or "FRE", is a component of ASI that is used as a supplemental performance measure to assess the performance of the Asset Management segment.

Spread Related Earnings, or "SRE", is a component of ASI that is used as a supplemental performance measure to assess the performance of the Retirement Services segment, excluding certain market volatility and certain expenses related to integration, restructuring, equity-based compensation, and other expenses.

Principal Investing Income, or "PII", is a component of ASI that is used as a supplemental performance measure to assess the performance of the Principal Investing segment.

See note 18 to the condensed consolidated financial statements for more details regarding the components of FRE, SRE, and PII.

We use ASI, ANI, FRE, SRE and PII as measures of operating performance, not as measures of liquidity. These measures should not be considered in isolation or as a substitute for net income or other income data prepared in accordance with U.S. GAAP. The use of these measures without consideration of their related U.S. GAAP measures is not adequate due to the adjustments described above.

Net Invested Assets

In managing its business, Athene analyzes net invested assets, which does not correspond to total Athene investments, including investments in related parties on the consolidated statements of financial condition. Net invested assets represent the investments that directly back its net reserve liabilities as well as surplus assets. Net invested assets is used in the computation of net investment earned rate, which is used to analyze the profitability of Athene's investment portfolio. Net invested assets includes (a) total investments on the consolidated statements of financial condition with AFS securities at cost or amortized cost, excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) investments in related parties, (d) accrued investment income, (e) VIE and VOE assets, liabilities and non-controlling interest adjustments, (f) net investment payables and receivables, (g) policy loans ceded (which offset the direct policy loans in total investments) and (h) an adjustment for the allowance for credit losses. Net invested assets also excludes assets associated with funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral (offsetting the related cash positions). Athene includes the underlying investments supporting its assumed funds withheld and modco agreements in its net invested assets calculation in order to match the assets with the income received. Athene believes the adjustments for reinsurance provide a view of the assets for which it has economic exposure. Net invested assets includes Athene's proportionate share of ACRA investments, based on its economic ownership, but does not include the proportionate share of investments associated with the non-controlling interest. Net invested assets are averaged over the number of quarters in the relevant period to compute a net investment earned rate for such period. While Athene believes net invested assets is a meaningful financial metric and enhances the understanding of the underlying drivers of its investment portfolio, it should not be used as a substitute for Athene's total investments, including related parties, presented under U.S. GAAP.

Segment Analysis

Discussed below are our results of operations for each of our reportable segments. They represent the segment information available and utilized by management to assess performance and to allocate resources. See note 18 to our condensed consolidated financial statements for more information regarding our segment reporting.

Asset Management

The following table presents Fee Related Earnings, the performance measure of our Asset Management segment.

	Three months ended September 30,				Nine months ended September 30,			
	2022	**2021**	**Total Change**	**Percentage Change**	**2022**	**2021**	**Total Change**	**Percentage Change**
		(In millions)				*(In millions)*		
Asset Management:								
Management fees - Yield	$ 366.4	$ 299.2	$ 67.2	22.5%	$ 1,042.0	$ 872.0	$ 170.0	19.5%
Management fees - Hybrid	52.9	43.5	9.4	21.6	153.9	124.3	29.6	23.8
Management fees - Equity	126.6	129.8	(3.2)	(2.5)	377.3	398.9	(21.6)	(5.4)
Management fees	545.9	472.5	73.4	15.5	1,573.2	1,395.2	178.0	12.8
Advisory and transaction fees, net	104.6	65.2	39.4	60.4	271.8	203.8	68.0	33.4
Fee-related performance fees	20.0	19.8	0.2	1.0	45.9	36.7	9.2	25.1
Fee-related compensation	(193.8)	(160.7)	(33.1)	20.6	(556.4)	(476.7)	(79.7)	16.7
Other operating expenses	(112.1)	(76.7)	(35.4)	46.2	(318.8)	(218.3)	(100.5)	46.0
Fee Related Earnings (FRE)	**$ 364.6**	**$ 320.1**	**$ 44.5**	13.9%	**$ 1,015.7**	**$ 940.7**	**$ 75.0**	8.0%

	Three months ended September 30,				Nine months ended September 30,			
	2021	**2020**	**Total Change**	**Percentage Change**	**2021**	**2020**	**Total Change**	**Percentage Change**
		(In millions)				*(In millions)*		
Asset Management:								
Management fees - Yield	$ 299.2	$ 251.5	$ 47.7	19.0%	$ 872.0	$ 693.7	$ 178.3	25.7%
Management fees - Hybrid	43.5	35.6	7.9	22.2	124.3	100.5	23.8	23.7
Management fees - Equity	129.8	139.4	(9.6)	(6.9)	398.9	416.5	(17.6)	(4.2)
Management fees	472.5	426.5	46.0	10.8	1,395.2	1,210.7	184.5	15.2
Advisory and transaction fees, net	65.2	72.3	(7.1)	(9.8)	203.8	170.8	33.0	19.3
Fee-related performance fees	19.8	2.2	17.6	NM	36.7	8.0	28.7	358.8
Fee-related compensation	(160.7)	(137.9)	(22.8)	16.5	(476.7)	(384.4)	(92.3)	24.0
Other operating expenses	(76.7)	(70.9)	(5.8)	8.2	(218.3)	(197.4)	(20.9)	10.6
Fee Related Earnings (FRE)	**$ 320.1**	**$ 292.2**	**$ 27.9**	9.5%	**$ 940.7**	**$ 807.7**	**$ 133.0**	16.5%

In this section, references to 2022 refer to the three months ended September 30, 2022, references to 2021 refer to the three months ended September 30, 2021, and references to 2020 refer to the three months ended September 30, 2020.

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

FRE was $364.6 million in 2022, an increase of $44.5 million compared to $320.1 million in 2021. This increase was primarily attributable to continued growth in management fees and record quarterly advisory and transaction fees. The increase in management fees was primarily attributable to management fees earned from Athene of $39.2 million and ADREF and ADCF of $25.4 million, as a result of higher Fee-Generating AUM. Advisory and transaction fees earned in 2022 were primarily attributable to advisory and transaction fees earned from companies in the consumer services, financial services and natural resource sectors as well as structuring fees earned from companies in the financial services, real estate and consumer services sectors. The growth in revenues was offset, in part, by increases in other operating expenses and fee-related compensation expense associated with the re-basing of cost structure to support the Company's next phase of growth, including costs associated with the acquisition of Griffin Capital's U.S. asset management business.

Three Months Ended September 30, 2021 Compared to Three Months Ended September 30, 2020

FRE was $320.1 million in 2021, an increase of $27.9 million compared to $292.2 million in 2020. This increase was primarily attributable to the growth in management fees and fee-related performance fees. The increase in management fees was primarily driven by Athene and other funds we manage in our yield strategy. The increase in fee-related performance fees was primarily driven by fees earned from Redding Ridge Holdings and MFIC as each achieved its respective hurdle rates in 2021. The growth in revenues was offset, in part, by higher fee-related compensation expenses due to an increase in headcount as we continued to expand our global team in 2021.

In this section, references to 2022 refer to the nine months ended September 30, 2022, references to 2021 refer to the nine months ended September 30, 2021, and references to 2020 refer to the nine months ended September 30, 2020.

Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

FRE was $1.0 billion in 2022, an increase of $75.0 million compared to $940.7 million in 2021. This increase was primarily attributable to the continued growth in management fees, and advisory and transaction fees. The increase in management fees was primarily attributable to an increase in management fees earned from Athene of $127.9 million and ADREF and ADCF of $41.7 million as a result of higher Fee-Generating AUM. Advisory and transaction fees earned in 2022 were primarily attributable to advisory and transaction fees earned from companies in the financial services, consumer services, consumer and retail, real estate, natural resources and media, telecom and technology sectors, as well as structuring fees earned from companies in the financial services, consumer services and real estate sectors. The growth in revenues was offset, in part, by increases in fee-related compensation expense associated with the re-basing of cost structure to support the Company's next phase of growth, as well as costs associated with the acquisition of Griffin Capital's U.S. asset management business.

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020

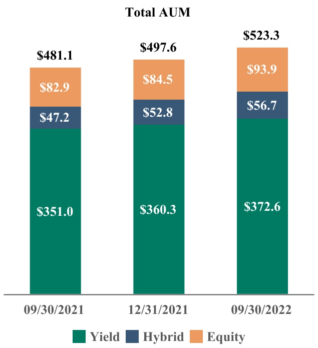
FRE was $940.7 million in 2021, an increase of $133.0 million compared to $807.7 million in 2020. This increase was primarily attributable to the growth in management fees and advisory and transaction fees. The increase in management fees was primarily driven by Athene, Athora and other funds we manage in our yield strategy. The increase in advisory and transaction fees was primarily driven by transaction and advisory fees earned related to companies in the consumer and retail industries, and transaction and placement fees earned in relation to a company in the media, telecom and technology sector in 2021. The growth in revenues was offset, in part, by higher fee-related compensation expense due to an increase in headcount as we continued to expand our global team in 2021.

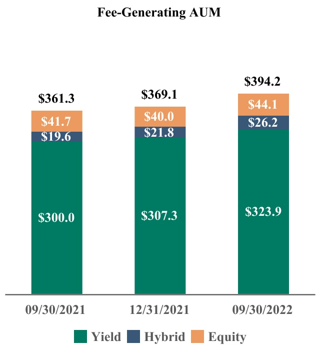
Asset Management Operating Metrics

We monitor certain operating metrics that are common to the alternative asset management industry and directly impact the performance of our Asset Management segment. These operating metrics include Assets Under Management, gross capital deployment and uncalled commitments.

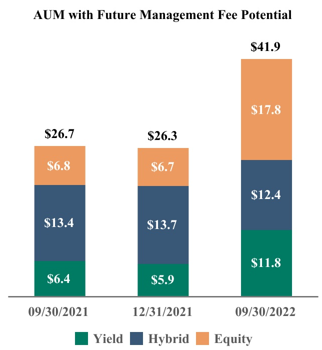
Assets Under Management

The following presents Apollo's Total AUM and Fee-Generating AUM by investing strategy (in billions):





The following presents Apollo's AUM with Future Management Fee Potential by investing strategy (in billions):



The following tables present the components of Performance Fee-Eligible AUM for each of Apollo's three investing strategies within the asset management segment:

	As of September 30, 2022			
	Yield	Hybrid	Equity	Total
		(In millions)		
Performance Fee-Generating AUM [1]	$ 37,271	$ 12,037	$ 40,807	$ 90,115
AUM Not Currently Generating Performance Fees	11,791	16,987	3,418	32,196
Uninvested Performance Fee-Eligible AUM	5,828	13,706	29,812	49,346
Total Performance Fee-Eligible AUM	$ 54,890	$ 42,730	$ 74,037	$ 171,657

	As of September 30, 2021			
	Yield	Hybrid	Equity	Total
		(In millions)		
Performance Fee-Generating AUM [1]	$ 37,064	$ 16,733	$ 38,733	$ 92,530
AUM Not Currently Generating Performance Fees	1,318	4,593	3,175	9,086
Uninvested Performance Fee-Eligible AUM	2,524	15,350	21,468	39,342
Total Performance Fee-Eligible AUM	$ 40,906	$ 36,676	$ 63,376	$ 140,958

	As of December 31, 2021			
	Yield	Hybrid	Equity	Total
		(In millions)		
Performance Fee-Generating AUM [1]	$ 37,756	$ 17,663	$ 37,447	$ 92,866
AUM Not Currently Generating Performance Fees	2,355	4,971	3,614	10,940
Uninvested Performance Fee-Eligible AUM	2,644	16,478	21,075	40,197
Total Performance Fee-Eligible AUM	$ 42,755	$ 39,112	$ 62,136	$ 144,003

[1] Performance Fee-Generating AUM of $3.9 billion, $4.2 billion and $5.2 billion as of September 30, 2022, September 30, 2021 and December 31, 2021, respectively, are above the hurdle rates or preferred returns and have been deferred to future periods when the fees are probable to not be significantly reversed.

The components of Fee-Generating AUM by investing strategy are presented below:

	As of September 30, 2022			
	Yield	Hybrid	Equity	Total
		(In millions)		
Fee-Generating AUM based on capital commitments	$ —	$ 2,521	$ 30,499	$ 33,020
Fee-Generating AUM based on invested capital	3,400	9,738	12,748	25,886
Fee-Generating AUM based on gross/adjusted assets	280,874	4,789	560	286,223
Fee-Generating AUM based on NAV	39,665	9,110	316	49,091
Total Fee-Generating AUM	$ 323,939	$ 26,158	$ 44,123 [1]	$ 394,220

[1] The weighted average remaining life of the traditional private equity funds as of September 30, 2022 was 56 months.

	As of September 30, 2021			
	Yield	Hybrid	Equity	Total
		(In millions)		
Fee-Generating AUM based on capital commitments	$ —	$ 2,576	$ 30,935	$ 33,511
Fee-Generating AUM based on invested capital	1,932	6,250	10,139	18,321
Fee-Generating AUM based on gross/adjusted assets	268,442	3,523	324	272,289
Fee-Generating AUM based on NAV	29,642	7,253	277	37,172
Total Fee-Generating AUM	$ 300,016	$ 19,602	$ 41,675 [1]	$ 361,293

[1] The weighted average remaining life of the traditional private equity funds at September 30, 2021 was 67 months.

	As of December 31, 2021			
	Yield	Hybrid	Equity	Total
	(In millions)			
Fee-Generating AUM based on capital commitments	$ —	$ 3,580	$ 27,277	$ 30,857
Fee-Generating AUM based on invested capital	2,321	6,826	12,075	21,222
Fee-Generating AUM based on gross/adjusted assets	273,695	4,293	406	278,394
Fee-Generating AUM based on NAV	31,290	7,146	192	38,628
Total Fee-Generating AUM	$ 307,306	$ 21,845	$ 39,950 [1]	$ 369,101

[1] The weighted average remaining life of the traditional private equity funds as of December 31, 2021 was 64 months.

Apollo, through its consolidated subsidiary, ISG, provides asset management services to Athene with respect to assets in the accounts owned by or related to Athene ("Athene Accounts"), including asset allocation services, direct asset management services, asset and liability matching management, mergers and acquisitions, asset diligence, hedging and other asset management services and receives management fees for providing these services. The Company, through ISG, also provides sub-allocation services with respect to a portion of the assets in the Athene Accounts. Apollo, through its asset management business, managed or advised $228.8 billion, $212.6 billion, and $203.6 billion of AUM on behalf of Athene as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

Apollo, through ISGI, provides investment advisory services with respect to certain assets in certain portfolio companies of Apollo funds and sub-advises the Athora Accounts and broadly refers to "Athora Sub-Advised" assets as those assets in the Athora Accounts which the Company explicitly sub-advises as well as those assets in the Athora Accounts which are invested directly in funds and investment vehicles Apollo manages. The Company refers to the portion of the Athora AUM that is not Athora Sub-Advised AUM as "Athora Non-Sub Advised" AUM. See note 16 to the condensed consolidated financial statements for more details regarding the fee arrangements with respect to the assets in the Athora Accounts. Apollo managed or advised $45.3 billion, $59.0 billion, and $61.0 billion of AUM on behalf of Athora as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

The following tables summarize changes in total AUM for each of Apollo's three investing strategies within the asset management segment:

	For the Three Months Ended September 30,							
	2022				2021			
	Yield	Hybrid	Equity	Total	Yield	Hybrid	Equity	Total
	(In millions)							
Change in Total AUM[1]:								
Beginning of Period	$ 375,753	$ 56,120	$ 82,889	$ 514,762	$ 338,729	$ 47,041	$ 86,005	$ 471,775
Inflows	18,232	2,686	13,175	34,093	17,035	1,598	1,703	20,336
Outflows[2]	(9,466)	(265)	(99)	(9,830)	(3,868)	(294)	—	(4,162)
Net Flows	8,766	2,421	13,076	24,263	13,167	1,304	1,703	16,174
Realizations	(6,555)	(1,548)	(2,026)	(10,129)	(759)	(2,174)	(5,900)	(8,833)
Market Activity[3]	(5,332)	(255)	(17)	(5,604)	(173)	1,033	1,088	1,948
End of Period	$ 372,632	$ 56,738	$ 93,922	$ 523,292	$ 350,964	$ 47,204	$ 82,896	$ 481,064

[1] At the individual segment level, inflows include new subscriptions, commitments, capital raised, other increases in available capital, purchases, acquisitions, and portfolio company appreciation. Outflows represent redemptions, other decreases in available capital and portfolio company depreciation. Realizations represent fund distributions of realized proceeds. Market activity represents gains (losses), the impact of foreign exchange rate fluctuations and other income.

