Apollo Global Management, Inc.
Fourth Quarter and Full Year 2022 Earnings Conference Call
February 9, 2023

Presenters
Marc Rowan, CEO
Jim Zelter, Co-President
Martin Kelly, CFO
Noah Gunn, Global Head of Investor Relations

Q&A Participants
Glenn Schorr – Evercore
Alex Blostein – Goldman Sachs
Patrick Davitt – Autonomous Research
Craig Siegenthaler – Bank of America
Michael Cyprys – Morgan Stanley
Finian O'Shea – Wells Fargo
Rufus Hone – BMO Capital Markets
Ben Budish – Barclays
Jerry O'Hara – Jefferies
Adam Beatty – UBS

Operator
Good morning. And welcome to Apollo Global Management's fourth quarter and full year 2022 earnings conference call. During today's discussion, all callers will be placed in listen-only mode. And following management's prepared remarks, the conference call will be open for questions.

Please limit yourself to one question and then rejoin the queue. This conference call is being record. This call may include forward-looking statements and projections, which does not guarantee future events or performance. Please refer to Apollo's most recent SEC filings for risk factors related to these statements.

Apollo will be discussing certain non-GAAP measures on this call, which management believes are relevant in assessing the financial performance of the business. These non-GAAP measures are reconciled to GAAP figures in Apollo's earnings presentation, which is available on the company's website. Also note that nothing on this call can--constitutes an offer to sale or a solicitation of an offer to purchase an interest in any Apollo fund.

I would now like to turn the call over to Noah Gunn, global head of investor relations. Please go ahead.

Noah Gunn
Thanks, Donna. And a special thanks to a couple members of the research community who selected two of the three songs for our hold music jukebox that was playing before we got on the line today.

Early this morning, we published our earnings release and financial supplement on the investor relations portion of our website. In short, we're very pleased to deliver a strong set of results for 2022 that featured record fee related earnings of $1.4 billion, or $2.36 per share, and record normalized spread related earnings of $2.3 billion, or $3.88 per share. This strong combination of fee and spread related earnings, alongside principal investing income, drove total adjusted net income of $3.1 billion, or $5.21 per share for the full year.

Joining me this morning to discuss these results and our positive outlook on the business in further detail are Marc Rowan, CEO; Jim Zelter, co-president; and Martin Kelly, CFO.

With that, I'll turn the call over to Marc.

Marc Rowan
Thank you, Noah. And good morning to all. 2022 was a transformational year for the firm.

At the end of 2021, we held our first investor day, and we set out our five-year targets and laid out what we needed to accomplish internally to achieve those targets. End of 2021 seems like a lifetime ago, or at least a fed regime or two ago.

However, in 2022, we met or exceeded those targets. Record FRE of 1.4 billion was in line with our target and record normalized SRE of 2.3 billion was meaningfully ahead of target. As important, and as we suggested, we restarted the growth engine. Inflows in 2021 were 75 billion. Inflows this year, 128 billion. Inflows for '23 will be higher. We expect a record year of capital raising in 2023.

As I've often cautioned, capital raising is the reward for good performance. It is not actually the goal that we set out. AUM entered the year at 548 billion, or ex-rates and FX would've been about 565 billion. All meaningfully--in meaningful progress against our five-year targets.

Recall that at investor day we laid out three key objectives or three key pillars that we had to focus on to achieve our plan: global wealth, origination, and capital solutions. Global wealth had a really strong 2022. We ended the year with approximately 30 billion of AUM in our global wealth segment, including 6 billion of capital raised in 2022, accounting for and implementing successfully the Griffin acquisition during the mid-part of the year. We are on track to meet or exceed our $50 billion target at the end of 2026.

When we laid out these targets, we had zero perpetual projects--products in the marketplace. By year end, we expect nine perpetual products in the marketplace. In short, we've had

tremendous receptivity to our product and to our franchise in the global wealth community. Our goal here, like the goal elsewhere in our organization, is not to be the biggest. We will not necessarily be the fastest growing. We will be seen and are seen as the innovator in this marketplace, showing the global wealth community the kinds of products that they have never seen before and addressing the unique needs of this interesting constituency.

Origination volume totaled north of 100 billion on a 12-month basis. We now have 15 platforms, including seven platforms which were new additions during 2022. You will hear later in the call the most recent addition, Atlas, formerly known as the Credit Suisse securitized products group.

We are definitely on track here to meet or exceed our $150 billion annual target at the end of 2026. Having a steady source of unique credit production every year really enables us to power our business, to make the kind of projections and predictability that--and the client commitments that are necessary for us to grow. This is good for our FRE business in that it powers our third parties, particularly in private credit, and it is especially good for our SRE business in that we produce reliable amounts of excess spread, particularly in investment grade private credit.

I'm going to spend a second just on that term. We hear the term private credit a lot. We actually have no idea what the words private credit mean. They're just two words that follow each other.

What we have focused on in our platform and what we have done uniquely is to create a source of private investment grade credit. Very few people, very few organizations have that capability. This is in addition to the strength that the franchise has always had in more generic private credit. Jim will spend a lot of time on this in his remarks as it is a very important part of our franchise going forward and a huge differentiator.

The third pillar that we set out is our capital solutions business. Capital solutions in 2021 was approximately 250 million of annual revenue and we suggested that at the end of 2026 we wanted that to be north of 500 million of annual revenue.

In 2022, we exceed 400 million of annual revenue. Gives me great confidence that we are on track to meet or exceed the five-year projection that we laid out at the beginning of 2021. The team has been fully built out globally. We have a massive pipeline that we executed on partially in 2022 and will carry over into the first quarter of 2023, which Martin will touch on.

And most importantly is to help understand and help explain the ecosystem that we are creating. Fifteen platforms--15 companies whose only job is to produce credit wake up every day and do what they do. They produce credit. We, as a diversified buyer of credit for our own balance sheet and SRE, we want 25 percent of everything and 100 percent of nothing.

And so what that means, we are creating every day credit that needs to be syndicated into the marketplace. Some of that goes into funds or to SMAs, of clients who have previously come to the Apollo platform. The rest of it goes into our capital solutions business. This is a strategic imperative for us and does two very interesting things.

One, as we place credit with third parties, we earn fees. Earning fees is a fundamental part of our business model. But as important, they are expanding our ecosystem. We have done business in the alternative community with investors, with circa 3,500 counterparties for a long period of time. This is an opportunity with unique product, with side by side with a line product, with recurring product for our capital solutions group to go out and build new relationships.

Sometimes those new relationships will result in one off transactions, which is just fine. But oftentimes, those new relationships will open up clients' eyes as to what we can do, and we will turn those into SMAs and recurring revenues. This is an ecosystem that is picking up tremendous traction and the team here is doing an unbelievable job.

