

After 60/40

Modern Portfolio Allocation Across Private and Public Markets

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In Private Markets, Manager Selection Matters

While public markets have largely become a source of beta, dispersion among managers in the private markets remains wide.

Public Markets Are a Source of Beta

Public markets have increasingly come to function as sources of beta rather than arenas where managers can consistently add value through active management. Over long horizons, most active equity managers have failed to outperform broad market benchmarks, with 91% of public equity managers underperforming the S&P 500 over the past 20 years.

At the same time, the share of assets managed passively has surged as investors embrace low-cost, index-tracking strategies. Passive funds now represent almost 40% of all managed funds, reflecting a dramatic shift of capital toward strategies that deliver market beta rather than trying (and often failing) to beat it.

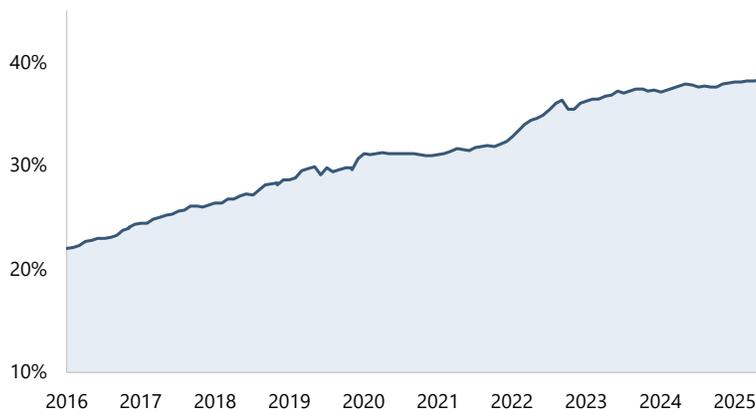
Lack of Alpha in Public Markets

% OF PUBLIC EQUITY MANAGERS UNDERPERFORMING THE S&P 500



Index Funds are Taking Over

INDEX FUNDS AS A % OF MANAGED FUNDS



Sources: Left: S&P Global as of June 30, 2025 (latest available). Right: Bloomberg, S&P LCD and Apollo Chief Economist as of September 30, 2025. Includes both equity and fixed income index funds.

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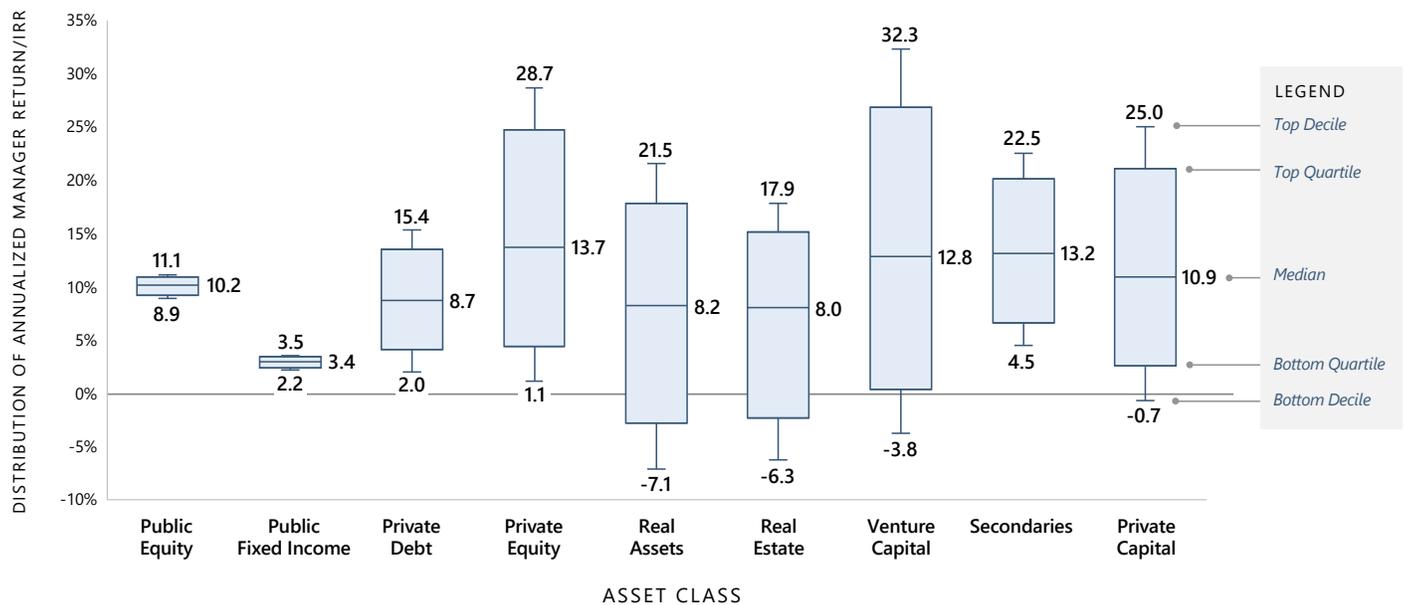
Private Market Alpha Exists (But Is Not Evenly Captured)

As we recently discussed, [incorporating private markets into a traditional 60/40 portfolio](#) of public stocks and bonds has historically enhanced returns while reducing overall risk. That said, performance dispersion in private markets is meaningfully wider than in public markets. As the chart below illustrates, private markets have delivered higher median returns than their public counterparts, but with significantly greater variability across managers. In private equity, the return gap between top- and bottom-decile managers is almost

30%, compared with just 2% in public equities. A similar pattern holds in credit, where private debt shows a 13% spread versus roughly 1% in public fixed income.

This dispersion has implications beyond headline returns. Distributions — an increasingly important focus for private market investors in today’s environment — also vary materially by manager. [PitchBook data](#) shows that portfolio companies acquired at higher entry multiples have taken substantially longer to exit than those purchased at lower valuations, a dynamic that has become even more pronounced in recent vintages.

Historically Higher Returns, Wider Outcomes



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ABOUT THE AUTHOR



Christopher Lvoff
Managing Director

Mr. Lvoff joined Apollo in 2025 as Managing Director and Lead Cross-Asset Client Portfolio Manager within Global Wealth Management. Mr. Lvoff was previously President and Co-Chief Investment Officer at Strategic Investment Group, a boutique OCIO firm. Prior to that, Mr. Lvoff was a Managing Director and Senior Portfolio Manager in the Multi-Asset Solutions team at Goldman Sachs Asset Management. Prior to that, Mr. Lvoff was an Actuarial Associate at Towers Perrin (now Willis Towers Watson).

Mr. Lvoff has worked with clients including family offices, endowments, foundations, retirement plans, financial intermediaries, and sovereign institutions to provide investment support across asset allocation, manager selection, and portfolio construction.

Mr. Lvoff holds a B.S. in Economics from the Wharton School at the University of Pennsylvania with concentrations in Actuarial Science and Accounting. He is a CFA charterholder, member of the New York Society of Security Analysts, and an Associate of the Society of Actuaries (ASA).

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