[2] Outflows for Total AUM include redemptions of $1.0 billion and $0.6 billion during the three months ended September 30, 2022 and 2021, respectively.

[3] Includes foreign exchange impacts of $(5.1) billion and $(2.1) billion during the three months ended September 30, 2022 and 2021, respectively.

	For the Nine Months Ended September 30,							
	2022				2021			
	Yield	Hybrid	Equity	Total	Yield	Hybrid	Equity	Total
	(in millions)							
Change in Total AUM[1]:								
Beginning of Period	$ 360,289	$ 52,772	$ 84,491	$ 497,552	$ 332,880	$ 42,317	$ 80,289	$ 455,486
Inflows	72,353	9,288	18,737	100,378	40,358	6,615	4,781	51,754
Outflows[2]	(30,058)	(1,009)	(101)	(31,168)	(18,131)	(563)	(1,312)	(20,006)
Net Flows	42,295	8,279	18,636	69,210	22,227	6,052	3,469	31,748
Realizations	(8,181)	(4,248)	(9,025)	(21,454)	(2,435)	(4,324)	(14,817)	(21,576)
Market Activity[3]	(21,771)	(65)	(180)	(22,016)	(1,708)	3,159	13,955	15,406
End of Period	$ 372,632	$ 56,738	$ 93,922	$ 523,292	$ 350,964	$ 47,204	$ 82,896	$ 481,064

[1] At the individual strategy level, inflows include new subscriptions, commitments, capital raised, other increases in available capital, purchases, acquisitions and portfolio company appreciation. Outflows represent redemptions, other decreases in available capital and portfolio company depreciation. Realizations represent fund distributions of realized proceeds. Market activity represents gains (losses), the impact of foreign exchange rate fluctuations and other income.

[2] Outflows for Total AUM include redemptions of $2.4 billion and $1.9 billion during the nine months ended September 30, 2022 and 2021, respectively.

[3] Includes foreign exchange impacts of $(12.2) billion and $(4.5) billion during the nine months ended September 30, 2022 and 2021, respectively.

Three Months Ended September 30, 2022

Total AUM was $523.3 billion at September 30, 2022, an increase of $8.5 billion, or 1.7%, compared to $514.8 billion at June 30, 2022. The net increase was primarily due to subscriptions across the platform, growth of our retirement services AUM, and increased leverage, partially offset by distributions driven by a one-time release of unfunded commitments, and market activity across our yield strategy due to foreign exchange depreciation and market related changes. More specifically, the net increase was due to:

- Net flows of $24.3 billion primarily attributable to:
  - an $8.8 billion increase related to funds we manage in our yield strategy primarily consisting of (i) $4.9 billion related to the growth of our retirement services clients, (ii) $2.9 billion of subscriptions mostly related to the structured finance and ABS and corporate credit funds we manage, and (iii) a $1.7 billion increase in leverage; partially offsetting these increases were $0.7 billion of redemptions primarily in the corporate credit funds we manage;
  - a $2.4 billion increase related to funds we manage in our hybrid strategy primarily due to $1.7 billion of subscriptions across the hybrid value and hybrid credit funds we manage; and
  - a $13.1 billion increase related to funds we manage in the equity strategy primarily due to $12.7 billion of subscriptions mostly from the traditional private equity funds we manage.

- Realizations of $(10.1) billion primarily attributable to:
  - $(6.6) billion related to funds we manage in our yield strategy primarily consisting of a $5.8 billion one-time release of unfunded commitments;
  - $(1.5) billion related to funds we manage in our hybrid strategy primarily consisting of $1.0 billion related to a fund liquidation; and
  - $(2.0) billion related to funds we manage in our equity strategy primarily consisting of distributions across our traditional private equity funds.

- Market activity of $(5.6) billion, primarily attributable to:
  - $(5.3) billion related to funds we manage in our yield strategy primarily consisting of $(3.8) billion driven by Athora and $(1.5) billion related to the corporate credit funds we manage.

Nine Months Ended September 30, 2022

Total AUM was $523.3 billion at September 30, 2022, an increase of $25.7 billion, or 5.2%, compared to $497.6 billion at December 31, 2021. The net increase was primarily due to subscriptions across the platform, growth of our retirement services AUM, increased leverage, and the acquisition of Griffin Capital's U.S. asset management business; partially offset by distributions driven by a one-time release of unfunded commitments, and market activity across our yield strategy due to foreign exchange depreciation and market related changes. More specifically, the net increase was due to:

- Net flows of $69.2 billion primarily attributable to:
  - a $42.3 billion increase related to funds we manage in our yield strategy primarily consisting of (i) $16.4 billion related to the growth of our retirement services clients, (ii) $16.0 billion of subscriptions mostly related to the corporate credit funds we manage, (iii) an $11.9 billion increase in leverage, and (iv) $6.5 billion related to the acquisition of Griffin Capital's U.S. asset management business; partially offsetting these increases were (i) $(4.1) billion of net transfers and (ii) $(1.5) billion of redemptions primarily in the corporate credit funds we manage;
  - an $8.3 billion increase related to funds we manage in our hybrid strategy due to (i) $7.1 billion of fundraising primarily across the hybrid credit and hybrid value funds we manage, and (ii) $1.1 billion of net transfers primarily from the yield strategy; and
  - an $18.6 billion increase related to funds we manage in our equity strategy primarily consisting of (i) $14.4 billion of fundraising primarily related to the traditional private equity funds we manage, and (ii) $3.0 billion of net transfers primarily from the yield strategy.

- Realizations of $(21.5) billion primarily attributable to:
  - $(8.2) billion related to funds we manage in our yield strategy primarily consisting of a $5.8 billion one-time release of unfunded commitments;
  - $(4.2) billion related to funds we manage in our hybrid strategy primarily consisting of distributions from the hybrid credit and illiquid opportunistic funds we manage; and
  - $(9.0) billion related to funds we manage in our equity strategy primarily consisting of distributions across our traditional private equity funds.

- Market activity of $(22.0) billion, primarily attributable to:
  - $(21.8) billion related to funds we manage in our yield strategy primarily consisting of $(15.0) billion driven by Athora and $(5.3) billion related to our corporate credit funds.

The following tables summarize changes in Fee-Generating AUM for each of Apollo's three investing strategies within the asset management segment:

	For the Three Months ended September 30,						
	2022				2021		
	Yield	Hybrid	Equity	Total	Yield	Hybrid	Equity
				(In millions)			
Change in Fee-Generating AUM[1]:							
Beginning of Period	$ 314,062	$ 25,123	$ 41,609	$ 380,794	$ 291,680	$ 19,128	$ [illegible]
Inflows	26,446	3,089	3,551	33,086	14,627	1,379	
Outflows[2]	(11,007)	(1,431)	(154)	(12,592)	(5,713)	(833)	
Net Flows	15,439	1,658	3,397	20,494	8,914	546	
Realizations	(317)	(436)	(681)	(1,434)	(623)	(244)	[illegible]
Market Activity[3]	(5,245)	(187)	(202)	(5,634)	45	172	
End of Period	$ 323,939	$ 26,158	$ 44,123	$ 394,220	$ 300,016	$ 19,602	$ [illegible]

[1] At the individual strategy level, inflows include new subscriptions, commitments, capital raised, other increases in available capital, purchases, acquisitions and portfolio company appreciation. Outflows represent redemptions, other decreases in available capital and portfolio compan distributions of realized proceeds. Market activity represents gains (losses), the impact of foreign exchange rate fluctuations and other income.

[2] Outflows for Fee-Generating AUM include redemptions of $0.7 billion and $0.6 billion during the three months ended September 30, 2022 and 2021, respectively.

[3] Includes foreign exchange impacts of $(3.9) billion and $(1.7) billion during the three months ended September 30, 2022 and 2021, respectively.

	For the Nine Months Ended September 30,							
	2022				2021			
	Yield	Hybrid	Equity	Total	Yield	Hybrid	Equity	Total
	(in millions)							
Change in Fee-Generating AUM[1]:								
Beginning of Period	$ 307,306	$ 21,845	$ 39,950	$ 369,101	$ 285,830	$ 17,622	$ 45,222	$ 348,674
Inflows	64,799	8,248	6,262	79,309	36,070	4,402	1,098	41,570
Outflows[2]	(28,191)	(2,187)	(636)	(31,014)	(19,149)	(2,402)	(1,159)	(22,710)
Net Flows	36,608	6,061	5,626	48,295	16,921	2,000	(61)	18,860
Realizations	(993)	(1,327)	(1,101)	(3,421)	(1,581)	(880)	(3,374)	(5,835)
Market Activity[3]	(18,982)	(421)	(352)	(19,755)	(1,154)	860	(112)	(406)
End of Period	$ 323,939	$ 26,158	$ 44,123	$ 394,220	$ 300,016	$ 19,602	$ 41,675	$ 361,293

[1] At the individual strategy level, inflows include new subscriptions, commitments, capital raised, other increases in available capital, purchases, acquisitions and portfolio company appreciation. Outflows represent redemptions, other decreases in available capital and portfolio company depreciation. Realizations represent fund distributions of realized proceeds. Market activity represents gains (losses), the impact of foreign exchange rate fluctuations and other income.

[2] Outflows for Fee-Generating AUM include redemptions of $1.6 billion and $1.8 billion during the nine months ended September 30, 2022 and 2021, respectively.

[3] Includes foreign exchange impacts of $(9.6) billion and $(3.8) billion during the nine months ended September 30, 2022 and 2021, respectively.

Three Months Ended September 30, 2022

Total Fee-Generating AUM was $394.2 billion at September 30, 2022, an increase of $13.4 billion, or 3.5%, compared to $380.8 billion at June 30, 2022. The net increase was primarily due to growth of our retirement services AUM, fundraising, and deployment, partially offset by market activity across our yield strategy due to foreign exchange depreciation and market related changes. More specifically, the net increase was due to:

- Net flows of $20.5 billion primarily attributable to:
  - a $15.4 billion increase related to funds we manage in our yield strategy primarily consisting of (i) $11.0 billion of fee-generating capital deployment mostly related to Athora and the corporate credit funds we manage, (ii) $4.9 billion related to the growth of our retirement services clients, and (iii) $1.8 billion of subscriptions mostly related to the corporate credit funds we manage; partially offset by redemptions mostly related to the corporate credit funds we manage;
  - a $1.7 billion increase related to funds we manage in our hybrid strategy primarily due to fee-generating capital deployment related to the hybrid credit funds we manage, partially offset by capital reductions in our financial credit instruments strategy; and
  - a $3.4 billion increase related to funds we manage in our equity strategy primarily related to fundraising.

- Net flows were partially offset by:
  - $(5.6) billion of market activity primarily related to funds we manage in our yield strategy driven by $(4.1) billion related to Athora and $(1.2) billion related to the corporate credit funds we manage; and
  - $(1.4) billion of realizations across the platform.

Nine Months Ended September 30, 2022

Total Fee-Generating AUM was $394.2 billion at September 30, 2022, an increase of $25.1 billion, or 6.8%, compared to $369.1 billion at December 31, 2021. The net increase was primarily due to growth of our retirement services AUM, deployment, fundraising, and the acquisition of Griffin Capital's U.S. asset management business, partially offset by market activity across our yield strategy due to foreign exchange depreciation, market related changes and realizations. More specifically, the net increase was due to:

- Net flows of $48.3 billion primarily attributable to:
  - a $36.6 billion increase related to funds we manage in our yield strategy primarily consisting of (i) a $16.4 billion increase in AUM related to the growth of our retirement services clients, (ii) $15.1 billion of fee-generating capital deployment mostly related to the corporate credit funds we manage and Athora, (iii) $6.5 billion related to the

acquisition of Griffin Capital's U.S. asset management business, and (iv) $5.3 billion of subscriptions mostly related to the corporate credit funds we manage; partially offset by $(1.4) billion of redemptions mostly related to the corporate credit funds we manage and $(1.2) billion of net transfers;

- a $6.1 billion increase related to funds we manage in our hybrid strategy primarily due to (i) $5.5 billion of fee-generating capital deployment, (ii) $1.7 billion of subscriptions mostly related to the hybrid credit funds we manage, and (iii) $1.0 billion of transfers in primarily from the yield strategy we manage, offset by ($1.0) billion of fee-generating capital reductions related to the financial credit instruments strategy; and
- a $5.6 billion increase related to funds we manage in our equity strategy primarily related to (i) $3.3 billion of fee-generating capital deployment and (ii) $2.1 billion of fundraising.

- Net flows were partially offset by:
  - $(19.8) billion of market activity primarily related to funds we manage in our yield strategy, consisting of $(13.1) billion related to Athora and $(4.5) billion related to the corporate credit funds we manage; and
  - $(3.4) billion of realizations across the yield, hybrid and equity strategies.

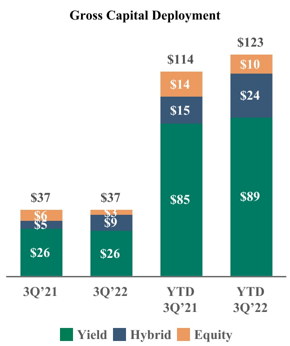
Gross Capital Deployment and Uncalled Commitments

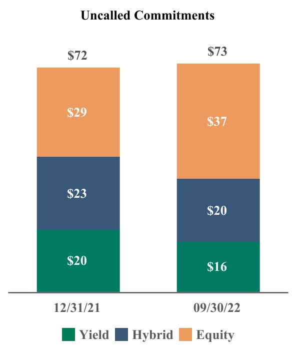
Gross capital deployment represents the gross capital that has been invested in investments by the funds and accounts we manage during the relevant period, but excludes certain investment activities primarily related to hedging and cash management functions at the Company. Gross Capital Deployment is not reduced or netted down by sales or refinancings, and takes into account leverage used by the funds and accounts we manage in gaining exposure to the various investments that they have made.

Uncalled commitments, by contrast, represent unfunded capital commitments that certain of Apollo's funds have received from fund investors to fund future or current fund investments and expenses.

Gross capital deployment and uncalled commitments are indicative of the pace and magnitude of fund capital that is deployed or will be deployed, and which therefore could result in future revenues that include management fees, transaction fees and performance fees to the extent they are fee-generating. Gross capital deployment and uncalled commitments can also give rise to future costs that are related to the hiring of additional resources to manage and account for the additional capital that is deployed or will be deployed. Management uses gross capital deployment and uncalled commitments as key operating metrics since we believe the results are measures of investment activities of the funds we manage.

The following presents gross capital deployment and uncalled commitments (in billions):





As of September 30, 2022 and December 31, 2021, Apollo had $51 billion and $47 billion of dry powder, respectively, which represents the amount of capital available for investment or reinvestment subject to the provisions of the applicable limited partnership agreements or other governing agreements of the funds, partnerships and accounts we manage. These amounts exclude uncalled commitments which can only be called for fund fees and expenses and commitments from perpetual capital vehicles.

Retirement Services

The following table presents Spread Related Earnings, the performance measure of our Retirement Services segment.