As excited as I am about the '22 performance against the three initiatives, I now want to turn to Athene who had just an awesome year. Inflows at Athene on an organic basis were some 48 billion. Athene was the number one purveyor of annuities in the United States, despite not being represented in a lot of annuity markets.

New business was put on the books in the fourth quarter at about 145 basis points of spread versus about 120 basis points of spread for the full year. Both of those targets are meaningfully ahead of what we would consider normal levels of business. 2023, I believe, will also continue to be very strong. I doubt it will continue at the same levels that we saw in the fourth quarter, but new business is being put on the books very profitably.

Athene's alt portfolio, which as many of you also understand, forms the foundation for AAA, our triple product, our equity replacement product, was up 10 percent during the year versus the S&P benchmark, which was down almost 20 percent. Very strong performance and an indication that Athene and AAA are doing something other than buying and providing clients with market beta.

As we step back and we think about our positioning in this marketplace, one of the questions we asked the team, who is the fortress balance sheet in our industry, and the answer is we are the fortress balance sheet in our industry. We are A plus across all three agencies. We ended the year 2 billion of excess capital and more than a billion ahead of S&P AA.

Some years ago, we introduced was the first sizeable reinsurance sidecar for our industry, affectionately known as ADIP 1, with 3.25 billion of capital. That sidecar has now been nearly fully deployed. And yesterday or earlier this morning, we announced the first closing for ADIP 2 of some $2 billion. And we expect that ADIP 2 will be larger than ADIP 1. And further, that ADIP 2 will take an increase share of the new business that Athene puts on the books.

This is good all around. This is good for Athene from a capital generation point of view and a capital efficiency point of view, even though it will mean that some of their assets are now essentially belong to investors and they will realize the benefits of SRE growth. It is good for FRE. And it is good for our origination franchises creating additional capacity that needs to be filled which will further spur the flywheel of our capital solutions and other businesses.

In short, an amazing year for Athene. Our success in this business of retirement solutions has not gone unnoticed. By some measure, there are now north of 100 asset management entities or insurance entities who have become asset managers, pursuing a strategy similar to that which Athene started on 13 years ago.

To be successful in this business and to understand where we sit relative to the rest of the business, I believe there are four things that contribute to success. First is capital. Massive amounts of capital in an industry that has not been able to raise capital.

The second is an ability every day to create investment grade spread. This is something and a skillset that is not traditionally resident within the alternatives industry or, quite frankly, within traditional asset management. It is a skill that we have built up.

The third is a really attractive cost structure. You need scale because ultimately spread is a function of your net interest margin, but it's also a function of a very efficient cost base. And finally, you need a very attractive cost to funds. If your cost to funds is low because you're efficient and because your products are well designed, you do not need to take investment risk to earn good returns. And if you're a good investor, returns can actually be quite high.

Everything goes in reverse if your cost to funds is very high. What we are watching in our industry is the haves, like Athene, where we have some 48 billion of organic origination versus the have nots, the market entrants, who in fact are paying up for inorganic blocks at very high cost of funds, which also are very expensive to administer on a hope that they will get to scale. I believe that the vast majority of new entrants, although not all, will not be successful and will learn a very expensive lesson along the way.

We are also in a period of time where the increased activity by asset managers has resulted in increased regulatory interest in what we are doing. We have spent 13 years creating the kinds of regulatory dialogs and transparency and putting out a best-in-class set of standards. We are, to my knowledge, not just a fortress balance sheet, but the most transparent of the companies.

We regularly publish stress tests, although we are not required. We regularly publish details of assets that we are not required. We regularly go back and forth with respect to our reinsurance so that people understand there is no "arbitrage" between the U.S. regulatory standard and the Bermuda regulatory standard.

All of the things I've just mentioned have not--are not generally followed by many, although some are good actors of the new entrants. What you will see in 2023 on our part is an increased foot forward to help lead this regulatory dialogue to make sure that we get to the right place with appropriate transparency and appropriate oversight. This is an amazing business that is driven by powerful trends, but it is also a business of promises to retirees.

We expect that we'll be included among a group of companies as internationally active insurance groups at some point in 2023, giving us an opportunity and a seat at the table to participate in shaping the regulatory future for our industry, which is changing very fast.

SRE for us is the flipside of FRE. The ability to generate safe yield is something that very few people have. Who needs safe yield? Retirees need safe yield. Pension funds, replacing a portion of their fixed income need safe yield. Banks need safe yield. Japanese insurance companies and international investors need safe yield. The world is short safe yield, and we are very good at producing it.

So when we produce it in an asset that is short, we want to maximize the profitability of our capability. And then, that's why I say that SRE is the flipside of that. We are an FRE for the safe yield we produce for third parties and for Athene. But then on top of that, we are an SRE. We're spread related earnings by matching the safe yield with long-term sticky liabilities.

In 2022, a number of other forms of so-called permanent capital went in reverse. 2022 was an awesome year for Athene.

Let me step back and now return to a higher-level view of our business. Our business, as I've suggested previously, exists and our industry exists to provide investors excess return per unit of risk. It does not exist for us to grow or for us to pursue that which we want. We are fundamentally responding to investor needs.

Fortunately, we have very strong tailwinds as a firm and as an industry for the need for income. Excess return per unit of risk. Our business strategy is being driven and growth is being driven in areas where we believe we can continue to produce excess return per unit of risk. Our business is guided not just by excess return by unit of risk but by an aligned investing philosophy.

The combination of Athene and Athora in our balance sheet side-by-side with investors ensures investors at all points in time that we are fully aligned with them.

Finally, and I'm sure Jim will pivot onto, purchase price matters. A purchase price matter strategy is very hard to pursue in a risk on everything rally. Nonetheless, we did that and the reward for doing that was certainly available and shown in 2022. But I believe the positioning we've taken out and our industry tailwinds really bold well for us going forward.

2023 will be a very good year for Apollo. We are on offense. We have 50 billion of dry powder across the platform. We deployed 160 billion in 2022. Fundamentally, we do better when markets are uncertain and when there's uncertainty in the economy. We expect FRE and SRE in 2023 to be more than--up more than 20 percent over 2022, as I'm sure Martin will detail in his remarks.

But we also have an amazing opportunity in our business to really focus on operating leverage. We have enough in front of us with the initiatives that are currently on our plate to not just meet our 23rd goal--2023 goals but to meet our five-year targets. Alongside the three pillars of global wealth origination and capital solutions, we have added a number of growth initiatives, and I will not steal Jim Zelter's thunder as he lays out the things that are in front of us to focus on.

