

Apollo targets Asian wealth amid “golden era” for private credit



With rising alternatives penetration in Asia Pacific, clients are now swamped for choice with private equity firms pivoting to offer wealth solutions. However, US manager Apollo believes it differentiates itself with its top-down commitment to wealth.

While the firm is well known for asset management, Stephanie Drescher, partner, chief client & product development officer, Apollo Global Management, said many are not aware that Apollo runs the largest retirement servicing company in North America: Athene, an A+ rated insurance company offering fixed annuity products.

“As a result, we are no stranger to wealth as we have gained over 14 years of experience providing high-quality investments and services for individuals,” Drescher told *Asian Private Banker*.

Drescher, who is based in New York, highlighted that Apollo's commitment to global wealth, a top-three initiative for the firm, is led by CEO Marc Rowan and is embraced by the entire senior management team. "Such top-down commitment sets us apart and makes an incredible difference in terms of the resources invested in new products, education, and client experience."

Edward Moon, partner, head of APAC Global Wealth Management, added that the alignment of interest from Apollo is unparalleled. "For the diversified private market fund, we launched with a US\$10 billion anchor investment from Apollo's insurance balance sheet, and for the direct lending fund, 95% of the underlying deals are co-invested with our own balance sheet.



"Alignment does not guarantee positive returns, but it does guarantee shared outcomes. This is an essential differentiator that sets us apart from our peers, allowing our clients to sleep well at night knowing that they are investing side by side with Apollo at the same price and with the same terms," Moon, who started the Apollo Asia Wealth business two years ago, told *Asian Private Banker*.

Perpetuals

The firm had no perpetual products back in January 2022 when Moon started to build up the Asia wealth business, but riding on the tailwinds of wealth clients turning to alts for attractive returns, the firm has bolstered its offerings and platform.

"Two years ago, we had zero perpetual products, and fast forward to today, we now offer over 10 strategies with vehicles designed for different geographies and

underlying share classes that will continue to grow over time across asset classes,” said Drescher.

In fact, the firm has already raised around US\$2 billion from its global wealth channels in Asia, Moon told [APB last year](#).

“At the firm level, as I look at our inflows for 2023 through the third quarter, we’re up to about US\$125 billion, taking us to an AUM of US\$630 billion globally across channels. This figure demonstrates the trust that we have received from all of our partners around the world, and our ability to navigate market cycles,” Drescher asserted.

Private credit to shine in 2024

Apollo also believes private credit will shine in 2024 and this is where its product can be a key component of client portfolios.

“We are now in a golden era of private credit. In our view, we do expect rates to stay higher for longer, providing attractive entry points for floating-rate large-cap private credit,” Drescher pointed out, explaining that in this environment, floating-rate large-cap private credit provides attractive yield opportunities with large and well-established companies with robust business models and healthy fundamentals.

“Taking our evergreen direct lending strategy as an example, today the portfolio is nearly 100% first lien senior secured, well-diversified across sectors, delivering significant spread and total return, in comparison to bonds, and is a perfect example of how evergreen alternatives can replace beta-generating public fixed income,” she said.

However, not all market participants are bullish on private credit. UBS Chairman Colm Kelleher [warned](#) audience members at the Financial Times Global Banking Summit in London late last year that “There is no doubt that there’s an asset bubble going on in private credit,” adding that a single incident could cause a crisis of confidence leading to a major crash.

Apollo Debt Solution (ADS) is one of the firm’s flagship wealth solutions that is designed in an evergreen (semi-liquid) structure. It has also been crowned as Best New Fund – Alternatives at [Asian Private Banker](#)’s Asset Management Awards for Excellence 2024.

Alts can replace public markets

Although many wealth clients in Asia are still only allocating a small portion of their money into alternative strategies, Apollo believes that if they find the right solutions, alts can be the perfect replacement for traditional asset classes.

“Our flagship products are well-positioned as replacements for traditional fixed income and public equity investments, allowing for a more diversified and resilient 60/40 portfolio,” Moon, who has recently been named as a partner at the firm, added.

The firm added the ongoing interest in the evergreen structure will also continue to dominate the alts strategies space.

“The benefits for most evergreens today are clear: no capital calls, no j curve, one-layer fee and incremental liquidity, for example on a quarterly basis. Today, financial advisors can use evergreen strategies as a tool to build/adjust a client’s portfolio easily at any point in time instead of waiting for the next new vintage every 3, 4 or 5 years,” explained Drescher.

She added that with the evergreen structure in place for alternatives, Apollo is certain that they can replace or supplement a client's traditional public equity and fixed income assets.