(In millions)	Three months ended September 30, 2022	Nine months ended September 30, 2022
Retirement Services:		
Fixed income and other investment income, net	$ 1,470.4	$ 3,979.3
Alternative investment income, net	249.6	883.6
Strategic capital management fees	13.6	38.6
Cost of funds	(965.5)	(2,677.8)
Net investment spread	768.1	2,223.7
Other operating expenses	(117.1)	(334.9)
Interest and other financing costs	(72.9)	(198.8)
Spread Related Earnings (SRE)	**$ 578.1**	**$ 1,690.0**

In this section, references to 2022 refer to the three months ended September 30, 2022.

Three Months Ended September 30, 2022

Spread Related Earnings

SRE was $578.1 million for the three months ended September 30, 2022. SRE is comprised of investment income from Athene's fixed income and other and alternative portfolios as well as strategic capital management fees less cost of funds on Athene's liabilities, other operating expenses, and interest and other financing costs. SRE for the three months ended September 30, 2022 was mainly attributed to fixed income and other investment income and alternative investment income, partially offset by cost of funds, other operating expenses and financing costs. Fixed income and other investment income benefited from strong growth in organic inflows as well as floating rate income driven by the increase in rates. As a result of purchase accounting, the book value of Athene's investment portfolio was marked up to fair value resulting in an adverse impact to fixed income and other investment income. Alternative investment income benefited from the deployment of inflows into alternative investments as well as strong performance on real estate funds, yield funds and MidCap but was adversely impacted by unfavorable economics. Cost of funds was primarily driven by interest credited and option costs on annuity products, pension group annuity obligations, interest on funding agreement issuances, income rider reserve and DAC and VOBA amortization as well as other liability costs. As a result of purchase accounting, Athene marked its reserve liabilities to fair value resulting in a favorable impact to cost of funds. Additionally, cost of funds was favorably impacted by an adjustment to exclude the non-operating change in funding agreement reserves from SRE, actuarial experience and unlocking. Unlocking, net of noncontrolling interests, was favorable $6 million primarily related to the impact of higher rates on future account values, partially offset by changes to projected interest crediting.

Net Investment Spread

	Three months ended September 30, 2022
Fixed income and other net investment earned rate	3.27 %
Alternative net investment earned rate	8.26 %
Net investment earned rate	3.58 %
Strategic capital management fees	0.03 %
Cost of funds	(2.01) %
Net investment spread	1.60 %

Net investment earned rate of 3.58% for the three months ended September 30, 2022 is comprised of a fixed income and other net investment earned rate of 3.27% and alternative net investment earned rate of 8.26%. The fixed income earned rate was adversely impacted by unfavorable purchase accounting impacts, partially offset by floating rate income due to the increase in rates. The alternative investment earned rate was driven by strong performance on real estate funds, Foundation Home Loans and MidCap but was adversely impacted by unfavorable economics.

Strategic capital management fees of 0.03% for the three months ended September 30, 2022 consisted of the management fee for ADIP's portion of Athene's business ceded to ACRA.

Cost of funds of 2.01% for the three months ended September 30, 2022 was primarily driven by interest credited and option costs on annuity products, pension group annuity obligations, interest on funding agreement issuances, income rider reserve and DAC and VOBA amortization, as well as other liability costs. As a result of purchase accounting, Athene marked its reserve liabilities to fair value resulting in a favorable impact to cost of funds. Additionally, cost of funds was favorably impacted by an adjustment to exclude the non-operating change in funding agreement reserves from SRE, actuarial experience and unlocking.

In this section, references to 2022 refer to the nine months ended September 30, 2022.

Nine Months Ended September 30, 2022

Spread Related Earnings

SRE was $1,690.0 million for the nine months ended September 30, 2022. SRE was mainly attributed to fixed income and other investment income and strong alternative investment income, partially offset by cost of funds, other operating expenses and interest and other financing costs. Fixed income and other investment income benefited from strong growth in organic inflows as well as floating rate income driven by the increase in rates. As a result of purchase accounting, the book value of Athene's investment portfolio was marked up to fair value resulting in an adverse impact to fixed income and other investment income. Alternative investment income benefited from the deployment of inflows into alternative investments as well as strong performance on real estate funds, Athora and MidCap but was adversely impacted by unfavorable economics. Cost of funds was primarily driven by interest credited and option costs on annuity products, pension group annuity obligations, interest on funding agreement issuances, income rider reserve and DAC and VOBA amortization as well as other liability costs. As a result of purchase accounting, Athene marked its reserve liabilities to fair value resulting in a favorable impact to cost of funds. Additionally, cost of funds was favorably impacted by actuarial experience and unlocking. Unlocking, net of noncontrolling interests, was favorable $6 million primarily related to the impact of higher rates on future account values, partially offset by changes to projected interest crediting.

Net Investment Spread

	Nine months ended September 30, 2022
Fixed income and other net investment earned rate	3.03 %
Alternative net investment earned rate	10.30 %
Net investment earned rate	3.47 %
Strategic capital management fees	0.03 %
Cost of funds	(1.91) %
Net investment spread	1.59 %

Net investment earned rate of 3.47% for the nine months ended September 30, 2022 is comprised of a fixed income and other net investment earned rate of 3.03% and alternative net investment earned rate of 10.30%. The fixed income earned rate was adversely impacted by unfavorable purchase accounting impacts, partially offset by floating rate income due to the increase in rates. The alternative investment earned rate was driven by strong performance on real estate funds, Athora and MidCap but was adversely impacted by unfavorable economics.

Strategic capital management fees of 0.03% for the nine months ended September 30, 2022 consisted of the management fee for ADIP's portion of Athene's business ceded to ACRA.

Cost of funds of 1.91% for the nine months ended September 30, 2022 was primarily driven by interest credited and option costs on annuity products, pension group annuity obligations, interest on funding agreement issuances, income rider reserve and DAC and VOBA amortization, as well as other liability costs. As a result of purchase accounting, Athene marked its reserve liabilities to fair value resulting in a favorable impact to cost of funds. Additionally, cost of funds was favorably impacted by actuarial experience and unlocking.

Investment Portfolio

Athene had investments, including related parties and VIEs, of $200.3 billion as of September 30, 2022. Athene's investment strategy seeks to achieve sustainable risk-adjusted returns through the disciplined management of its investment portfolio against its long-duration liabilities, coupled with the diversification of risk. The investment strategies focus primarily on a buy and hold asset allocation strategy that may be adjusted periodically in response to changing market conditions and the nature of Athene's liability profile. Athene takes advantage of its generally illiquid liability profile by identifying investment opportunities with an emphasis on earning incremental yield by taking liquidity and complexity risk rather than assuming solely credit risk. Athene has selected a diverse array of corporate bonds and more structured, but highly rated asset classes. Athene also maintains holdings in floating rate and less rate-sensitive instruments, including CLOs, non-agency RMBS and various types of structured products. In addition to its fixed income portfolio, Athene opportunistically allocates approximately 5% – 6% of its portfolio to alternative investments where it primarily focuses on fixed income-like, cash flow-based investments.

The following table presents the carrying values of Athene's total investments including related parties and VIEs:

	September 30, 2022	
(In millions, except percentages)	**Carrying Value**	**Percent of Total**
AFS securities		
US government and agencies	$ 2,498	1.3 %
US state, municipal and political subdivisions	920	0.5 %
Foreign governments	861	0.4 %
Corporate	56,908	28.4 %
CLO	14,146	7.1 %
ABS	9,872	4.9 %
CMBS	3,063	1.5 %
RMBS	5,325	2.7 %
Total AFS securities, at fair value	93,593	46.8 %
Trading securities, at fair value	1,590	0.8 %
Equity securities	1,607	0.8 %
Mortgage loans	25,145	12.6 %
Investment funds	29	— %
Policy loans	353	0.2 %
Funds withheld at interest	34,706	17.3 %
Derivative assets	4,065	2.0 %
Short-term investments	318	0.2 %
Other investments	682	0.3 %
Total investments	162,088	81.0 %
Investments in related parties		
AFS securities		
Corporate	1,022	0.5 %
CLO	2,481	1.2 %
ABS	5,552	2.8 %
Total AFS securities, at fair value	9,055	4.5 %
Trading securities, at fair value	901	0.4 %
Equity securities, at fair value	340	0.2 %
Mortgage loans	1,331	0.7 %
Investment funds	1,272	0.6 %
Funds withheld at interest	9,961	5.0 %
Other investments	274	0.1 %
Total related party investments	23,134	11.5 %
Total investments including related parties	185,222	92.5 %
Investments owned by consolidated VIEs		
Trading securities, at fair value	988	0.5 %
Equity securities, at fair value	15	— %
Mortgage loans	2,000	1.0 %
Investment funds, at fair value	11,885	5.9 %
Other investments, at fair value	152	0.1 %
Total investments owned by consolidated VIEs	15,040	7.5 %
Total investments including related parties and VIEs	$ 200,262	100.0 %

Athene's investment portfolio consists largely of high quality fixed maturity securities, loans and short-term investments, as well as additional opportunistic holdings in investment funds and other instruments, including equity holdings. Fixed maturity securities and loans include publicly issued corporate bonds, government and other sovereign bonds, privately placed corporate bonds and loans, mortgage loans, CMBS, RMBS, CLOs and ABS. A significant majority of Athene's AFS portfolio, 95.4% as of September 30, 2022, was invested in assets considered investment grade with a NAIC designation of 1 or 2.

Athene invests a portion of its investment portfolio in mortgage loans, which are generally comprised of high quality commercial first lien and mezzanine real estate loans. Athene has acquired mortgage loans through acquisitions and reinsurance arrangements, as well as through an active program to invest in new mortgage loans. It invests in CMLs on income producing properties including hotels, apartments, retail and office buildings, and other commercial and industrial properties. Athene's RML portfolio primarily consists of first lien RMLs collateralized by properties located in the U.S.

Funds withheld at interest represent a receivable for amounts contractually withheld by ceding companies in accordance with modco and funds withheld reinsurance agreements in which Athene acts as the reinsurer. Generally, assets equal to statutory reserves are withheld and legally owned by the ceding company.

While the substantial majority of Athene's investment portfolio has been allocated to corporate bonds and structured credit products, a key component of Athene's investment strategy is the opportunistic acquisition of investment funds with attractive risk and return profiles. Athene's investment fund portfolio consists of funds that employ various strategies including real estate and other real asset funds, credit funds and private equity funds. Athene has a strong preference for assets that have some or all of the following characteristics, among others: (1) investments that constitute a direct investment or an investment in a fund with a high degree of co-investment; (2) investments with credit- or debt-like characteristics (for example, a stipulated maturity and par value), or alternatively, investments with reduced volatility when compared to pure equity; or (3) investments that Athene believes have less downside risk.

Athene holds derivatives for economic hedging purposes to reduce its exposure to the cash flow variability of assets and liabilities, equity market risk, interest rate risk, credit risk and foreign exchange risk. Athene's primary use of derivative instruments relates to providing the income needed to fund the annual indexed credits on its FIA products. Athene primarily uses fixed indexed options to economically hedge index annuity products that guarantee the return of principal to the policyholder and credit interest based on a percentage of the gain in a specific market index.

Net Invested Assets

The following summarizes Athene's net invested assets:

	September 30, 2022	
(In millions, except percentages)	Net Invested Asset Value[1]	Percent of Total
Corporate	$ 81,912	42.0 %
CLO	19,249	9.9 %
Credit	101,161	51.9 %
CML	23,793	12.2 %
RML	9,818	5.0 %
RMBS	7,063	3.6 %
CMBS	3,859	2.0 %
Real estate	44,533	22.8 %
ABS	20,154	10.3 %
Alternative investments	12,335	6.3 %
State, municipal, political subdivisions and foreign government	2,723	1.4 %
Equity securities	1,823	0.9 %
Short-term investments	452	0.2 %
US government and agencies	2,649	1.4 %
Other investments	40,136	20.5 %
Cash and equivalents	7,161	3.7 %
Policy loans and other	2,166	1.1 %
Net invested assets	195,157	100.0 %

[1] *See Managing Business Performance - Key Segment and Non-U.S. GAAP Performance Measures for the definition of net invested assets.*

Athene's net invested assets were $195.2 billion as of September 30, 2022. In managing its business, Athene utilizes net invested assets as presented in the above table. Net invested assets do not correspond to Athene's total investments, including related parties, on the condensed consolidated statements of financial condition, as discussed previously in *Managing Business Performance - Key Segment and Non-U.S. GAAP Performance Measures* . Net invested assets represent Athene's investments that directly back the net reserve liabilities and surplus assets. Athene believes this view of its portfolio provides a view of the assets for which it has economic exposure. Athene adjusts the presentation for funds withheld and modco transactions to include or exclude the underlying investments based upon the contractual transfer of economic exposure to such underlying investments. Athene also adjusts for VIEs to show the net investment in the funds, which are included in the alternative investments line above, as well as adjust for the allowance for credit losses. Net invested assets includes its proportionate share of ACRA investments, based on its economic ownership, but excludes the proportionate share of investments associated with the non-controlling interest.

Net invested assets is utilized by management to evaluate Athene's investment portfolio. Net invested assets is used in the computation of net investment earned rate, which allows Athene to analyze the profitability of the investment portfolio. Net invested assets is also used in Athene's risk management processes for asset purchases, product design and underwriting, stress scenarios, liquidity, and ALM.

Principal Investing

The following table presents Principal Investing Income, the performance measure of our Principal Investing segment.

	Three months ended September 30,				Nine months ended September 30,			
	2022	2021	Total Change	Percentage Change	2022	2021	Total Change	Percentage Change
	(In millions)				*(In millions)*			
Principal Investing:								
Realized performance fees	$ 92.9	$ 608.0	$ (515.1)	(84.7)%	$ 371.0	$ 1,183.6	$ (812.6)	(68.7)%
Realized investment income	61.4	295.2	(233.8)	(79.2)	324.7	397.6	(72.9)	(18.3)
Principal investing compensation	(90.3)	(309.0)	218.7	(70.8)	(401.3)	(631.3)	230.0	(36.4)
Other operating expenses	(13.9)	(11.8)	(2.1)	17.8	(37.6)	(34.1)	(3.5)	10.3
Principal Investing Income (PII)	**$ 50.1**	**$ 582.4**	**$ (532.3)**	(91.4)	**$ 256.8**	**$ 915.8**	**$ (659.0)**	(72.0)

	Three months ended September 30,				Nine months ended September 30,			
	2021	2020	Total Change	Percentage Change	2021	2020	Total Change	Percentage Change
	(In millions)				*(In millions)*			
Principal Investing:								
Realized performance fees	$ 608.0	$ 17.4	$ 590.6	NM	$ 1,183.6	$ 94.0	$ 1,089.6	NM
Realized investment income	295.2	5.1	290.1	NM	397.6	22.2	375.4	NM
Principal investing compensation	(309.0)	(26.2)	(282.8)	NM	(631.3)	(119.8)	(511.5)	427.0
Other operating expenses	(11.8)	(9.9)	(1.9)	19.2	(34.1)	(42.5)	8.4	(19.8)
Principal Investing Income (PII)	**$ 582.4**	**$ (13.6)**	**$ 596.0**	NM	**$ 915.8**	**$ (46.1)**	**$ 961.9**	NM

As described in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations — General", earnings from our Principal Investing segment are inherently more volatile in nature than earnings from our Asset Management segment due to the intrinsic cyclical nature of performance fees, one of the key drivers of PII performance.

In this section, references to 2022 refer to the three months ended September 30, 2022, references to 2021 refer to the three months ended September 30, 2021, and references to 2020 refer to the three months ended September 30, 2020.

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

PII was $50.1 million in 2022, a decrease of $532.3 million, as compared to $582.4 million in 2021. This decrease was primarily attributable to decreases in realized performance fees and realized investment income of $515.1 million and $233.8 million, respectively, as equity market volatility delayed monetization activity. Realized investment income of $61.4 million in 2022 was primarily driven by realized gains from the transfer of the Company's investment in Redding Ridge to AAA. The decrease in PII was partially offset by a decrease in principal investing compensation expense.