Suffice it to say, 2023 will be a year of execution. We will return the business to operating leverage in 2023 and again in 2024. The team here feels great. There's tremendous momentum. We are incredibly engaged and energized. And at the end of the day, what makes this a great place is the people.

This is a group of hardworking, charitable people where the vast majority of the team, 93 percent, are involved in our giving programs. And our job is to be the single best place to be a partner in the financial services industry.

And with that, I want to thank the employees for an amazing year. And the investors and analysts for all the time you've given us to understand what we're trying to do.

And with that, let me turn it over to Jim.

Jim Zelter
Thanks, Marc. As you've heard us say before, one of our core tenants is excess return per unit of risk. After 12 plus years of low rates and relatively free money, the best investors will begin to reveal themselves. And strong investment performance is the foundation of our business and we take our responsibility to provide differentiating returns to our clients quite seriously.

As we look out to 2023, we believe this is a particularly good time for Apollo to generate excess return. While other managers may be in a defensive position, we have been patiently waiting for this type of environment and we're confident there will be meaningful opportunities to deploy capital amid a heightened period of volatility and candidly a foggy capital markets backdrop.

You know, Marc provided a high level update in our three key growth pillars and I'd like to deep dive for a moment into origination. As we addressed at that investor day a short 16 months ago, a large portion of what we do is this high grade fixed income replacement into the market. Central to our strategy is the ability to originate a recurring supply of these durable assets. And

one of the primary ways we do, though, is through these platforms, real operating businesses within a variety of industries.

Platform origination is clearly a differentiated way to originate this investment grade assets at scale, which is needed to grow our retirement services business profitably and increasingly to the third party accounts that want the same help in their portfolio. Importantly, however, rather than expend whole code balance sheet resources, the capital used to purchase these origination platforms can be sourced by the normal course purchasing power of Athene's alt portfolio as well as AAA.

At yearend, our platform ecosystem was producing approximately 35 billion of annual volume and generating about 425 basis points of excess spread versus equivalent IG benchmarks. We've assembled this portfolio of 16 platforms across asset classes and sectors, which have been acquired through a variety of funds we manage and also built organically and we're now focused on scaled execution of those.

Metaphorically speaking, we paid the tuition to develop this important capability of scale, which we think is a great competitive advantage remote. This advantage will expand following this week's or yesterday's announcement of the CS securitized products group platform which has been renamed Atlas SP. This platform is a best-in-class asset-backed warehousing business. Really, a finance company of finance companies with an extensive network of clients, an amazing 20-year track record of negligible losses.

The industry leading team at Atlas is excited to be working with Apollo. And through the closing process, it's become clear that the variety of counterparties also want to work with the Apollo ecosystem. Many investors are reaching out to us as they expand their private credit exposure from direct lending into a broad base of asset base finance capabilities. We think this is the largely untapped part of the 40 trillion IG fixed income replacement market. And simply put, we believe the opportunity to source resilient yield in asset based finance is where sponsor finance was and private credit was 10 years ago.

In addition to the three growth pillars, we begun to execute on six additional strategic initiatives that we've mentioned in the past. We've organized our efforts and resources around these initiatives, and now '23 is focused on execution. In this competitive fundraising landscape, our innovative and differentiated product offerings we believe will stand out, and we're seeing early indications of those facts. And I'll mention a few here.

We continue to be very optimistic on the growth of AAA or Apollo Aligned Alternatives. We're broadening the distribution system domestically through additional bank platform and a variety of other independent channels as well as globally to Asia and Europe. To note, we're launching our European product platform in the coming months designed to offer a full suite of options to individuals in Europe and AAA will be the first product available on that platform.

We've also begun marketing Athene Altitude. This was a product designed to offer a range of Apollo managed funds across this reward spectrum, but to do so in a tax efficient vehicle. While still early, we raised 300 million in the fourth quarter from our first client, a third party insurance firm, to invest in AAA through Athene Altitude.

Additionally, a couple of key organic initiatives in nascent asset classes are building scale. Our sponsor and secondary solutions platform, named S3, has gained momentum following a cornerstone investment from ADIA last year. This overall business has committed to deploy over 13 billion of capital since 2020, mainly in fund finance, but has committed over a billion of--into equity and credit secondaries over the past six months.

And we expect formally to launch fundraising for an equity secondary fund in the second quarter and opportunistically raise capital for our credit secondaries fund ahead of a dedicated fundraise in 2024.

We're seeing a similar story in our clean transition franchise. Since launching our sustainable investing platform about a year ago, we've committed or deployed over 6 billion of capital into these investments. And later this month, we will be adding a dedicated team for climate and infrastructure yield to further boost our origination capabilities across the board. And we anticipate launching fundraising for clean transition finance and opportunistic vehicles in the latter half of this year.

Next, we're bringing in the investment toolkit that has made Athene and Athora successful to others in the retirement services industry. Our proprietary origination volume has grown, as Marc said, in consistency and diversity and now we're reaching a point where we can distribute more of these assets to third parties who have the same fundamental needs.

We are building on a strong foundation of existing relationships in that area. And over the next year, we aim to raise over $10 billion of capital from others in the retirement services space.

And finally, we're replicating the successful sidecar structure we've had with midcap and ADIP in a variety of other areas in our business and to do so in a simplified, cost effective manner to really scale and partner with the investors, as Marc mentioned, in the Apollo ecosystem.

Turning to our broader fundraising activities apart from these new six initiatives are momentum on a variety of frontless firm. An asset management, we had strong inflows that included 46 billion of third-party fundraising, which doubled 2021 levels. In the fourth quarter specifically, total fundraising of 9 billion was driven by new capital for Athora and incremental capital for a variety of drawn down fundraises, co-investment capital, and in our global wealth, including 800 million for AAA.

Looking to '23, we expect to a record amount of capital from third party investors, exceeding the strong levels achieved last year. And we're already in the market with a range of draw down

funds, including our fourth vintage European principal finance, our third infrastructure fund, as Marc mentioned, ADIP 2, and certainly our tent vintage of our flagship private equity fund.

Additionally, a variety of funds and managed accounts across the yield strategies that are currently raising capital or will be later in the year similar to our accord series as well as a variety of perpetual products, as Marc mentioned, in the global wealth channel, including the non-traded BDC, non-traded REIT, and two interval funds.

Regarding Fund 10 fundraising, I'm pleased to report that we are experiencing broad support from the existing shareholder investor base and gaining traction with new investors, especially from non-U.S. regions and the global wealth channel. Through January, we've received commitments approximately 15 billion and with congested dynamics in the market, it's difficult to predict the ultimate size of the fund and exact timing. However, we expect to close on a majority of incremental commitments in the back half of the second quarter and we believe the fund will land within striking distance of our target.

Coming into the new year, we believe investors are focusing on managers with healthy portfolios who have less exposure to growth oriented sectors, which certainly bodes well for our long tenured strategy. It's worth noting that our private equity fund portfolios outperform the S&P by over 25 percent in 2022. And our flagship PE fund, fund nine, appreciated 22 percent during the year.

Revenue and EBITDA trends remain strong in those portfolios, up mid-teens percent year-over-year across the broader fund portfolios. Historically, and as you've heard, we've generated some of our best returns for investors amid market downturns and we're one of the few funds with a complete product toolbox. Our proprietary financing capabilities has--have allowed us to execute transactions when the traditional markets are more restrictive as they are now. And our flexible mandate across corporate carveouts, public to private in distress, allow us to pivot to more attractive opportunities.

For example, Fund 10 began its investment period in October. We've already deployed a billion of capital into nine distressed positions through year-end, as well as another 2 billion in a take private along other variety of funds, and a sizeable chunk of capital to a structured financing.

Moving to retirement services. As Marc mentioned, Athene had a spectacular year of organic inflows totaling 48 billion, including 11 billion in the fourth quarter. The most significant contributor to the fourth quarter was the retail channel, which was 7.5 billion, a new quarterly record. And retail annuities are certainly in high demand industry wide as principal protected products with an attractive guaranteed yield are compelling in today's environment.

Zooming in, though, it's clear that Athene's success is driven more than just the industry tide expanding distribution. Differentiated asset origination and ample capital resources to robust--

to support that robust growth, which has allowed us to generate record flows while writing business at compelling spreads.

For '23, we expect another robust year of organic growth from Athene across all channels, with growth inflows exceeding 2022 levels and reaching new highs. Retail and flow insurance should remain the strongest but also benefit from a solid pipeline of new distribution relationships in both the U.S. and Asia. And we also expect pension group annuity is likely to remain heightened as the funded status of many corporate pension plans continues to exceed 100 percent. And while the public FABN market remains less attractive, we're seeing more opportunities in private transactions that require our overall flexibility.

Reflecting on the past year, we've certainly reinstilled a growth through all assets of our--facets of our business and put the building blocks to execute our five-year plan in place. As we said, 2023 will be a pivotal year of execution and optimization. And we're seeing great momentum already.

With that, let me hand it over to Martin.

Martin Kelly
Great. Thanks, Jim. And good morning, everyone. As Marc and Jim have highlighted, 2022 was a very successful year of growth and execution for Apollo. Amid a backdrop of significant market choppiness, our financial results demonstrate the strength and resiliency of our earnings trends.

In our first full year post-merger, the combination of our asset management and retirement services businesses proved increasingly valuable. FRE and SRE comprised 93 percent of total pre-tax earnings in 2022. And on average, we expect 90 percent or more of our earnings to be driven by stable, recurring, predictable earning streams over the long-term.

This translates to a meaningfully less potential for volatility versus other businesses that may be more reliant on incentive investment-based income streams. Our business model is fully aligned with the growth of FRE and SRE inextricably linked and highly correlated. We intend to drive consistent and attractive earnings growth regardless of the macro backdrop in line with our stated goal from investor day of doubling earnings by 2026.

2022 was a solid proof point of our progress towards this goal, as we met or exceeded nearly all of our key financial and business targets, which we outlined on page four of our earnings release. FRE of $1.4 billion in 2022 grew 11 percent year-over-year in line with our expectations, while we absorbed costs associated with significant investments in our next chapter of our growth.

Management fees increased 14 percent year-over-year, supported by strong fundraising from both our asset management and retirement services clients, as well as a solid pace of capital

deployment. As Marc mentioned, capital solutions fees reached a record quarterly $142 million in the fourth quarter, bringing full year revenue to $414 million, up approximately 40 percent year-over-year, an incredible result amid a turbulent capital market backdrop, highlighting the quality of our team and the capabilities we've built.

Finally, full year FRE margin of 54 percent was inline with our previous communicated guidance.

Retirement services normalized net spread reached 140 basis points and 123 basis points in the fourth quarter and for the full year '22, respectively, well above our initial 110 to 115 basis point guidance as the higher interest rate backdrop, more interesting investing climate, and robust organic growth trends drove upside to our expectations.

Athene's alternative investment portfolio returned 10.4 percent in 2022, very close to our 11 percent normalized assumption, driven by broad based strength across strategic retirement services platforms, origination platforms, and fund investment returns.

Entering 2023, we expect another year of strength across the businesses. I'll walk through some of the key building blocks. As previously communicated, we expect fee related revenue growth of more than 20 percent in 2023. The bulk of this growth should be driven by management fees resulting from a variety of new strategic growth initiatives that Marc and Jim walked through. Robust organic inflows from Athene, strong capital deployment in yield and hybrid strategies, and additional capital raised for fund 10.

Turning to capital solutions. Fee revenue from this business far exceeded our expectations in 2022, growing approximately twice as fast as we originally expected. Given this strong performance, we currently see last year's level providing a good baseline for 2023, which is tracking very nicely versus our $500 million target by 2026. We see a healthy pipeline of transactions to support this revenue.

Moving to expenses, we expect our rate of growth in total fee related expenses to moderate as we progress through 2023, driving positive operating leverage versus our full year 2022 margin. We added almost 400 Apollo employees to our total headcount in 2022, following several previous years of significant headcount expansion.

We've been very fortunate to attract top talent in the industry across investing, fundraising, product development, capital markets, and enterprise solutions. This has helped drive strong 2022 financial results and solid progress as we look forward on our growth initiatives. We expect that the bulk of our senior hiring is now behind us.

Relatedly, we're seeing a meaningful increase in our non-company expenses to support this higher run rate level of employees as well as our strategic initiatives, which has materialized principally through growing occupancy and technology costs. Additionally, our travel and entertainment expenses have normalized back to pre-COVID levels.

We're prudently managing discretionary expenses as we enter the new year, which should help drive a lower growth rate year-over-year in 2023. However, you should expect the fourth quarter of 2022 non-comp to be a good jumping off point for 2023. Altogether, we expect FRE growth of 25 percent in 2023, equating to approximately $1.75 billion, or slightly under $3 per share.

Turning to retirement services, we expect another strong year of growth in spread related earnings as Athene continues to fire on all cylinders. We generated extraordinary normalized SRE in the fourth quarter, which was driven by another year of record organic inflows, underwritten to spreads above our target returns, as well as historic interest rate tailwinds. These ingredients led to a truly remarkable performance.