Principal investing compensation expense decreased as a result of a corresponding decrease in realized performance fees. In any period, the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds generating performance allocations in the period. Additionally, included in principal investing compensation are expenses related to the Incentive Pool, a compensation program through which certain employees are allocated discretionary compensation based on realized performance fees in a given year. The Incentive Pool is separate from the fund related profit sharing expense and may result in greater variability in compensation and have a variable impact on the blended profit sharing percentage during a particular period.

Three Months Ended September 30, 2021 Compared to Three Months Ended September 30, 2020

PII was $582.4 million in 2021, an increase of $596.0 million, as compared to $(13.6) million in 2020. This increase was primarily attributable to increases in realized performance fees and realized investment income, partially offset by an increase in principal investing compensation expense. Realized performance fees increased to $608.0 million in 2021 from $17.4 million in 2020 driven by an increase in realized performance fees generated from Fund IX, Fund VIII and Fund VII of $269.5 million, $182.0 million and $49.4 million, respectively. The increase in realized investment income was primarily attributable to an increase in realizations driven by the sale of a platform investment to certain funds we manage and Athora in 2021. Principal investing compensation expense increased as a result of a corresponding increase in realized performance fees as described above.

In this section, references to 2022 refer to the nine months ended September 30, 2022, references to 2021 refer to the nine months ended September 30, 2021, and references to 2020 refer to the nine months ended September 30, 2020.

Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

PII was $256.8 million in 2022, a decrease of $659.0 million, as compared to $915.8 million in 2021. This decrease was primarily attributable to reduced realized performance fees and realized investment income as a result of delayed monetization activity in 2022, offset, in part, by a corresponding decrease in principal investing compensation. Realized investment income in 2022 was primarily attributable to realized gains on the transfer of certain of Apollo's general partner fund co-investments transferred to Athene that were subsequently transferred to AAA and realized gains from the transfer of the Company's investment in Redding Ridge to AAA.

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020

PII was $915.8 million in 2021, an increase of $961.9 million, as compared to $(46.1) million in 2020. This increase was primarily attributable to increases in realized performance fees and realized investment income, partially offset by an increase in principal investing compensation expense. Realized performance fees increased to $1.2 billion in 2021 from $94.0 million in 2020 driven by an increase in performance fees generated from Fund VIII and Fund IX of $577.1 million and $273.2 million, respectively. In 2020, the COVID-19 pandemic and the actions taken in response caused severe disruption to the global economy and financial markets. In line with public equity and credit indices, the Company experienced significant unrealized mark-to-market losses in underlying funds which significantly delayed monetization activity. The increase in realized investment income in 2021 was primarily attributable to an increase in realizations from the sale of a platform investment to certain funds we manage and Athora and an increase in realizations from Apollo's equity ownership in Fund VIII. Principal investing compensation expense increased as a result of a corresponding increase in realized performance fees as described above.

The Historical Investment Performance of Our Funds

Below we present information relating to the historical performance of the funds we manage, including certain legacy Apollo funds that do not have a meaningful amount of unrealized investments, and in respect of which the general partner interest has not been contributed to us.

When considering the data presented below, you should note that the historical results of funds we manage are not indicative of the future results that you should expect from such funds, from any future funds we may raise or from your investment in our common shares.

An investment in our common stock is not an investment in any of the Apollo funds, and the assets and revenues of our funds are not directly available to us. The historical and potential future returns of the funds we manage are not directly linked to returns on our common stock. Therefore, you should not conclude that continued positive performance of the funds we manage will necessarily result in positive returns on an investment in our common stock. However, poor performance of the funds that we manage would cause a decline in our revenue from such funds, and would therefore have a negative effect on our performance and in all likelihood the value of our common stock.

Moreover, the historical returns of funds we manage should not be considered indicative of the future results you should expect from such funds or from any future funds we may raise. There can be no assurance that any Apollo fund will continue to achieve the same results in the future.

Finally, our private equity IRRs have historically varied greatly from fund to fund. For example, Fund VI generated a 12% gross IRR and a 9% net IRR since its inception through September 30, 2022, while Fund V generated a 61% gross IRR and a 44% net IRR since its inception through September 30, 2022. Accordingly, the IRR going forward for any current or future fund may vary considerably from the historical IRR generated by any particular fund, or for our private equity funds as a whole. Future returns will also be affected by the applicable risks, including risks of the industries and businesses in which a particular fund invests. See "Item 1A. Risk Factors—Risks Relating to Our Asset Management Business—*Historical performance metrics are unreliable indicators of our current or future results of operations*" in our quarterly report on Form 10-Q filed with the SEC on May 10, 2022.

Investment Record

The following table summarizes the investment record by strategy of Apollo's significant commitment-based funds that have a defined maturity date in which investors make a commitment to provide capital at the formation of such funds and deliver capital when called as investment opportunities become available. The funds included in the investment record table below have greater than $500 million of AUM and/or form part of a flagship series of funds. All amounts are as of September 30, 2022, unless otherwise noted:

(in millions, except IRR)	Vintage Year	Total AUM	Committed Capital	Total Invested Capital	Realized Value	Remaining Cost	Unrealized Value	Total Value	Gross IRR	Net IRR
Yield:										
Apollo Origination Partners[1]	2022	$ 2,407	$ 2,348	$ 2,135	$ 374	$ 1,891	$ 1,838	$ 2,212	NM[2]	NM[2]
Hybrid:										
Apollo Infrastructure Opportunity Fund II	2021	$ 2,683	$ 2,542	$ 921	$ 30	$ 900	$ 1,135	$ 1,165	28 %	23 %
Apollo Infrastructure Opportunity Fund	2018	598	897	802	1,022	205	248	1,270	25	19
FCI IV	2021	1,349	1,123	154	5	154	155	160	NM[2]	NM[2]
FCI III	2017	2,530	1,906	3,101	2,395	1,810	1,716	4,111	16	13
FCI II	2013	2,069	1,555	3,449	2,818	1,719	1,436	4,254	7	5
FCI I	2012	—	559	1,516	1,975	—	—	1,975	12	8
HVF II	2022	4,455	4,592	1,790	8	1,782	1,682	1,690	NM[2]	NM[2]
HVF I	2019	3,873	3,238	3,682	2,372	2,202	2,811	5,183	25	20
SCRF I, II, III, IV [3]	Various	2,679	3,963	8,323	8,729	780	670	9,399	13	10
Accord V[4]	2022	1,868	1,922	1,095	311	788	725	1,036	NM[2]	NM[2]
Accord I, II, III, III B & IV [4]	Various	—	6,070	4,765	5,137	—	—	5,137	22	17
Accord+	2021	2,438	2,255	2,170	499	1,705	1,638	2,137	NM[2]	NM[2]
Total Hybrid		$ 24,542	$ 30,622	$ 31,768	$ 25,301	$ 12,045	$ 12,216	$ 37,517		
Equity:										
Fund IX	2018	$ 31,845	$ 24,729	$ 17,293	$ 7,063	$ 13,293	$ 20,648	$ 27,711	40 %	26 %
Fund VIII	2013	11,513	18,377	16,273	20,332	5,716	7,850	28,182	15	11
Fund VII	2008	413	14,677	16,461	34,205	19	77	34,282	33	25
Fund VI	2006	366	10,136	12,457	21,136	405	—	21,136	12	9
Fund V	2001	62	3,742	5,192	12,721	120	3	12,724	61	44
Fund I, II, III, IV & MIA [5]	Various	9	7,320	8,753	17,400	—	—	17,400	39	26
Traditional Private Equity Funds[6]		$ 44,208	$ 78,981	$ 76,429	$ 112,857	$ 19,553	$ 28,578	$ 141,435	39	24
ANRP III	2020	1,618	1,400	781	87	771	1,054	1,141	NM[2]	NM[2]
ANRP II	2016	1,711	3,454	2,931	2,965	1,153	1,155	4,120	16	9
ANRP I	2012	220	1,323	1,149	1,209	461	22	1,231	2	(2)
Impact Mission Fund[1]	N/A	1,053	947	547	44	503	626	670	NM[2]	NM[2]
EPF IV[1,7]	N/A	1,628	1,618	251	—	251	251	251	NM[2]	NM[2]
EPF III[7]	2017	4,534	4,326	4,605	3,123	2,282	3,075	6,198	19	11
EPF II[7]	2012	864	3,315	3,020	4,437	466	213	4,650	13	8
EPF I[7]	2007	199	1,269	1,668	2,814	—	—	2,814	23	17
U.S. RE Fund III[8]	2021	1,087	1,114	502	61	481	671	732	40	33
U.S. RE Fund II[8]	2016	1,341	1,264	1,067	663	747	1,111	1,774	16	14
U.S. RE Fund I[8]	2012	36	641	626	938	70	4	942	13	10
Asia RE Fund II[8]	2022	972	978	515	195	345	353	548	6	3
Asia RE Fund I[8]	2017	692	691	471	248	297	448	696	14	10
Total Equity		$ 60,163	$ 101,321	$ 94,562	$ 129,641	$ 27,380	$ 37,561	$ 167,202		

1 Vintage Year is not yet applicable as these funds have not had their final closings.
2 Data has not been presented as the fund's effective date is less than 24 months prior to the period indicated and such information was deemed not meaningful.
3 Remaining cost for certain of the hybrid funds we manage may include physical cash called, invested or reserved for certain levered investments.
4 Accord funds have investment periods shorter than 24 months, therefore Gross and Net IRR are presented after 12 months of investing.
5 The general partners and managers of Funds I, II and MIA, as well as the general partner of Fund III, were excluded assets in connection with the reorganization of the Company that occurred in 2007. As a result, Apollo did not receive the economics associated with these entities. The investment performance of these funds, combined with Fund IV, is presented to illustrate fund performance associated with Apollo's investment professionals.
6 Total IRR is calculated based on total cash flows for all funds presented.
7 Includes funds denominated in euros with historical figures translated into U.S. dollars at an exchange rate of €1.00 to $0.98 as of September 30, 2022.

8 U.S. RE Fund I, U.S. RE Fund II, U.S. RE Fund III, Asia RE Fund I and Asia RE Fund II had $145 million, $792 million, $439 million, $348 million and $515 million of co-investment commitments as of September 30, 2022, respectively, which are included in the figures in the table. A co-invest entity within U.S. RE Fund I is denominated in pounds sterling and translated into U.S. dollars at an exchange rate of £1.00 to $1.12 as of September 30, 2022.

Equity

The following table summarizes the investment record for distressed investments made in our traditional private equity fund portfolios since the Company's inception. All amounts are as of September 30, 2022:

(In millions, except percentages)	Total Invested Capital	Total Value	Gross IRR
Distressed for Control	$ 7,795	$ 18,875	29 %
Non-Control Distressed	6,302	10,670	71
Total	14,097	29,545	49
Corporate Carve-outs, Opportunistic Buyouts and Other Credit[1]	62,332	111,890	21
Total	$ 76,429	$ 141,435	39 %

[1] Other Credit is defined as investments in debt securities of issuers other than portfolio companies that are not considered to be distressed.

The following tables provide additional detail on the composition of the Fund IX, Fund VIII and Fund VII private equity portfolios based on investment strategy. Amounts for Fund I, II, III, IV, V and VI are included in the table above but not presented below as their remaining value is less than $100 million or the fund has been liquidated and such information was deemed not meaningful. All amounts are as of September 30, 2022:

Fund IX[1]

(In millions)	Total Invested Capital	Total Value
Corporate Carve-outs	$ 4,082	$ 7,476
Opportunistic Buyouts	12,427	17,988
Distressed[2]	784	2,247
Total	$ 17,293	$ 27,711

Fund VIII[1]

(In millions)	Total Invested Capital	Total Value
Corporate Carve-outs	$ 2,704	$ 6,935
Opportunistic Buyouts	13,002	20,493
Distressed[2]	567	754
Total	$ 16,273	$ 28,182

Fund VII[1]

(In millions)	Total Invested Capital	Total Value
Corporate Carve-outs	$ 2,539	$ 4,845
Opportunistic Buyouts	4,338	10,799
Distressed/Other Credit[2]	9,584	18,638
Total	$ 16,461	$ 34,282

1 Committed capital less unfunded capital commitments for Fund IX, Fund VIII and Fund VII were $16.1 billion, $17.7 billion and $14.7 billion, respectively, which represents capital commitments from limited partners to invest in such funds less capital that is available for investment or reinvestment subject to the provisions of the applicable governing agreements.

2 The distressed investment strategy includes distressed for control, non-control distressed and other credit. Other Credit is defined as investments in debt securities of issuers other than portfolio companies that are not considered to be distressed.

During the recovery and expansionary periods of 1994 through 2000 and late 2003 through the first half of 2007, our private equity funds invested or committed to invest approximately $13.7 billion primarily in traditional and corporate partner buyouts. During the recessionary periods of 1990 through 1993, 2001 through late 2003 and the recessionary and post recessionary periods (beginning the second half of 2007 through September 30, 2022), our private equity funds have invested $76.2 billion, of which $22.0 billion was in distressed buyouts and debt investments when the debt securities of quality companies traded at deep discounts to par value. Our average entry multiple for Fund VIII, VII and VI was 5.7x, 6.1x and 7.7x, respectively, as of September 30, 2022. Our average entry multiple for a private equity fund is the average of the total enterprise value over an applicable adjusted earnings before interest, taxes, depreciation and amortization, which may incorporate certain adjustments based on the investment team's estimates and we believe captures the true economics of our funds' investments in portfolio companies. The average entry multiple of actively investing funds may include committed investments not yet closed.

Perpetual Capital

The following table summarizes the investment record for our Perpetual Capital vehicles, excluding Athene-related and Athora-related assets managed or advised by ISG and ISGI:

			Total Returns[1]			
	IPO Year[2]	Total AUM	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
		(In millions)				
MidCap[3]	N/A	$ 11,558	4 %	3 %	15 %	16 %
AIF	2013	343	— %	3 %	(18) %	15 %
AFT	2011	355	— %	2 %	(18) %	15 %
MFIC/Other[4]	2004	9,266	(2) %	(2) %	(13) %	32 %
ARI	2009	9,860	(17) %	(5) %	(30) %	42 %
Total		$ 31,382				

1 Total returns are based on the change in closing trading prices during the respective periods presented taking into account dividends and distributions, if any, as if they were reinvested without regard to commission.
2 An initial public offering ("IPO") year represents the year in which the vehicle commenced trading on a national securities exchange.
3 MidCap is not a publicly traded vehicle and therefore IPO year is not applicable. The returns presented are a gross return based on NAV. The net returns based on NAV were 3% and 2% for the three months ended September 30, 2022 and 2021, respectively, and 12% and 12% for the nine months ended September 30, 2022 and 2021, respectively.
4 Included within total AUM of MFIC/Other, is $4.6 billion of AUM related to a non-traded business development company and $1.9 billion of AUM related to a publicly traded business development company from which Apollo earns investment-related service fees, but for which Apollo does not provide management or advisory services. Total returns exclude performance related to this AUM.

Summary of Non-U.S. GAAP Measures

The table below sets forth a reconciliation of net income attributable to Apollo Global Management, Inc. common stockholders to our non-U.S. GAAP performance measure:

(In millions)	Three months ended September 30, 2022		Three months ended September 30, 2021		Nine months ended September 30, 2022		Nine months ended September 30, 2021	
GAAP Net Income (Loss) Attributable to Apollo Global Management, Inc.	**$**	**(876)**	**$**	**249**	**$**	**(3,797)**	**$**	**1,[illegible]**
Preferred dividends		—		9		—		
Net income (loss) attributable to non-controlling interests		(298)		373		(1,909)		2,[illegible]
GAAP Net Income (Loss)	**$**	**(1,174)**	**$**	**631**	**$**	**(5,706)**	**$**	**3,[illegible]**
Income tax provision (benefit)		(185)		101		(1,280)		[illegible]
GAAP Income (Loss) Before Income Tax Provision (Benefit)	**$**	**(1,359)**	**$**	**732**	**$**	**(6,986)**	**$**	**4,[illegible]**
Asset Management Adjustments:								
Equity-based profit sharing expense and other[1]		55		32		219		
Equity-based compensation		46		20		139		
Preferred dividends		—		(9)		—		
Transaction-related charges[2]		(5)		(1)		(6)		
Merger-related transaction and integration costs[3]		14		15		50		
(Gains) losses from change in tax receivable agreement liability		—		—		14		
Net (income) loss attributable to non-controlling interests in consolidated entities		328		(113)		1,882		([illegible]
Unrealized performance fees		66		159		109		(1,[illegible]
Unrealized profit sharing expense		(19)		(41)		(16)		[illegible]
HoldCo interest and other financing costs[4]		29		42		103		
Unrealized principal investment income (loss)		128		219		138		([illegible]
Unrealized net (gains) losses from investment activities and other		(15)		(152)		(138)		(1,[illegible]
Retirement Services Adjustments:								
Investment (gains) losses, net of offsets		1,737		—		6,913		
Non-operating change in insurance liabilities and related derivatives, net of offsets		(64)		—		398		
Integration, restructuring and other non-operating expenses		37		—		104		
Equity-based compensation expense		15		—		40		
Adjusted Segment Income		**993**		**903**		**2,963**		**1,[illegible]**
HoldCo interest and other financing costs[4]		(29)		(42)		(103)		([illegible]
Taxes and related payables		(163)		(108)		(578)		([illegible]
Adjusted Net Income	**$**	**801**	**$**	**753**	**$**	**2,282**	**$**	**1,[illegible]**

[1] Equity-based profit sharing expense and other includes certain profit sharing arrangements in which a portion of performance fees distributed to the general partner are required to be used by employees of Apollo to purchase restricted shares of common stock or is delivered in the form of RSUs, which are granted under the Equity Plan. Equity-based profit sharing expense and other also includes performance grants which are tied to the Company's receipt of performance fees, within prescribed periods, sufficient to cover the associated equity-based compensation expense.

[2] Transaction-related charges include contingent consideration, equity-based compensation charges and the amortization of intangible assets and certain other charges associated with acquisitions, and restructuring charges.

[3] Merger-related transaction and integration costs includes advisory services, technology integration, equity-based compensation charges and other costs associated with the Mergers.

[4] Represents interest and other financing costs related to AGM not attributable to any specific segment.

The table below sets forth a reconciliation of common stock outstanding to our Adjusted Net Income Shares Outstanding:

	As of September 30, 2022	As of September 30, 2021	As of December 31, 2021
Total GAAP Common Stock Outstanding	572,670,634	245,393,192	248,896,649
Non-GAAP Adjustments:			
Participating Apollo Operating Group Units	—	187,406,688	184,787,638
Vested RSUs	13,492,457	253,953	17,700,688
Unvested RSUs Eligible for Dividend Equivalents	14,181,682	7,311,733	9,809,245
Adjusted Net Income Shares Outstanding	600,344,773	440,365,566	461,194,220

The table below sets forth a reconciliation of Athene's total investments, including related parties, to net invested assets:

(In millions)	September 30, 2022	December 31, 2021
Total investments, including investment in related parties	$ 185,222	$ —
Derivative assets	(4,065)	—
Cash and cash equivalents (including restricted cash)	10,847	—
Accrued investment income	1,226	—
Payables for collateral on derivatives	(2,538)	—
Reinsurance funds withheld and modified coinsurance	7,156	—
VIE and VOE assets, liabilities and non-controlling interest	13,259	—
Unrealized (gains) losses	25,098	—
Ceded policy loans	(180)	—
Net investment receivables (payables)	249	—
Allowance for credit losses	446	—
Total adjustments to arrive at gross invested assets	51,498	—
Gross invested assets	236,720	—
ACRA non-controlling interest	(41,563)	—
Net invested assets	$ 195,157	$ —

Liquidity and Capital Resources

Overview

The Company primarily derives revenues and cash flows from the assets it manages and the retirement savings products it issues, reinsures and acquires. Based on management's experience, we believe that the Company's current liquidity position, together with the cash generated from revenues will be sufficient to meet the Company's anticipated expenses and other working capital needs for at least the next 12 months. For the longer-term liquidity needs of the asset management business, we expect to continue to fund the asset management business' operations through management fees and performance fees received. The principal sources of liquidity for the retirement services business, in the ordinary course of business, are operating cash flows and holdings of cash, cash equivalents and other readily marketable assets.

AGM is a holding company whose primary source of cash flow is distributions from its subsidiaries, which are expected to be sufficient to fund cash flow requirements based on current estimates of future obligations. AGM's primary liquidity needs include the cash-flow requirements relating to its corporate activities, including its day-to-day operations, common stock dividend payments and strategic transactions, such as acquisitions.

At September 30, 2022, the Company had $10.9 billion of unrestricted cash and cash equivalents and $1.0 billion of U.S. Treasury securities as well as $4.5 billion of available funds from the AMH credit facility, AHL credit facility, and AHL liquidity facility.

Primary Uses of Cash

Over the next 12 months, we expect the Company's primary liquidity needs will be to:

- support the future growth of Apollo's businesses through strategic corporate investments
- pay the Company's operating expenses, including, compensation, general, administrative, and other expense
- make payments to policyholders for surrenders, withdrawals and payout benefits
- make interest and principal payments on funding agreements
- make payments to satisfy pension group annuity obligations and policy acquisition costs
- pay taxes and tax related payments
- pay cash dividends
- make payments related to the AOG Unit Payment
- repurchase common stock
- make payments under the tax receivable agreement

Over the long term, we believe we will be able to (i) grow Apollo's Assets Under Management and generate positive investment performance in the funds we manage, which we expect will allow us to grow the Company's management fees and performance fees and (ii) grow the investment portfolio of retirement services, in each case in amounts sufficient to cover our long-term liquidity requirements, which may include:

- supporting the future growth of our businesses
- creating new or enhancing existing products and investment platforms
- making payments to policyholders
- pursuing new strategic corporate investment opportunities
- paying interest and principal on the Company's financing arrangements
- repurchasing common stock
- making payments under the tax receivable agreement
- making payments related to the AOG Unit Payment
- paying cash dividends

Cash Flow Analysis

The section below discusses in more detail the Company's primary sources and uses of cash and the primary drivers of cash flows within the Company's consolidated statements of cash flows:

(In millions)	For the Nine Months Ended September 30, 2022	2021
Operating Activities	$ 2,324	$ 2,137
Investing Activities	(12,171)	(344)
Financing Activities	21,013	(444)
Effect of exchange rate changes on cash and cash equivalents	(18)	—
Net Increase in Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities	**$ 11,148**	**$ 1,349**

The assets of our consolidated funds and VIEs, on a gross basis, could have a substantial effect on the accompanying statement of cash flows. Because our consolidated funds and VIEs are generally treated as investment companies for accounting purposes, their investing cash flow amounts are included in our cash flows from operating activities. The table below summarizes our consolidated statements of cash flow by activity attributable to the Company and to our consolidated funds and VIEs.

(In millions)	For the Nine Months Ended September 30, 2022	2021
Net cash provided by the Company's operating activities	$ 6,923	$ 2,061
Net cash provided by (used in) the Consolidated Funds and VIEs operating activities	(4,599)	76
Net cash provided by operating activities	**2,324**	**2,137**
Net cash used in the Company's investing activities	(10,491)	(368)
Net cash provided by (used in) the Consolidated Funds and VIEs investing activities	(1,680)	24
Net cash used in investing activities	**(12,171)**	**(344)**
Net cash provided by (used in) the Company's financing activities	14,740	(1,161)
Net cash provided by the Consolidated Funds and VIEs financing activities	6,273	717
Net cash provided by (used in) financing activities	**$ 21,013**	**$ (444)**

Operating Activities

The Company's operating activities support its Asset Management, Retirement Services and Principal Investing activities. The primary sources of cash within operating activities include: (a) management fees, (b) advisory and transaction fees, (c) realized performance revenues, (d) realized principal investment income, (e) investment sales from our consolidated funds and VIEs, (f) net investment income, (g) annuity considerations and (h) insurance premiums. The primary uses of cash within operating activities include: (a) compensation and non-compensation related expenses, (b) interest and taxes, (c) investment purchases from our consolidated funds and VIEs, (d) benefit payments and (e) other operating expenses.

- During the nine months ended September 30, 2022, cash used in operating activities primarily includes net cash used in our consolidated funds and VIEs for purchases of investments. Net cash provided by operating activities reflects cash inflows of management fees, advisory and transaction fees, realized performance revenues, and realized principal investment income, as well as cash received from pension group annuity transactions net of outflows.

- During the nine months ended September 30, 2021, cash provided by operating activities primarily includes cash inflows from the receipt of management fees, advisory and transaction fees, realized performance revenues, and realized principal investment income, offset by cash outflows for compensation, general, administrative, and other expenses. Net cash provided by operating activities also reflects the operating activity of our consolidated funds and VIEs, which primarily includes cash inflows from consolidated funds and from the sale of investments offset by cash outflows for purchases of investments.

Investing Activities

The Company's investing activities support the growth of its business. The primary sources of cash within investing activities include: (a) distributions from investments and (b) sales, maturities and repayments of investments. The primary uses of cash within investing activities include: (a) capital expenditures, (b) purchases and acquisitions of new investments, including purchases of U.S. Treasury securities and (c) equity method investments in the funds we manage.

- During the nine months ended September 30, 2022, cash used in investing activities primarily reflects the purchase of investments due to the deployment of significant cash inflows from Athene's organic growth, partially offset by Athene cash acquired as a result of the Mergers and the sale, repayment and maturity of investments.

- During the nine months ended September 30, 2021, cash used in investing activities primarily reflects purchases of investments in Motive Partners and Challenger Ltd. and net contributions to equity method investments. Net cash used in investing activities also reflects the investing activity of our consolidated funds and VIEs, which primarily reflects net proceeds from maturities of U.S. Treasury securities.

Financing Activities

The Company's financing activities reflect its capital market transactions and transactions with equity holders. The primary sources of cash within the financing activities section includes: (a) proceeds from debt and preferred equity issuances, (b) inflows on Athene’s investment-type policies, (c) changes of cash collateral posted for derivative transactions, and (d) capital contributions and proceeds from other borrowing activities. The primary uses of cash within the financing activities section include: (a) dividends, (b) payments under the tax receivable agreement, (c) share repurchases, (d) cash paid to settle tax withholding obligations in connection with net share settlements of equity-based awards, (e) repayments of debt, (f) withdrawals on Athene’s investment-type policies and (g) changes of cash collateral posted for derivative transactions.

- During the nine months ended September 30, 2022, cash provided by financing activities primarily reflects the strong organic inflows from retail, flow reinsurance and funding agreements, net of withdrawals, partially offset by the payment of stock dividends. Cash provided by financing activities of our consolidated funds and VIEs primarily includes proceeds from the issuance of debt.

- During the nine months ended September 30, 2021, cash used in financing activities primarily reflects dividends to common stockholders, distributions to non-controlling interest holders, and repurchases of common stock. Net cash used in financing activities also reflects the financing activity of our consolidated funds and VIEs, which primarily includes cash inflows from the issuance of debt, net contributions from non-controlling interests in consolidated entities, proceeds from issuance of securities of a SPAC, partially offset by payment of underwriting discounts and cash outflows for the principal repayment of debt.

Contractual Obligations, Commitments and Contingencies

For a summary and a description of the nature of the Company’s commitments, contingencies and contractual obligations, see note 17 to the condensed consolidated financial statements and “—Contractual Obligations, Commitments and Contingencies.” The Company’s commitments are primarily fulfilled through cash flows from operations and financing activities.

Consolidated Funds and VIEs

The Company manages its liquidity needs by evaluating unconsolidated cash flows; however, the Company’s financial statements reflect the financial position of Apollo as well as Apollo’s consolidated funds and VIEs (including SPACs). The primary sources and uses of cash at Apollo’s consolidated funds and VIEs include: (a) raising capital from their investors, which have been reflected historically as non-controlling interests of the consolidated subsidiaries in our financial statements, (b) using capital to make investments, (c) generating cash flows from operations through distributions, interest and the realization of investments, (d) distributing cash flow to investors, (e) issuing debt to finance investments (CLOs) and (f) raising capital through SPAC vehicles for future acquisition of targeted entities.

Dividends and Distributions

For information regarding the quarterly dividends and distributions that were made to common stockholders and non-controlling interest holders in the Apollo Operating Group and participating securities, see note 14 to the condensed consolidated financial statements. Although the Company currently expects to pay dividends, we may not pay dividends if, among other things, we do not have the cash necessary to pay the dividends. To the extent we do not have cash on hand sufficient to pay dividends, we may have to borrow funds to pay dividends, or we may determine not to pay dividends. The declaration, payment and determination of the amount of our dividends are at the sole discretion of our board of directors.

On November 2, 2022, AGM declared a cash dividend of $0.40 per share of its common stock, which will be paid on November 30, 2022 to holders of record at the close of business on November 17, 2022.

Repurchase of Securities

Share Repurchase Program

For information regarding the Company’s share repurchase program, see note 14 to the condensed consolidated financial statements.

Repurchase of Other Securities

We may from time to time seek to retire or purchase our other outstanding debt or equity securities through cash purchases and/or exchanges for other securities, purchases in the open market, privately negotiated transactions or otherwise. Any such repurchases will be dependent upon several factors, including our liquidity requirements, contractual restrictions, general market conditions and applicable regulatory, legal and accounting factors. Whether or not we repurchase any of our other securities and the size and timing of any such repurchases will be determined at our discretion.

Asset Management Liquidity

Our asset management business requires limited capital resources to support the working capital or operating needs of the business. For the asset management business' longer-term liquidity needs, we expect to continue to fund the asset management business' operations through management fees and performance fees received. Liquidity needs are also met (to a limited extent) through proceeds from borrowings and equity issuances as described in notes 12 and 14 to the condensed consolidated financial statements, respectively. From time to time, if the Company determines that market conditions are favorable after taking into account our liquidity requirements, we may seek to raise proceeds through the issuance of additional debt or equity instruments.

At September 30, 2022, the asset management business had $1.1 billion of unrestricted cash and cash equivalents and $1.0 billion of U.S. Treasury securities as well as $750 million of available funds from the AMH credit facility.

Future Debt Obligations

The asset management business had long-term debt of $2.8 billion at September 30, 2022, which includes notes with maturities in 2024, 2026, 2029, 2030, 2048 and 2050. See note 12 to the condensed consolidated financial statements for further information regarding the asset management business' debt arrangements.

Future Cash Flows

Our ability to execute our business strategy, particularly our ability to increase our AUM, depends on our ability to establish new funds and to raise additional investor capital within such funds. Our liquidity will depend on a number of factors, such as our ability to project our financial performance, which is highly dependent on the funds we manage and our ability to manage our projected costs, fund performance, access to credit facilities, compliance with existing credit agreements, as well as industry and market trends. Also during economic downturns the funds we manage might experience cash flow issues or liquidate entirely. In these situations we might be asked to reduce or eliminate the management fee and performance fees we charge, which could adversely impact our cash flow in the future.

An increase in the fair value of the investments of the funds we manage, by contrast, could favorably impact our liquidity through higher management fees where the management fees are calculated based on the net asset value, gross assets or adjusted assets. Additionally, higher performance fees not yet realized would generally result when investments appreciate over their cost basis which would not have an impact on the asset management business' cash flow until realized.

Consideration of Financing Arrangements

As noted above, in limited circumstances, the asset management business may issue debt or equity to supplement its liquidity. The decision to enter into a particular financing arrangement is made after careful consideration of various factors including the asset management business' cash flows from operations, future cash needs, current sources of liquidity, demand for the asset management business' debt or equity, and prevailing interest rates.