To an increasing degree now, as we look forward, we have the flexibility to choose how much we want to grow and how we want to fund that growth. Given the rising rate, wider spread, and strong demand environment of last year, we leaned in and added tens of billions of dollars of highly profitable business that we believe will drive predictable endurable spread related earnings for years to come.

We find Athene's growth in a highly capital efficient manner, utilizing its fortress balance sheet resources, which includes third party capital via the equity--the aid of equity sidecars that Marc referenced. For every $100 of inflow sourced, we put up approximately $8 of capital. Last year, Athene contributed approximately 80 percent of that capital, as ADIP deployed most of its remaining dry power. And ADIP 2 comes online, we expect greater utilization of third party capital to support incremental growth, likely double 2022's level or approximately 40 percent, which will make the business even more capital efficient than it already is today.

In addition to increasing capital efficiency, ADIP provides external validation by sophisticated third party investors of Athene's core business, risk framework, fee structure, and strong returns on capital. Importantly, Apollo earns management fees on total gross assets within the Athene complex, including those managed on behalf of the third party investors in ADIP. Because of this mechanism, we are agnostic to the method of funding for Athene's growth from an asset management perspective, as fee related earnings benefit dollar for dollar in either scenario.

As we've emphasized before, SRE is a highly attractive earnings stream. And the economics that are growing represent a highly attractive return on group capital as we evaluate the highest and best uses of capital across the complex. The returns on capital are even more attractive with more equity sidecar funding, and that's another reason we intend to utilize it to a greater degree.

We expect this effort will result in Athene's net investor assets growing by a mid-single digit rate in 2023.

As you know, we've benefited from higher rates due to an allocation to floating rate assets and the positive impacts on new money yields. With the forward curve signaling a flatter trajectory, we currently expect our normalized net investment spread to remain in the vicinity of the strong fourth quarter level, which we expect will underpin a normalized net spread of 135 to 140 basis points for the full year 2023.

Combining our current expectations for organic growth, the use of ADIP equity, the investing environment, and the interest rate backdrop, we expect normalized SRE growth of approximately 20 percent in 2023. And when combining FRE and normalized SRE, we expect year-over-year earnings growth of more than 20 percent in '23.

As it relates to principal investing, we expect continued equity market volatility and relatively muted capital markets activity at least in the first half of '23. Although it's difficult to predict market trends with any accuracy, based on the visibility we have into our pipeline through the first half of the year, we currently expect PII to be below a multi-year average target of $1 per share in '23.

If markets continue to improve, it's entirely possible we'll move more actively into a monetizing phase in the back half of the year.

Now, finally, let me spend a minute on capital. As a reminder, we expect to generate $15 billion of capital to invest over 2022 to '26, including $5 billion to fund the base dividend of $1.60 per share, $5 billion for additional capital return opportunistic buybacks and dividend increases, and $5 billion for strategic growth investments.

In 2022, we spent nearly $1 billion of capital on the base dividend, about $350 million of capital on strategic investments, and over $300 million of capital for opportunistic share repurchases above ongoing stock immunization.

Given the line of sight we have into a strong earnings growth year, we intend to raise the annual dividend by 7.5 percent to $1.72 per share, starting with the first quarter 2023 dividend declaration. We also expect to be a regular buyer of our stock as we believe the intrinsic value remains highly compelling.

In conclusion, we ended the year on a very strong note in what was a very difficult market backdrop. We're refreshed and focused on executing the next leg of our strategic five-year plan with great enthusiasm.

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

Operator

Thank you. The floor is now open for questions. If you would like to register a question, please press star one on your telephone keypad at this time. If you would like to remove your question, please press star two on your telephone keypad. As a reminder, we do ask that you please limit yourself to one question and then rejoin for any additional questions.

The first question today is coming from Glenn Schorr of Evercore. Please go ahead.

Glenn Schorr
Hi. Thank you. Appreciate all the detail, particularly on retirement services. I have a quickie on middle and big picture on retirement services. On slide 24, you go through 11 billion of inflows attributed to Athene on the gross inflows, but you also have 11 billion gross outflows. It looks like half was a sale and half was actually policy-driven withdrawals. So curious if you can just talk to that and what you're assuming on surrenders.

And then maybe you could just flush out a little bit more about your comment on just, you know, investment grade and the credit portfolio holding up in this backdrop. Thank you. Appreciate it.

Marc Rowan
It's Marc. I'll take the first piece of it and then Martin will pick up. So surrenders basically continue at normal levels. What you're watching in the fourth quarter is a normal level of surrenders and the maturity of one FABN, which is a scheduled maturity of the FABN. And then during the year, we reinsured just under 5 billion to Catalina.

Catalina is our closed block PNC business. We do not believe the closed block PNC market to be that attractive. And so we are in the process of diversifying Catalina's business from fully closed block PNC to 50 percent closed block PNC, which is mostly in runoff, but with a long tail, and 50 percent annuity.

It is another source of capital. Think of it like ADIP and it participates side by side with ADIP 2 and ADIP 1 in these sorts of transactions. But it is modest in its capital base. So maybe it grows to 10 or 15 billion over a number of years. But it is really more just a side show to what else is going on in the business.

In terms of credit, there's just nothing going on in the portfolio. I mean, impairments, we're, like, in the two to three basis points. There's just nothing we see, Glenn, that gives us cause for concern across the portfolio. And again, it gets back to this notion, we speak a lot about the words private credit. And I say, as you've heard me say, they're two words that are both English words that actually don't mean anything.

Private credit can be AA and private credit can be below investment grade. Both have their place in portfolio. On a regulated balance sheet, it is investment grade private credit, excess spread over publicly traded corporates, but without excess risk.

Operator
Thank you. The next question is coming from Alex Blostein of Goldman Sachs. Please go ahead.

Alex Blostein
Thanks for all the detail as well. Marc, I had a question for you around the origination ecosystem that you guys have built. That continues to be a really powerful engine for the whole organization.

So, $100 billion annual origination this year. Very good run rate while kind of on your way to your goals. My question is, over the course of '22, how much of that has been placed with third party clients that pay you a management fee whether to a separate account or through a comingled fund? How much is being placed at Athene or Athora?

And ultimately, as you look forward, what would you want that mix to look like, ideally?

Marc Rowan
So, I'll size the business, and it's not a statistic I have in front of me, but I'll give you a feel and we'll get back to you with the detail. So of the 100 billion of origination, as Jim mentioned, 35 billion this year came off platforms and 65 billion came from what I would say more traditional sources of origination. Us calling on companies, high grade alpha, or other methods of origination.

The run rate of the platforms, given that we added seven new platforms in '22, plus the addition now of Atlas means that the run rate will be materially above the 35 billion. The vast majority of what's being originated, by the way, is investment grade.