Revolver Facility

Under the 2022 AMH credit facility, AMH may borrow in an aggregate amount not to exceed $1.0 billion and may incur incremental facilities in an aggregate amount not to exceed $250 million plus additional amounts so long as AMH is in compliance with a net leverage ratio not to exceed 4.00 to 1.00. Borrowings under the 2022 AMH credit facility may be used for working capital and general corporate purposes, including without limitation, permitted acquisitions. The 2022 AMH credit facility has a final maturity date of October 12, 2027. See note 12 to the condensed consolidated financial statements for details regarding the AMH credit facility refinancing, which occurred during the fourth quarter of 2022.

Tax Receivable Agreement

The tax receivable agreement provides for the payment to the Former Managing Partners and Contributing Partners of 85% of the amount of cash savings, if any, in U.S. federal, state, local and foreign income taxes that AGM and its subsidiaries realizes subject to the agreement. For more information regarding the tax receivable agreement, see note 16 to the condensed consolidated financial statements.

AOG Unit Payment

On December 31, 2021, holders of AOG Units (other than Athene and Apollo) sold and transferred a portion of such AOG Units to a wholly-owned subsidiary of the Company, in exchange for an amount equal to $3.66 multiplied by the total number of AOG Units held by such holders immediately prior to such transaction (such payment, the “AOG Unit Payment”). The remainder of the AOG Units held by such holders were exchanged for shares of AGM common stock concurrently with the consummation of the Mergers on January 1, 2022.

As of September 30, 2022, the outstanding AOG Unit Payment amount was $394 million, payable in equal installments through December 31, 2024. See note 16 for more information.

Athora

On April 14, 2017, Apollo made a commitment of €125 million to purchase new Class B-1 equity interests in Athora, a strategic platform that acquires and reinsures traditional closed life insurance policies and provides capital and reinsurance solutions to insurers in Europe which, as of April 2020 was fully drawn. In January 2018, Apollo purchased Class C-1 equity interests in Athora that represent a profits interest in Athora which, upon meeting certain vesting triggers, will be convertible by Apollo into additional Class B-1 equity interests in Athora.

In connection with Athora’s acquisition of VIVAT N.V., Apollo exercised its preemptive rights and made an additional incremental commitment of approximately €58 million to purchase new Class B-1 equity interests in Athora. In addition, in April 2020, Apollo purchased Class C-2 equity interests in Athora that represent a profits interest in Athora which, upon meeting certain vesting triggers, will be convertible by Apollo into additional Class B-1 equity interests in Athora.

In November 2021, Apollo made an additional commitment to purchase up to €120 million of new Class B-1 equity interests in Athora, to be drawn in connection with three separate offerings over a period of three years, with a commitment of up to €30 million in 2021, up to €40 million in 2022 and up to €50 million in 2023. Athora’s other common shareholders may exercise preemptive rights to acquire common shares in connection with each offering and any such exercise will reduce the total amount of new Class B-1 equity interests ultimately purchased by Apollo. In connection with the 2021 offering, Apollo acquired approximately €21.9 million of new Class B-1 equity interests. In addition, Apollo purchased Class C-3 equity interests in Athora in connection with the 2021 offering that represent a profits interest in Athora which, upon meeting certain vesting triggers, will be convertible by Apollo into additional Class B-1 equity interests in Athora. The remaining commitments are drawable in four installments between 2022 and 2024.

In December 2021, Apollo committed an additional €250 million to purchase new Class B-1 equity interests to support Athora’s ongoing growth initiatives, of which €180 million was drawn as of December 31, 2021. Apollo expects the remaining €70 million will be drawn in 2022, pending regulatory approvals.

Apollo Asset Management and Athene are minority investors in Athora with a long-term strategic relationship. Through its share ownership, Apollo has approximately 19.9% of the total voting power in Athora, and Athene holds shares in Athora representing 10% of the total voting power in Athora. In addition, Athora shares held by funds and other accounts managed by Apollo Asset Management represent, in the aggregate, approximately 15.1% of the total voting power in Athora.

Fund Escrow

As of September 30, 2022, the remaining investments and escrow cash of Fund VII was valued at 112% of the fund’s unreturned capital which was below the required escrow ratio of 115%. As a result, the fund is required to place in escrow current and future performance fee distributions to the general partner until the specified return ratio of 115% is met (at the time of a future distribution) or upon liquidation. Realized performance fees currently distributed to the general partner are limited to potential tax distributions and interest on escrow balances per the fund’s partnership agreement.

Clawback

Performance fees from certain of the funds we manage are subject to contingent repayment by the general partner in the event of future losses to the extent that the cumulative performance fees distributed from inception to date exceeds the amount computed as due to the general partner at the final distribution. See "—Overview of Results of Operations—Performance Fees" for the maximum performance fees subject to potential reversal by each fund.

Indemnification Liability

The asset management business recorded an indemnification liability in the event that the Former Managing Partners, Contributing Partners and certain investment professionals are required to pay amounts in connection with a general partner obligation to return previously distributed performance fees. See note 16 to the consolidated financial statements for further information regarding the asset management business' indemnification liability.

Retirement Services Liquidity

There are two forms of liquidity relevant to our retirement services business, funding liquidity and balance sheet liquidity. Funding liquidity relates to the ability to fund operations. Balance sheet liquidity relates to the ability to liquidate or rebalance Athene's balance sheet without incurring significant costs from fees, bid-offer spreads, or market impact. Athene manages the liquidity position of its business by matching projected cash demands with adequate sources of cash and other liquid assets. The principal sources of liquidity for our retirement services business, in the ordinary course of business, are operating cash flows and holdings of cash, cash equivalents and other readily marketable assets.

Athene's investment portfolio is structured to ensure a strong liquidity position over time in order to permit timely payment of policy and contract benefits without requiring asset sales at inopportune times or at depressed prices. In general, liquid assets include cash and cash equivalents, highly rated corporate bonds, unaffiliated preferred stock and public common stock, all of which generally have liquid markets with a large number of buyers. Assets included in modified coinsurance and funds withheld portfolios are available to fund the benefits for the associated obligations but are restricted from other uses. Although the investment portfolio of our retirement services' business does contain assets that are generally considered illiquid for liquidity monitoring purposes (primarily mortgage loans, policy loans, real estate, investment funds, and affiliated common stock), there is some ability to raise cash from these assets if needed. Athene has access to additional liquidity through the $1.25 billion AHL credit facility, the AHL liquidity facility with a current borrowing capacity of $2.5 billion, and its $2.0 billion of committed repurchase facilities. Both the AHL credit facility and AHL liquidity facility were undrawn as of September 30, 2022. Athene also has a registration statement on Form S-3 to provide it with access to the capital markets, subject to favorable market conditions and other factors. Athene is also party to repurchase agreements with several different financial institutions, pursuant to which it may obtain short-term liquidity, to the extent available. In addition, through Athene's membership in the FHLB, it is eligible to borrow under variable rate short-term federal funds arrangements to provide additional liquidity.

Athene proactively manages its liquidity position to meet cash needs while minimizing adverse impacts on investment returns. Athene analyzes its cash-flow liquidity over the upcoming 12 months by modeling potential demands on liquidity under a variety of scenarios, taking into account the provisions of its policies and contracts in force, its cash flow position, and the volume of cash and readily marketable securities in its portfolio.

Liquidity risk is monitored, managed and mitigated through a number of stress tests and analyses to assess Athene's ability to meet its cash flow requirements, as well as the ability of its reinsurance and insurance subsidiaries to meet their collateral obligations, under various stress scenarios. Athene further seeks to mitigate liquidity risk by maintaining access to alternative, external sources of liquidity.

Insurance Subsidiaries' Operating Liquidity

The primary cash flow sources for Athene's insurance subsidiaries include retirement services product inflows (premiums), investment income, principal repayments on its investments, net transfers from separate accounts and financial product inflows. Uses of cash include investment purchases, payments to policyholders for surrenders, withdrawals and payout benefits, interest and principal payments on funding agreements, payments to satisfy pension group annuity obligations, policy acquisition costs and general operating costs.

Athene's policyholder obligations are generally long-term in nature. However, policyholders may elect to withdraw some, or all, of their account value during the surrender charge period of an annuity contract. Athene includes provisions within its annuity policies, such as surrender charges and MVAs, which are intended to protect it from early withdrawals. As of September 30, 2022, approximately 75% of Athene's deferred annuity liabilities were subject to penalty upon surrender. In addition, as of September 30, 2022, approximately 53% of policies contained MVAs that may also have the effect of limiting early withdrawals if interest rates increase, but may encourage early withdrawals by effectively subsidizing a portion of surrender charges when interest rates decrease. Athene's funding agreements, group annuities and payout annuities are generally non-surrenderable, which accounts for approximately 31% of Athene's net reserve liabilities as of September 30, 2022.

Membership in Federal Home Loan Bank

Through its membership in the FHLB, Athene is eligible to borrow under variable rate short-term federal funds arrangements to provide additional liquidity. The borrowings must be secured by eligible collateral such as mortgage loans, eligible CMBS or RMBS, government or agency securities and guaranteed loans. As of September 30, 2022, Athene had no outstanding borrowings under these arrangements.

Athene has issued funding agreements to the FHLB. These funding agreements were issued in an investment spread strategy, consistent with other investment spread operations. As of September 30, 2022, Athene had funding agreements outstanding with the FHLB in the aggregate principal amount of $3.7 billion.

The maximum FHLB indebtedness by a member is determined by the amount of collateral pledged, and cannot exceed a specified percentage of the member's total statutory assets dependent on the internal credit rating assigned to the member by the FHLB. As of September 30, 2022, the total maximum borrowings under the FHLB facilities were limited to $48.6 billion. However, Athene's ability to borrow under the facilities is constrained by the availability of assets that qualify as eligible collateral under the facilities and certain other limitations. Considering these limitations, as of September 30, 2022 Athene had the ability to draw up to an estimated $5.3 billion, inclusive of borrowings then outstanding. This estimate is based on Athene's internal analysis and assumptions, and may not accurately measure collateral which is ultimately acceptable to the FHLB.

Securities Repurchase Agreements

Athene engages in repurchase transactions whereby it sells fixed income securities to third parties, primarily major brokerage firms or commercial banks, with a concurrent agreement to repurchase such securities at a determined future date. Athene requires that, at all times during the term of the repurchase agreements, it maintains sufficient cash or other liquid assets sufficient to allow it to fund substantially all of the repurchase price. Proceeds received from the sale of securities pursuant to these arrangements are generally invested in short-term investments, with the offsetting obligation to repurchase the security included within payables for collateral on derivatives and securities to repurchase on the condensed consolidated statements of financial condition. As per the terms of the repurchase agreements, Athene monitors the market value of the securities sold and may be required to deliver additional collateral (which may be in the form of cash or additional securities) to the extent that the value of the securities sold decreases prior to the repurchase date.

As of September 30, 2022, the payables for repurchase agreements were $4.5 billion, while the fair value of securities and collateral held by counterparties backing the repurchase agreements was $4.6 billion. As of September 30, 2022, payables for repurchase agreements were comprised of $1.6 billion of short-term and $2.9 billion of long-term repurchase agreements.

Dividends from Insurance Subsidiaries

AHL is a holding company whose primary liquidity needs include the cash-flow requirements relating to its corporate activities, including its day-to-day operations, debt servicing, preferred and common stock dividend payments and strategic transactions, such as acquisitions. The primary source of AHL's cash flow is dividends from its subsidiaries, which are expected to be adequate to fund cash flow requirements based on current estimates of future obligations.

The ability of AHL's insurance subsidiaries to pay dividends is limited by applicable laws and regulations of the jurisdictions where the subsidiaries are domiciled, as well as agreements entered into with regulators. These laws and regulations require, among other things, the insurance subsidiaries to maintain minimum solvency requirements and limit the amount of dividends these subsidiaries can pay.

Subject to these limitations and prior notification to the appropriate regulatory agency, Athene's U.S. insurance subsidiaries are permitted to pay ordinary dividends based on calculations specified under insurance laws of the relevant state of domicile. Any distributions above the amount permitted by statute in any twelve month period are considered to be extraordinary dividends, and require the approval of the appropriate regulator prior to payment. AHL does not currently plan on having the U.S. subsidiaries pay any dividends to their parents.

Dividends from AHL's subsidiaries are projected to be the primary source of AHL's liquidity. Under the Bermuda Insurance Act, each of Athene's Bermuda insurance subsidiaries is prohibited from paying a dividend in an amount exceeding 25% of the prior year's statutory capital and surplus, unless at least two members of the board of directors of the Bermuda insurance subsidiary and its principal representative in Bermuda sign and submit to the Bermuda Monetary Authority ("BMA") an affidavit attesting that a dividend in excess of this amount would not cause the Bermuda insurance subsidiary to fail to meet its relevant margins. In certain instances, the Bermuda insurance subsidiary would also be required to provide prior notice to the BMA in advance of the payment of dividends. In the event that such an affidavit is submitted to the BMA in accordance with the Bermuda Insurance Act, and further subject to the Bermuda insurance subsidiary meeting its relevant margins, the Bermuda insurance subsidiary is permitted to distribute up to the sum of 100% of statutory surplus and an amount less than 15% of its total statutory capital. Distributions in excess of this amount require the approval of the BMA.

The maximum distribution permitted by law or contract is not necessarily indicative of the insurance subsidiaries' actual ability to pay such distributions, which may be further restricted by business and other considerations, such as the impact of such distributions on surplus, which could affect our ratings or competitive position and the amount of premiums that can be written. Specifically, the level of capital needed to maintain desired financial strength ratings from rating agencies, including S&P, A.M. Best, Fitch and Moody's, is of particular concern when determining the amount of capital available for distributions. AHL believes its insurance subsidiaries have sufficient statutory capital and surplus, combined with additional capital available to be provided by AHL, to meet their financial strength ratings objectives. Finally, state insurance laws and regulations require that the statutory surplus of Athene's insurance subsidiaries following any dividend or distribution must be reasonable in relation to their outstanding liabilities and adequate for the insurance subsidiaries' financial needs.

Other Sources of Funding

Athene may seek to secure additional funding at the AHL level by means other than dividends from subsidiaries, such as by drawing on the undrawn $1.25 billion AHL credit facility, drawing on the undrawn $2.5 billion AHL liquidity facility or by pursuing future issuances of debt or preference shares to third-party investors. The AHL credit facility contains various standard covenants with which Athene must comply, including maintaining a Consolidated Debt to Capitalization Ratio (as such term is defined in the AHL credit facility) of not greater than 35% at the end of any quarter, maintaining a minimum Consolidated Net Worth (as such term is defined in the AHL credit facility) of no less than $7.3 billion, and restrictions on the ability to incur debt and liens, in each case with certain exceptions. The AHL liquidity facility also contains various standard covenants with which Athene must comply, including maintaining an ALRe minimum Consolidated Net Worth (as such term is defined in the AHL liquidity facility) of no less than $9.3 billion and restrictions on the ability to incur debt and liens, in each case with certain exceptions.

Future Debt Obligations

Athene had long-term debt of $3.3 billion as of September 30, 2022, which includes notes with maturities in 2028, 2030, 2031, 2051, and 2052. See note 12 to the condensed consolidated financial statements for further information regarding Athene's debt arrangements.

Capital

Athene believes it has a strong capital position and that it is well positioned to meet policyholder and other obligations. Athene measures capital sufficiency using an internal capital model which reflects management's view on the various risks inherent to its business, the amount of capital required to support its core operating strategies and the amount of capital necessary to maintain its current ratings in a recessionary environment. The amount of capital required to support Athene's core operating strategies is determined based upon internal modeling and analysis of economic risk, as well as inputs from rating agency capital models and consideration of NAIC RBC and Bermuda capital requirements. Capital in excess of this required amount is considered excess equity capital, which is available to deploy.

ACRA

ACRA provides Athene with access to on-demand capital to support its growth strategies and capital deployment opportunities. ACRA provides a capital source to fund both Athene's inorganic and organic channels, including pension group annuity, funding agreement and retail channels. This strategic capital solution allows Athene the flexibility to simultaneously deploy capital across multiple accretive avenues, while maintaining a strong financial position.

Critical Accounting Estimates and Policies

Other than as described in this Item 2, there have been no material changes to the Company's critical accounting estimates and judgments from those previously disclosed in Apollo and Athene's 2021 Annual Reports. The following updates and supplements the critical accounting estimates and judgments in Athene's 2021 Annual Report.

Investments

Valuation of Mortgage Loans

Athene has elected the fair value option on its mortgage loan portfolio. Athene uses independent commercial pricing services to value its mortgage loans portfolio. Discounted cash flow analysis is performed through which the loans' contractual cash flows are modeled and an appropriate discount rate is determined to discount the cash flows to arrive at a present value. Financial factors, credit factors, collateral characteristics and current market conditions are all taken into consideration when performing the discounted cash flow analysis. Athene performs vendor due diligence exercises annually to review vendor processes, models and assumptions. Additionally, Athene reviews price movements on a quarterly basis to ensure reasonableness.

Future Policy Benefits

The future policy benefit liabilities associated with long duration contracts include term and whole-life products, accident and health, disability, and deferred and immediate annuities with life contingencies. Liabilities for non-participating long duration contracts are established using accepted actuarial valuation methods which require Athene to make certain assumptions regarding expenses, investment yields, mortality, morbidity, and persistency, with a provision for adverse deviation, at the date of issue or acquisition. As of September 30, 2022, the reserve investment yield assumptions for non-participating contracts range from 2.3% to 5.9% and are specific to Athene's expected earned rate on the asset portfolio supporting the reserves. Athene bases other key assumptions, such as mortality and morbidity, on industry standard data adjusted to align with actual company experience, if necessary. Premium deficiency tests are performed periodically using current assumptions, without provisions for adverse deviation, in order to test the appropriateness of the established reserves. If the reserves using current assumptions are greater than the existing reserves, the excess is recorded and the initial assumptions are revised.

Liabilities for Guaranteed Living Withdrawal Benefits and Guaranteed Minimum Death Benefits

Athene issues and reinsures deferred annuity contracts which contain GLWB and GMDB riders. Athene establishes future policy benefits for GLWB and GMDB by estimating the expected value of withdrawal and death benefits in excess of the projected account balance. Athene recognizes the excess proportionally over the accumulation period based on total actual and expected assessments. The methods used to estimate the liabilities have assumptions about policyholder behavior, which includes lapses, withdrawals and utilization of the benefit riders; mortality; and market conditions affecting the account balance.

Projected policyholder lapse and withdrawal behavior assumptions are set in one of two ways. For certain blocks of business, this behavior is a function of our predictive analytics model which considers various observable inputs. For the remaining blocks of business, these assumptions are set at the product level by grouping individual policies sharing similar features and guarantees and reviewed periodically against experience. Base lapse rates consider the level of surrender charges and are dynamically adjusted based on the level of current interest rates relative to the guaranteed rates and the amount by which any rider guarantees are in a net positive position. Rider utilization assumptions consider the number and timing of policyholders electing the riders. Athene tracks and updates this assumption as experience emerges. Mortality assumptions are set at the product level and generally based on standard industry tables, adjusted for historical experience and a provision for mortality improvement. Projected guaranteed benefit amounts in excess of the underlying account balances are considered over a range of scenarios in order to capture Athene's exposure to the guaranteed withdrawal and death benefits.

The assessments used to accrue liabilities are based on interest margins, rider charges, surrender charges and realized gains (losses). As such, future reserve changes can be sensitive to changes in investment results and the impacts of shadow adjustments, which represent the impact of assuming unrealized gains (losses) are realized in future periods. As of September 30, 2022, the GLWB and GMDB liability balance, including the impacts of shadow adjustments, totaled $5.1 billion. The relative sensitivity of the GLWB and GMDB liability balance from changes to these assumptions, including the impacts of shadow adjustments from hypothetical changes in projected assessments, changes in the discount rate and annual equity growth, has decreased following the business combination and purchase accounting described in note 3. Using factors consistent with those previously disclosed in Athene's 2021 Annual Report, changes to the GLWB and GMDB liability balance from these hypothetical changes in assumptions are not significant.

Derivatives

Valuation of Embedded Derivatives on indexed annuities

Athene issues and reinsures products, primarily indexed annuity products, or purchases investments that contain embedded derivatives. If Athene determines the embedded derivative has economic characteristics not clearly and closely related to the economic characteristics of the host contract, and a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for separately, unless the fair value option is elected on the host contract.

Indexed annuities and indexed universal life insurance contracts allow the policyholder to elect a fixed interest rate return or an equity market component for which interest credited is based on the performance of certain equity market indices. The equity market option is an embedded derivative, similar to a call option. The benefit reserve is equal to the sum of the fair value of the embedded derivative and the host (or guaranteed) component of the contracts. The fair value of the embedded derivatives represents the present value of cash flows attributable to the indexed strategies. The embedded derivative cash flows are based on assumptions for future policy growth, which include assumptions for expected index credits on the next policy anniversary date, future equity option costs, volatility, interest rates, and policyholder behavior. The embedded derivative cash flows are discounted using a rate that reflects Athene's credit rating. The host contract is established at contract inception as the initial account value less the initial fair value of the embedded derivative and accreted over the policy's life. Contracts acquired through a business combination which contain an embedded derivative are re-bifurcated as of the acquisition date.

In general, the change in the fair value of the embedded derivatives will not directly correspond to the change in fair value of the hedging derivative assets. The derivatives are intended to hedge the index credits expected to be granted at the end of the current term. The options valued in the embedded derivatives represent the rights of the policyholder to receive index credits over the period indexed strategies are made available to the policyholder, which is typically longer than the current term of the options. From an economic basis, Athene believes it is suitable to hedge with options that align with index terms of our indexed annuity products because policyholder accounts are credited with index performance at the end of each index term. However, because the value of an embedded derivative in an indexed annuity contract is longer-dated, there is a duration mismatch which may lead to differences in the recognition of income and expense for accounting purposes.

A significant assumption in determining policy liabilities for indexed annuities is the vector of rates used to discount indexed strategy cash flows. The change in risk free rates is expected to drive most of the movement in the discount rates between periods. Changes to credit spreads for a given credit rating as well as any change to Athene's credit rating requiring a revised level of nonperformance risk would also be factors in the changes to the discount rate. If the discount rates used to discount the indexed strategy cash flows were to fluctuate, there would be a resulting change in reserves for indexed annuities recorded through the condensed consolidated statements of operations.

As of September 30, 2022, Athene had embedded derivative liabilities classified as Level 3 in the fair value hierarchy of $5.0 billion. The increase (decrease) to the embedded derivatives on FIA products from hypothetical changes in discount rates is summarized as follows:

(In millions)	**September 30, 2022**
+100 bps discount rate	$ (248)
−100 bps discount rate	274

However, these estimated effects do not take into account potential changes in other variables, such as equity price levels and market volatility, which can also contribute significantly to changes in carrying values. Therefore, the quantitative impact presented in the table above does not necessarily correspond to the ultimate impact on the condensed consolidated financial statements. In determining the ranges, Athene has considered current market conditions, as well as the market level of discount rates that can reasonably be anticipated over the near-term. For additional information regarding sensitivities to interest rate risk and public equity risk, see *Item 3. Quantitative and Qualitative Disclosures About Market Risk* .

Deferred Acquisition Costs, Deferred Sales Inducements, and Value of Business Acquired

Costs related directly to the successful acquisition of new or renewal insurance or investment contracts are deferred to the extent they are recoverable from future premiums or gross profits. These costs consist of commissions and policy issuance costs, as well as sales inducements credited to policyholder account balances. Athene performs periodic tests, including at issuance, to determine if the deferred costs are recoverable. If it is determined that the deferred costs are not recoverable, Athene records a cumulative charge to the current period.

Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds are amortized over the lives of the policies, based upon the proportion of the present value of actual and expected deferred costs to the present value of actual and expected gross profits to be earned over the life of the policies. Gross profits include investment spread margins, surrender charge income, policy administration, changes in the GLWB and GMDB reserves, and realized gains (losses) on investments. Current period gross profits for indexed annuities also include the change in fair value of both freestanding and embedded derivatives.

The estimates of expected gross profits and margins are based on assumptions using accepted actuarial methods related to policyholder behavior, including lapses and the utilization of benefit riders, mortality, yields on investments supporting the liabilities, future interest credited amounts (including indexed related credited amounts on fixed indexed annuity products), and other policy changes as applicable, and the level of expenses necessary to maintain the policies over their expected lives. Each reporting period, Athene updates estimated gross profits with actual gross profits as part of the amortization process. Athene also periodically revises the key assumptions used in the amortization calculation which results in revisions to the estimated future gross profits. The effects of changes in assumptions are recorded as unlocking in the period in which the changes are made.

Athene establishes VOBA for blocks of insurance contracts acquired through the acquisition of insurance entities. The fair value of the liabilities purchased is determined using market participant assumptions at the time of acquisition and represents the amount an acquirer would expect to be compensated to assume the contracts. Athene records the fair value of the liabilities assumed in two components: reserves and VOBA. Reserves are established using best estimate assumptions, plus a provision for adverse deviation where applicable, as of the business combination date. VOBA is the difference between the fair value of the liabilities and the reserves. VOBA can be either positive or negative. Any negative VOBA is recorded to the same financial statement line on the condensed consolidated statements of financial condition as the associated reserves. Positive VOBA is recorded in DAC, DSI and VOBA on the condensed consolidated statements of financial condition.

VOBA and negative VOBA are amortized in relation to applicable policyholder liabilities. Significant assumptions which impact VOBA and negative VOBA amortization are consistent with those which impact the measurement of policyholder liabilities.

Estimated future gross profits vary based on a number of factors but are typically most sensitive to changes in investment spread margins, which are the most significant component of gross profits. If estimated gross profits for all future years on business in force were to change, including the impacts of shadow adjustments, there would be a resulting increase or decrease to the balances of DAC and DSI recorded as an increase or decrease to amortization of DAC and DSI on the condensed consolidated statements of operations or AOCI.

Actual gross profits will depend on actual margins, including the changes in the value of embedded derivatives. The most sensitive assumption in determining the value of the embedded derivative is the vector of rates used to discount the embedded derivative cash flows. If the discount rates used to discount the embedded derivative cash flows were to change, there would be a resulting increase or decrease to the balances of DAC and DSI recorded as an increase or decrease in amortization of DAC and DSI on the condensed consolidated statements of operations.

Following the business combination and application of purchase accounting described in note 3, DAC and DSI balances exhibit less sensitivity to hypothetical changes in estimated future gross profits and changes in the embedded derivative discount rate as they are relatively less material following the business combination. VOBA balances no longer amortize based on estimated gross profits, and accordingly, are not sensitive to changes to actual or estimated gross profits.

Recent Accounting Pronouncements

A list of recent accounting pronouncements that are relevant to Apollo and its industry is included in note 2 to our condensed consolidated financial statements.

Contractual Obligations, Commitments and Contingencies

Fixed and determinable payments due in connection with the Company's material contractual obligations are as follows as of September 30, 2022:

	Remaining 2022	2023 - 2024	2025 - 2026	2027 and Thereafter	Total
			(In millions)		
Asset Management					
Operating lease obligations[1]	$ 16	$ 140	$ 135	$ 538	$ 829
Other long-term obligations[2]	16	17	—	—	33
AMH credit facility[3]	—	1	1	—	2
Debt obligations[3]	30	741	700	2,570	4,041
AOG Unit payment[4]	44	350	—	—	394
	106	1,249	836	3,108	5,299
Retirement Services					
Interest sensitive contract liabilities	4,131	40,546	34,262	87,955	166,894
Future policy benefits	446	4,135	4,057	46,071	54,709
Debt[3]	34	253	253	4,172	4,712
Securities to repurchase[5]	1,448	422	1,269	1,807	4,946
	6,059	45,356	39,841	140,005	231,261
Obligations	$ 6,165	$ 46,605	$ 40,677	$ 143,113	$ 236,560

[1] Operating lease obligations excludes $196 million of other operating expenses associated with operating leases.

[2] Includes (i) payments on management service agreements related to certain assets and (ii) payments with respect to certain consulting agreements entered into by the Company. Note that a significant portion of these costs are reimbursable by funds.

[3] The obligations for debt payments include contractual maturities of principal and estimated future interest payments based on the terms of the debt agreements. See note 12 of the condensed consolidated financial statements for further discussion of these debt obligations.

[4] On December 31, 2021, each holder of AOG Units (other than those held by the Company and Athene) sold a portion of their limited partnership interests to the Company in exchange for the AOG Unit Payment. See note 16 to the condensed consolidated financial statements for more information.

[5] The obligations for securities for repurchase payments include contractual maturities of principal and estimated future interest payments based on the terms of the agreements. Future interest payments on floating rate repurchase agreements were calculated using the September 30, 2022 interest rate.

Note: Due to the fact that the timing of certain amounts to be paid cannot be determined or for other reasons discussed below, the following contractual commitments have not been presented in the table above.

(i) As noted previously, the tax receivable agreement requires us to pay to our Former Managing Partners and Contributing Partners 85% of any tax savings received by AGM and its subsidiaries from our step-up in tax basis. The tax savings achieved may not ensure that we have sufficient cash available to pay this liability and we might be required to incur additional debt to satisfy this liability.

(ii) Debt amounts related to the consolidated VIEs are not presented in the table above as the Company is not a guarantor of these non-recourse liabilities.

(iii) In connection with the Stone Tower acquisition, Apollo agreed to pay the former owners of Stone Tower a specified percentage of any future performance fees earned from certain of the Stone Tower funds, CLOs and strategic investment accounts. In connection with the acquisition of Griffin Capital's U.S. asset management business on May 3, 2022, Apollo agreed to pay the former owners certain share-based consideration contingent on specified AUM and capital raising thresholds. These contingent consideration liabilities are remeasured to fair value at each reporting period until the obligations are satisfied. See note 17 to the condensed consolidated financial statements for further information regarding the contingent consideration liabilities.

(iv) Commitments from certain of our subsidiaries to contribute to the funds we manage and certain related parties.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of incurring losses due to adverse changes in market rates and prices. Included in market risk are potential losses in value due to credit and counterparty risk, interest rate risk, currency risk, commodity price risk, equity price risk and inflation risk.

In our asset management business, our predominant exposure to market risk is related to our role as investment manager and general partner for the funds we manage, and the sensitivity to movements in the fair value of their investments and resulting impact on performance fees and management fee revenues. Our direct investments in the funds also expose us to market risk whereby movements in the fair values of the underlying investments will increase or decrease both net gains (losses) from investment activities and income (loss) from equity method investments.

Our retirement services business is exposed to market risk through its investment portfolio, its counterparty exposures, as well as its hedging and reinsurance activities. Athene's primary market risk exposures are to credit risk, interest rate risk, equity price risk and inflation risk.

For a discussion of our market risk exposures in general, please see "Item 3. Quantitative and Qualitative Disclosures About Market Risk" in our quarterly report on Form 10-Q for the quarter ended March 31, 2022, which is accessible on the Securities and Exchange Commission's website at www.sec.gov and is incorporated by reference into this report.

There have been no material changes to market risk exposures from those previously disclosed in Apollo and Athene's 2021 Annual Reports other than those disclosed below.