My gut tells me that about a third of that ends up in the Apollo ecosystem, meaning Athene and Athora, that another chunk of that may be 20, 25 percent goes into SMAs. And somewhere in the balance is going through our capital solutions business as we build the business.

Going forward, we will always be expanding into new clients. I think the Athene, Athora share is kind of where it needs to be. As I jokingly said on the call, Athene wants 25 percent of everything and 100 percent of nothing; Athora wants 5 to 10 percent of everything. And the balance, therefore, is available to clients. Our job is to build the third party recurring client business to another 35 or 40 percent, leaving 15 or 20 percent as capital markets.

Clearly, we view capital solutions as both a money maker in the fee business, but as important as a client generator. New clients, particularly investment grade clients, who have never come to the alternatives industry, much less Apollo, are for the first time seeing that they can come and pick up two, three, 400 basis points over the comparable publicly traded IG rating. And so, for a portion of their portfolio, they're doing it.

And while we're having a discussion and it sounds relatively normal, this is not a product they can buy. And so, we're--they're experiencing the product for the first time through capital solutions. And as they get comfortable with the product, we're moving them into sidecars and into recurring sources of revenue. Let me turn it to Jim.

Jim Zelter
The only double click I'd say on that, Alex, and it's really the core of our business. You know, in our securitized products, Atlas, in the past, investors only had access to the end results. I.e., the asset would be in a warehouse platform, and they'd have access to the securitized product. What we're doing for our retirement services balance sheets and a few others now is offering that interim role where they can have access to that free securitized product.

And again, that ecosystem, it creates a flywheel. It started several years ago with our high grade alpha what we did in ad nock and herds and ABN, but that's opened an amazing amount of doors for us of folks coming into our ecosystem, giving us sidecars or SMAs, and then they come in to comingled funds. But we will put a little bit finer pin on that, but it really creates the ecosystem, as Marc said.

Operator
Thank you. The next question is coming from Patrick Davitt of Autonomous Research. Please go ahead.

Patrick Davitt
Hi. Good morning, everyone. I have a follow up on the origination discussion. Could you maybe more specifically frame what the annual origination volume of the Atlas team has been running at? And then more broadly, the release seems to suggest this is kind of the first announcement related to the Credit Suisse transaction. Does that mean that there are more incremental things that are going to be announced here, like, a beginning? Thank you.

Jim Zelter
Yeah. So, this is a group that historically, you know, had raised--had originated in excess of 50 billion a year over the last several years. Sometimes it was chunkier, sometimes less, but it's a massive platform with in excess of 250 underlying financing facilities or partnerships.

The reason why you're seeing the release as stated is it's a bit of a staged closing. There needs to be investor consults--investor consent as well as a variety of some international licenses and/or regulatory approvals. So, the bulk of what we announced in the last 24 hours is the initial closing. You'll see some rolling closes over the next several months and it will all be done by midyear.

But the fact is, the team is engaged, they've been rebranded, they're operating as an appropriate entity. And you know, for us, it's really the first stage. But what's interesting about it is there will be not only assets and facilities we manage on behalf of our retirement services,

but as we roll out a variety of comingled or SMA sidecars along, there will be a residual portfolio that we manage on behalf of Credit Suisse over the next several years.

Marc Rowan
Patrick, it's Marc. I want to give you a way of thinking about this. And again, we always have to execute before. But what do we see here? We--this is a business that has not heretofore existed outside of the banking system. And each of the banks who own one of these businesses is competitive with the other banks.

We are not a competitor to the banking system. We actually don't want what the banking system wants. We don't want the client. And I don't--I'm saying it in a confusing way, but we can't sell the client equity, advice, M&A, treasury, payments, FX, and derivatives. The bank and the banking system wants to sell all those things. And what they don't want, for the most part, is the asset.

So, we are, actually, an incredible partner to the banking system. But if you're in a competitive bank or a boutique, you historically have not wanted to bring your client to this business because you're bringing it to a competitor who's interested in the same thing that you are.

Our job here is to represent a capital box which will serve as an investment grade capital box, as Jim suggested. We will build and half a massive warehouse business. The warehouse business is a really good business. The stat I have in my mind is more than 350 billion of origination over the last seven, eight years, with de minimis losses at spreads--we believe single light credit spreads, but at very wide spreads, which then the warehouses are cleaned out through securitization, which is broadly available to a variety of investors.

Our job is to scale that, but also to become the financing partner to lots of boutiques who have clients where they're nervous about bringing them to banks who are their full fledge competitors. Also, we're a great partner to existing banking system on hold positions. People who have securitizing businesses where they just don't want the hold or they don't want they capital, bringing us in to be a side-by-side with them, they are bringing in someone who is not a competitor for their client. And that's our job.

And I--we have a lot of work in front of us, but Jay Kim has built an amazing team and we're very excited about what can be done here. We expect, as I suggested previously, this will be accretive financially in 2023, but it's up to us to make it in 2023 strategically accretive to our platform.

Operator
Thank you. The next question is coming from Craig Siegenthaler of Bank of America. Please go ahead.

Craig Siegenthaler

Thank you. Good morning, everyone.

Jim Zelter
Good morning.

Craig Siegenthaler
I have a follow up to Glenn's question on retirements and OTPIs. Your historical loss rate has been, you know, very low, seven basis points annualized, but what was the loss rate in 4Q? And do you have any view on how this should trend this year, especially in light of the prospects for an economic recession?

Martin Kelly
Yeah. So, Craig, it's Martin. The loss rate was right on top of that in Q4. It's--as we go through every asset clause and go through a pretty rigorous process, we're just not seeing--we're not seeing any uptick. If you look at the headline, there was some pickup (INAUDIBLE) adjustments, which were just sort of accounting required but don't reflect actual credit losses. But the actual, you know, changes in the reserves, incidents of any stress, and actual realized losses coming through, we're just not seeing it across resi loans, commercial loans, asset backs, any other asset class.

Jim Zelter
Yeah. And if I could just highlight, you know, Craig, there's--I know there's lots of questions about credit cycle and the concern. You know, from our perspective, and we're not the economists. We'll let (INAUDIBLE) do that. And we're just following our disciplined approach to purchase price matters.

I mean, the reality is there are certain sectors that are doing very well post-COVID. There are certain that are having a bit of a challenge. You know, hotels, entertainment, lodging, airlines are doing very well. Hard industrials or the auto sectors have a tough time.

Our IG book, a lot of financials have the big banks, big IG book, you know, CLL book, really strong, AA, AAA book. So, we're--you know, we really feel like we have a very well thought out strategic asset allocation and how we put it together is showing the robust nature of the portfolio.