Retirement Services

Interest Rate Risk

Athene assesses interest rate exposure for financial assets and financial liabilities using hypothetical stress tests and exposure analyses. Assuming all other factors are constant, if there was an immediate parallel increase in interest rates of 25 basis points from levels as of September 30, 2022, Athene estimates a net decrease to its point-in-time pre-tax income from changes in the fair value of these financial instruments of $749 million. The net change in fair value for these financial instruments would directly impact the current period gross profits and assessments used in the calculations of DAC and DSI amortization and changes in rider reserves, resulting in an offsetting increase to Athene's pre-tax income of $24 million. If there were a similar parallel increase in interest rates from levels as of December 31, 2021, Athene estimates a net decrease to its point-in-time pre-tax income from changes in the fair value of these financial instruments of $511 million with an offsetting increase to pre-tax income of $17 million from DAC, DSI and VOBA amortization and changes in rider reserves. The increase in sensitivity was primarily due to (i) the election of the fair value accounting option for Athene's mortgage loan portfolio, and (ii) materially different offsets stemming from DAC, DSI, and VOBA balances as a result of purchase accounting. The financial instruments included in the sensitivity analysis are carried at fair value and changes in fair value are recognized in earnings. These financial instruments include derivative instruments, embedded derivatives and certain fixed maturity securities. The sensitivity analysis excludes those financial instruments carried at fair value for which changes in fair value are recognized in equity, such as AFS fixed maturity securities.

Assuming a 25 basis point increase in interest rates that persists for a 12-month period, the estimated impact to spread related earnings would be an increase of approximately $30 to $40 million, and a 25 basis point decrease would generally result in a similar decrease. This is driven by a change in investment income from floating rate assets and liabilities, offset by DAC and DSI amortization and rider reserve change, all calculated without regard to future changes to assumptions. Athene is unable to make forward-looking estimates regarding the impact on net income (loss) of changes in interest rates that persist for a period of time as a result of an inability to determine how such changes will affect certain of the items that Athene characterizes as "adjustments to income (loss) before income taxes." See *Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—Summary of Non-U.S. GAAP Measures* for the reconciliation of net income (loss) attributable to AGM common stockholders to adjusted net income, of which spread related earnings is a component. The impact of changing rates on these adjustments is likely to be significant. See above for a discussion regarding the estimated impact on net income of an immediate, parallel increase in interest rates of 25 basis points from levels as of September 30, 2022, which discussion encompasses the impact of such an increase on certain of the adjustment items.

The models used to estimate the impact of a 25 basis point change in market interest rates incorporate numerous assumptions, require significant estimates and assume an immediate change in interest rates without any discretionary management action to counteract such a change. Consequently, potential changes in Athene's valuations indicated by these simulations will likely be different from the actual changes experienced under any given interest rate scenarios and these differences may be material. Because Athene actively manages its assets and liabilities, the net exposure to interest rates can vary over time. However, any such decreases in the fair value of fixed maturity securities, unless related to credit concerns of the issuer requiring recognition of credit losses, would generally be realized only if Athene were required to sell such securities at losses to meet liquidity needs.

Public Equity Risk

Athene assesses public equity market risk for financial assets and financial liabilities using hypothetical stress tests and exposure analyses. Assuming all other factors are constant, if there were a decline in public equity market prices of 10% as of September 30, 2022, Athene estimates a net decrease to its pre-tax income from changes in the fair value of these financial instruments of $244 million. The net change in fair value for these financial instruments would directly impact the current period gross profits and assessments used in the calculations of DAC and DSI amortization and changes in rider reserves, resulting in an offsetting increase to Athene's pre-tax income of $15 million. As of December 31, 2021, Athene estimates that a decline in public equity market prices of 10% would cause a net decrease to Athene's pre-tax income from changes in the fair value of these financial instruments of $392 million with an offsetting increase to Athene's pre-tax income of $131 million from DAC, DSI, and VOBA amortization and changes in rider reserves. The decline in the DAC, DSI, and VOBA amortization as of September 30, 2022 when compared to that as of December 31, 2021 is driven by (i) the decline in the market value of the equity options and (ii) materially different offsets stemming from DAC, DSI, and VOBA balances as a result of purchase accounting. The financial instruments included in the sensitivity analysis are carried at fair value and changes in fair value are recognized in earnings. These financial instruments include public equity investments, derivative instruments and the FIA embedded derivative.

ITEM 4. CONTROLS AND PROCEDURES

We maintain "disclosure controls and procedures", as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective at the reasonable assurance level to accomplish their objectives of ensuring that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

No changes in our internal control over financial reporting (as such term is defined in Rules 13a–15(f) and 15d–15(f) under the Exchange Act) occurred during our most recent quarter, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

See note 17 to our condensed consolidated financial statements for a summary of the Company’s legal proceedings.

ITEM 1A. RISK FACTORS

For a discussion of our potential risks and uncertainties, see the information under the heading "Risk Factors" in our quarterly report for the quarter ended March 31, 2022, which is accessible on the Securities and Exchange Commission's website at www.sec.gov and is incorporated by reference into this report.

The risks described in our quarterly report for the quarter ended March 31, 2022 are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. There have been no material changes to the risk factors disclosed in our quarterly report for the quarter ended March 31, 2022, except for the following:

Many of the funds we manage invest in illiquid assets and many of the investments of our retirement services business are relatively illiquid and we may fail to realize profits from these assets for a considerable period of time, or lose some or all of the principal amount we invest in these assets if we are required to sell our invested assets at a loss at inopportune times or in response to changes in applicable rules and regulations.

Many of the funds we manage invest in securities or other financial instruments that are not publicly traded or are otherwise viewed as “illiquid.” In many cases, the funds we manage may be prohibited by contract or by applicable securities laws from selling such securities for a period of time. The ability of many funds, particularly the private equity funds, to dispose of investments is heavily dependent on the public equity markets. Accordingly, the funds we manage may be forced, under certain conditions, to sell securities at a loss.

In addition, many investments by our retirement services business are in securities that are not publicly traded or that otherwise lack liquidity, such as its privately placed fixed maturity securities, below investment grade securities, investments in mortgage loans and alternative investments. These relatively illiquid types of investments are recorded at fair value. If a material liquidity demand is triggered and we are unable to satisfy the demand with the sources of liquidity available to us, our retirement services business could be forced to sell certain of its assets and there can be no assurance that it would be able to sell them for the values at which such assets are recorded and it might be forced to sell them at significantly lower prices. In many cases, our retirement services business may also be prohibited by contract or applicable securities laws from selling such securities for a period of time. Thus, it may be impossible or costly to liquidate positions rapidly in order to meet unexpected withdrawal or recapture obligations. This potential mismatch between the liquidity of assets and liabilities could have a material and adverse effect on our retirement services business, financial condition, results of operations and cash flows.

Further, governmental and regulatory authorities periodically review legislative and regulatory initiatives, and may promulgate new or revised, or adopt changes in the interpretation and enforcement of existing, rules and regulations at any time that may impact our investments. For example, Rule 15c2-11 under the Exchange Act governs the submission of quotes into quotation systems by broker-dealers and has historically been applied to the over-the-counter equity markets. However, the SEC recently stated that it intends to apply the rule to fixed income markets, potentially restricting the ability of market participants to publish quotations for applicable fixed income securities after January 3, 2023. Such change in regulatory requirements could disrupt market liquidity, make it more difficult for us to source and invest in attractive private investments, and cause securities in investment portfolios of the funds we manage and Athene that are not publicly traded to lose value, any of which could have a material and adverse effect on our business, financial condition or results of operations.

Our structure involves complex provisions of tax law for which no clear precedent or authority may be available. Our structure is also subject to ongoing future potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis.

The tax treatment of our structure and transactions undertaken by us depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal, state, local and non-U.S. income tax law for which no clear precedent or authority may be available. In addition, U.S. federal, state, local and non-U.S. income tax rules are constantly under review by persons involved in the legislative process, the IRS, the U.S. Department of the Treasury, and non-U.S. legislative and regulatory bodies, which frequently results in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. It is possible that future legislation increases the U.S. federal income tax rates applicable to corporations, limits further the deductibility of interest, subjects carried interest to more onerous taxation or effects other changes that could have a material adverse effect on our business, results of operations and financial condition.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022 (the "IRA"). The IRA contains a number of tax-related provisions including a 15% minimum corporate income tax on certain large corporations as well as an excise tax on stock repurchases. It is unclear how the IRA will be implemented by the U.S. Department of the Treasury through regulation. We are still evaluating the impact of the IRA on our tax liability, which tax liability could also be affected by how the provisions of the IRA are implemented through such regulation. We will continue to evaluate the IRA's impact as further information becomes available.

We cannot predict whether any particular proposed legislation will be enacted or, if enacted, what the specific provisions or the effective date of any such legislation would be, or whether it would have any effect on us. As such, we cannot assure you that future legislative, administrative or judicial developments will not result in an increase in the amount of U.S. or non-U.S. tax payable by us, the funds we manage, portfolio companies owned by such funds or by investors in our shares. If any such developments occur, our business, results of operation and cash flows could be adversely affected and such developments could have an adverse effect on your investment in our shares.

Our effective tax rate and tax liability is based on the application of current income tax laws, regulations and treaties. These laws, regulations and treaties are complex, and the manner which they apply to us and the funds we manage is sometimes open to interpretation. Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. Although management believes its application of current laws, regulations and treaties to be correct and sustainable upon examination by the tax authorities, the tax authorities could challenge our interpretation resulting in additional tax liability or adjustment to our income tax provision that could increase our effective tax rate.

The U.S. Congress, the Organization for Economic Co-operation and Development (the "OECD") and other government agencies in jurisdictions where we and our affiliates invest or conduct business have continued to recommend and implement changes related to the taxation of multinational companies. The OECD, which represents a coalition of member countries, is contemplating changes to numerous long-standing tax principles through its base erosion and profit shifting ("BEPS") project, which is focused on a number of issues, including profit shifting among affiliated entities in different jurisdictions, interest deductibility and eligibility for the benefits of double tax treaties. Several of the proposed measures, including measures covering treaty abuse, the deductibility of interest expense, local nexus requirements, transfer pricing and hybrid mismatch arrangements are potentially relevant to some of the fund structures and could have an adverse tax impact on the funds we manage, investors and/or the portfolio companies of the funds we manage. Some member countries have been moving forward on the BEPS agenda but, because timing of implementation and the specific measures adopted will vary among participating states, significant uncertainty remains regarding the impact of BEPS proposals. As a result, uncertainty remains around the access to tax treaties for some of the investments' holding platforms, which could create situations of double taxation and adversely impact the investment returns of the funds we manage.

In addition, the OECD is working on a two pillar initiative, "BEPS 2.0," which is aimed at (1) shifting taxing rights to the jurisdiction of the consumer ("Pillar One") and (2) ensuring all companies pay a global minimum tax ("Pillar Two"). For countries other than the U.S., the OECD recommended model rules for Pillar Two in late 2021. For the U.S., the OECD is expected to complete its recommendation in 2022 with the release of commentary on the interaction between the model rules and current U.S. tax law. Several aspects of the model rules currently remain unclear or uncertain notwithstanding existing commentary. It is possible that countries or jurisdictions may implement the recommended model rules as drafted, in a modified form, or not at all. Depending on how the model rules are implemented or clarified by additional commentary or guidance in the future, our business and the businesses of the portfolio companies of the funds we manage could be significantly impacted. The timing, scope and implementation of any of these provisions remain subject to significant uncertainty.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sale of Equity Securities

On August 12, 2022, the Company issued 1,524,137 restricted shares to the Apollo Opportunity Foundation. On August 16, 2022, the Company issued 15,028 restricted shares under the 2019 Omnibus Equity Incentive Plan for Estate Planning Vehicles and 1,304 restricted shares under the 2019 Omnibus Equity Incentive Plan to certain holders of vested performance fee rights. The shares were issued in private placements in reliance on Regulation D or Section 4(a)(2) of the Securities Act.

Issuer Purchases of Equity Securities

The following table sets forth information regarding repurchases of shares of common stock during the fiscal quarter ended September 30, 2022.

Period	Total number of shares of common stock purchased[1]	Average price paid per share	Total number of shares of common stock purchased as part of publicly announced plans or programs[3]	Approximate dollar value of common stock that may yet be purchased under the plans or programs
July 1, 2022 through July 31, 2022				
Opportunistic repurchases	37,558		37,558	
Equity award-related repurchases[2]	—		—	
Total	37,558	$ 47.82	37,558	$ 1,946,036,363
August 1, 2022 through August 31, 2022				
Opportunistic repurchases	—		—	
Equity award-related repurchases[2]	726,363		692,500	
Total	726,363	$ 58.80	692,500	$ 1,905,314,710
September 1, 2022 through September 30, 2022				
Opportunistic repurchases	—		—	
Equity award-related repurchases[2]	—		—	
Total	—	$ —	—	$ 1,905,314,710
Total				
Opportunistic repurchases	37,558		37,558	
Equity award-related repurchases[2]	726,363		692,500	
Total	763,921		730,058	

[1] Certain Apollo employees receive a portion of the profit sharing proceeds of certain funds in the form of (a) restricted shares of common stock that they are required to purchase with such proceeds or (b) RSUs, in each case which equity-based awards generally vest over three years. These equity-based awards are granted under the Company's Equity Plan. To prevent dilution on account of these awards, Apollo may, in its discretion, repurchase shares of common stock on the open market and retire them. During the three months ended September 30, 2022, we repurchased 33,863 shares of common stock at an average price paid per share of $59.82 in open-market transactions not pursuant to a publicly-announced repurchase plan or program on account of these awards.

[2] Represents repurchases of shares of common stock in order to offset the dilutive impact of share issuances under the Equity Plan including reductions of shares of common stock that otherwise would have been issued to participants under the Company's Equity Plan in order to satisfy associated tax obligations.

[3] Pursuant to a share repurchase program that was publicly announced on January 3, 2022, the Company is authorized to repurchase (i) up to an aggregate of $1.5 billion of shares of its common stock in order to opportunistically reduce its share count and (ii) up to an aggregate of $1.0 billion of shares of its common stock in order to offset the dilutive impact of share issuances under the its equity incentive plans, in each case with the timing and amount of repurchases to depend on a variety of factors including price, economic and market conditions as well as expected capital needs, evolution in Company's capital structure, legal requirements and other factors. Under the share repurchase program, repurchases may be of outstanding shares of common stock occurring from time to time in open market transactions, in privately negotiated transactions, pursuant to a trading plan adopted in accordance with Rule 10b5-1 of the Exchange Act, or otherwise, as well as through reductions of shares that otherwise would have been issued to participants under the Company's Equity Plan in order to satisfy associated tax obligations. The share repurchase program does not obligate the Company to make any repurchases at any specific time. The program is effective until the aggregate repurchase amount that has been approved by the AGM board of directors has been expended. The program may be suspended, extended, modified or discontinued at any time.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
2.1	Agreement and Plan of Merger, dated as of March 8, 2021, by and among Apollo Global Management, Inc., Athene Holding Ltd., Tango Holdings, Inc., Blue Merger Sub, Ltd., and Green Merger Sub, Inc. (incorporated by reference to Exhibit 2.1 to Apollo Asset Management, Inc.'s Form 8-K filed on March 8, 2021 (File No. 001-35107)).
3.1	Amended and Restated Certificate of Incorporation of Tango Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K12B filed on January 3, 2022 (File No. 001-41197)).
3.2	Amendment to the Amended and Restated Certificate of Incorporation of Apollo Global Management, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K12B filed on January 3, 2022 (File No. 001-41197)).
3.3	Amended and Restated Bylaws of Apollo Global Management, Inc. (incorporated by reference to Exhibit 3.3 to the Registrant's Form 8-K12B filed on January 3, 2022 (File No. 001-41197)).
*31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).
*31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).
*32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
*32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

erewith.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		Apollo Global Management, Inc.
		(Registrant)
Date: November 8, 2022	By:	/s/ Martin Kelly
		Name: Martin Kelly
		Title: Chief Financial Officer (principal financial officer and authorized signatory)

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Marc Rowan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 of Apollo Global Management, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 8, 2022

/s/ Marc Rowan

Marc Rowan

Chief Executive Officer

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Martin Kelly, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 of Apollo Global Management, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 8, 2022

/s/ Martin Kelly

Martin Kelly
Chief Financial Officer

Exhibit 32.1

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Apollo Global Management, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Marc Rowan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2022

/s/ Marc Rowan
Marc Rowan
Chief Executive Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Apollo Global Management, Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Martin Kelly, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2022

/s/ Martin Kelly
Martin Kelly
Chief Financial Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.