Marc Rowan
And I'll just finish it, Craig. You're going to see a tremendous amount of additional activity from Athene this year in communicating its portfolio and what's going on. We have a tremendously good story to tell, and the team is anxious to tell it. And they're going to be very visible and very transparent in how that gets sold.

But I'll just echo where Martin and Jim started. We're just not seeing it in the portfolio. Absolute normalcy in terms of credit. And we're getting paid for structure and for ill liquidity and for origination. We're not getting paid for credit.

Operator
Thank you. The next question is coming from Michael Cyprys of Morgan Stanley. Please go ahead.

Michael Cyprys
Hey. Good morning. Thanks for taking the question. I want to circle back on the normalized as a spread. If I heard Martin correctly, I think he was suggesting 135 to 140 for '23. Maybe you can correct me or not. But maybe you can just help unpack some of the moving pieces. In your guidance, clearly the benefit from higher rates, I think 20 percent of the book is floating, but also I think a portion of the liabilities are also floating. We're seeing cost of funds picking up here in the quarter.

So, I'm just hoping you can elaborate on some of the moving pieces. Where are cost of funds on new business? And as you look out three to five years, where do you see that net SRE spread settling out to over time? Thank you.

Martin Kelly
Yeah. So, Mike, that's the reason we provided a single net number, to sort of get through the puts and takes in--that go into that. The benefit of interest rate increases on the floating rate assets is starting to diminish as you'd expect, right? A lot of that benefit has come through the numbers. And it--if we just assume that today's rate curve at the short end holds for the year, over the next couple of quarters, that will flatline out, right?

So, that's a temporary benefit for the year.

There's also option costs are required to hedge write features and policies, which are part of that. And so, we're seeing some headwinds there. And we're assuming that, you know, fourth quarter was extraordinary in terms of net spreads. We--you know, we had 145 basis points of fully netted costs, 185 before opex and financing costs. And so, you know, we don't expect in our models that that will continue.

And so, you know, if you bring that down to a more normalized level and net all of the above, including what we think is an appropriate allocation to hold for the year, you get to that 135 to 140 basis points. And that's the reason we're trying to anchor around a single metric, which--you know, which we believe is the most sort of appropriate view of spread for the year given the components that go into it.

Marc Rowan

Maybe I'll take the two pieces of it that Martin didn't flush out. One is an alt. One has to be stepping back and saying that if I look at the relative attractiveness of asset class, a credit is simply more attractive than equity. And so, you will see that reflected in the on the margin allocations from Athene and all of this nets down into credit requires less capital than equity, which allows us to do more business.

The other piece, and it's important that you track this through in the model is we have a choice, and the choice is keep 100 percent of the business on the books, realize the growth in SRE, and deploy our own capital--Athene's balance sheet capital. Or allocate a portion of the business to sidecars and essentially receive a fee for fronting that at Athene, receive FRE at Apollo for managing that, and allow investors to earn the spread.

Given the attractiveness of credit, this for investors is another opportunity for investors to invest in private investment grade credit with perfectly matched, low cost liabilities, which is why we've seen such good take up at ADIP 2 in addition to the really strong performance of ADIP 1.

And so, as Martin suggested, we will have a--we expect a very strong origination year, organically. Not even looking at inorganic where the cost of funds is now not sufficiently attractive to justify spending any money. But we will allocate more of that growth to sidecars than we will to the Athene balance sheet. And so it is not just understanding the spread of the business, it's understanding how much of the business we elect to keep.

And so the second number I think you need to anchor on is we're expecting SRE growth of about 20 percent year-over-year. The combination of margin--basis points margin, which in part reflects a decision between debt and equity. And then on the growth side, how much capital we want to deploy as principal versus how much we want to deploy through the sidecars.

We're in a fortunate position where we have that choice.

Operator
Thank you. The next question is coming from Finian O'Shea of Wells Fargo. Please go ahead.

Finian O'Shea
Hi, everyone. Good morning. Another on the Atlas partners origination. Will Athene provide the warehouse financing? And if so, are you offering similar to what banks do on advanced rates or go further? And then relatedly, for the equity of those deals, will you mainly sell to something, like, AAA internal or more so external parties? Thank you.

Jim Zelter
Okay. Let's take a step back for a second. No. No. Athene is not offering warehouses. We're going out. There's a consortium of global banks that you're very familiar with that are offering

us, you know, appropriate financing facilities for the commercial real estate, the resi real estate, and the consumer facilities. Again, global banks, massive facilities.

And you know, what Athene will take as other investors, you know, they'll take the--either the mezzanine or the residual of that financing facility. And again, I contrast this to what we were talking about earlier. They're not taking residual securitization risk, which is, you know, a higher attachment and lower spread. What Athene and the other investors will have access to is those financing facilities with lower attachment points and higher spreads behind those senior banks.

So think spreads 350, 450 over. Think attachment points 55 to 65 percent where once those companies go to the securitization market, the attachment point goes to 80, 85 percent at dramatically tighter spreads. So, what we're talking about is offering these investors, Athene, Athora, and many, many others to get earlier in the process, earlier in the manufacturing of these facilities than they've ever got--ever had been able to participate before.

Marc Rowan
I think it's important to say, we're not in the credit risk business in what we're talking about. There's nothing about the advance rate that is going to be different than that which that is available commercially everywhere. We want to get paid for structure and direct origination. We are not looking to get paid for credit risk unless we're in a credit fund that is supposed to get paid for credit risk.

This is about avoidance. And in terms of the funding of this, there's very little equity funding that is required for the platform upfront. It will be funded by AAA and by third party investors side-by-side. And this will--the funding structure itself is all laid out in the 10-K coming out.

Operator
Thank you. The next question is coming from Rufus Hone of BMO Capital Markets. Please go ahead.

Rufus Hone
Great. Good morning. Thanks very much. I wanted to come back to your comments about the capital efficiency at Athene, the sidecars contribution now stepping up to about 40 percent of the capital. I guess that's a fair amount of capital being freed up and I was curious about where you're looking to deploy that capital. And I think the last couple of quarters you'd mentioned buybacks were right at the top of your capital hierarchy. I suppose, how are you thinking about all that? Thank you.

Martin Kelly
So, good morning. It's Martin. So, at the top of the house, we have choices, and the choices are to buyback stock, which we expect to be programmatic about. We think that that's a very attractive use of capital given the business plan we see in front of us, even at current multiples. I think a small portion for increasing the dividend, because we think that's important to be sort

of an S&P-like company. And then a portion to invest in the business, which, frankly, I think we see less need to do right now given most of the growth is organic and the three initiatives in the next six are being built out with people and not being acquired.

So, you know, that whole co-capital benefits from a dividend up from Athene each year of $750 million. We expect that that will continue at its current level. And then, when you look at the capital efficiency at the Athene level, Athene is growing massively. So, you know, growth requires capital. Athene is creating meaningful--I think it's 2.3 billion of SRE in the year just finished. Up 20 percent next year. That will be used to fund growth that's not retained by ADIP and to fund the $750 million dividend.

But as we look at, you know, the choice to spend $1 of capital of Athene with or without the benefit of ADIP, it's clearly more accretive across the group to leverage ADIP. And ADIP validates the structure and has terrific returns for its own investors.

So you know, we're--and then there's AAA, right, which gets to the platform strategy. So, you know, we--they're the key pockets of capital that we look. And we're looking to optimize it, realizing that, you know, uses of capital for buybacks, dividend increases, and investments are all attractive in their own ways. But you know, growth requires capital. And so--at Athene. And so, we're very focused on making sure that we can manage that appropriately and maintain, you know, low leverage and strong capital levels above what's required to ensure that the balance sheet is really robust.

Operator
Thank you. The next question is coming from Ben Budish of Barclays. Please go ahead.

Ben Budish
Hi, guys. Thanks for taking my question. I wanted to dig in a little bit on the--you know, the inflow outlook for Athene. You know, it sounds like you guys have a lot of confidence that, you know, growth is going to continue nicely into next year.

Just kind of curious. On the retail side, how much of that is coming from new distribution versus sort of ongoing just underlying strength given where rates are? And on the pension side, just kind of curious, you know, you explained it as somewhat seasonal, but just curious what would you think of a normalized run rate as we go into next year? Thanks.

Marc Rowan
So, we'll get back to you on the absolute breakdown between new distribution and strong distribution. But it is clear to me that consumers prefer higher rates versus lower rates. And so, you're seeing a tailwind to the industry. Having said that, new distribution--new pockets we opened up in--beginning of last year have been incredibly strong. And I won't steal Athene's thunder or their announcement, but they expect this year to be at least two massive launches.

And so, we are still early in our buildout phase of expanding distribution, not to mention new suites of products and everything else. So, I think there, the tailwind is really good across distribution. And based on what we've seen, at least so far, early dates, it appears that '23 is off to a really good start.

In terms of PRT, this is not a question. There's a lot of volume to do out there. But the only business worth doing is business that comes at acceptable spreads. And so we have a budget of what we want to do for the year, roughly 10 ish billion and it's our job to optimize within the deals that are out there and that which provides us the greatest spread in term and the best mix of business.

We expect, and I'll say, we expect that we will exceed organically in '23 what Athene did in '22. And we will likely have to make choices and temper our growth. This will not be a question of whether there's business to do. It's going to be a question of how much business we want to do.

Operator
Thank you. The next question is coming Jerry O'Hara of Jefferies. Please go ahead.

Jerry O'Hara
Great. Thanks. Hoping maybe we can get just a little bit of an update on sort of the outlook for global wealth. Appreciate it's still early days, but, you know, hoping we can get a sense of how to think about the cadence of flows while balancing, I think, your comments of not looking to be necessarily the biggest or fastest growing kind of product generation.

And then, also, if you could just maybe give us a sense of what the incremental products are that we might be able to expect with--as it relates to the sort of nine perpetual products by yearend that you called out in the prepared remarks. Thank you.

Jim Zelter
Thanks for the question. Well, just to dimensionalize it, like, taking a step back, you know, Marc talked about, you know, what we did last year, around 6 billion. We got about 30 billion in the entire platform right now of products within various global wealth channels in terms of our existing products. And as you point out, like, of the nine to 10 billion this year, you know, probably two-thirds of that, 6.5, 7 billion will be in the, you know, perpetual type of product that we've created, which is AAA, Apollo debt solutions, which has been out ADS, as well as a variety of, you know, non-accretive REITs.

And we also purchased a couple of products from Griffin, an interval fund in real estate and an interval fund in credit. So, we see broad growth across those. And then, the residual of the 9 billion this year will be a variety of our institutional products that we put in the appropriate wrapper.

But you know, again, our view as you're stepping back is this is a long journey. Certainly, the characteristics of those who are going to win--not everybody's going to win. The distribution channels want a handful of producers or providers. We have the track record. We have the brand. And what's additional is necessarily is the technology and the education.

So, those are how we want to solve the riddle, if you will. But we're not seeing--you know, the vehicles we have have had solid performance. We've not gotten anything that we would think is any kind of redemptions at yearend from Windows. So, we're happy with the journey we're on. And it's--you know, as I said, between the retail perpetual funds, you know, from none a couple of years ago to almost nine at the yearend to the variety of drawdown funds, you know, more than five of those, we feel very comfortable with our product set.

Operator
Thank you. The next question is coming from Adam Beatty of UBS. Please go ahead.

Adam Beatty
Thank you. And good morning. Just a quick follow up on retail wealth. Marc, I think, mentioned some of the challenges that products elsewhere, you know, faced last year. Just wondering, you know, has that kind of dampened sentiment? How do you view the take up?

And also, Jim just mentioned, you know, education. How much recognition have you seen so far that some of the Apollo products are just, you know, truly distinctive and a better mousetrap? Thank you.

Jim Zelter
Well, certainly, you know, as we've talked about what we're doing on AAA, Apollo Aligned Alternatives, you know, we think, as Marc has been public saying we think that could be the largest flagship vehicle of our firm over the next several years. Certainly what we're doing with some of the insurance products and what we're doing with the Apollo Altitude, we think those are a bit--and I use the term groundbreaking, but we think they're providing incredible value and they're somewhat unmatched in terms of the attributes.

You know, that being said, you know, there's been some noise about some other folks out there having some redemptions. First of all, I think they're doing the right thing by the discipline that they're engaging in in terms of making sure people don't think that the incremental yield comes without a cost. But that being said, this is a mere hiccup in a long successful transition and journey, and we're happy to be part of that transition.

But no doubt, you know, it's not just about you have to have multiple resources to create all those things we talked about. We've launched as Apollo Academy, which is a broad, broad education set available to those channels. And the take up on that has been extraordinary.

So, it's--you know, it's not only product creation, execution, returns, but also technology applications as well as education.

Operator
Thank you. Ladies and gentlemen, we have reached the allotted time for questions for today's event. I will now turn the floor back over to Mr. Gunn for closing comments.

Noah Gunn
Great. Thanks again, Donna. And thank you, everyone, for your time and attention this morning. Appreciate your continued interest in Apollo. And if you have any follow up questions on what we discussed on today's call, please feel free to reach out. We look forward to speaking with you again next quarter.

Operator
Ladies and gentlemen, thank you for your participation. You may disconnect your lines or log off the webcast at this time and enjoy the rest of your day.