Talks at GS

Marc Rowan, CEO and Co-Founder of Apollo Global Management

Alison Mass, Moderator

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Alison Mass: All right, good afternoon. I'm Alison Mass, chairman of Investment Banking, and today I am thrilled to be joined by Marc Rowan, the CEO and co-founder of Apollo Global Management, one of the world's largest alternative asset managers with just over $550 billion in assets. So, since Marc stepped into the CEO role in March, 2021, he's helped revolutionize Apollo's business. We'll be discussing this today, Marc's strategy as CEO, his views on alternative investments and the broader economy, his approach to philanthropy, and why he's a believer in blockchain. So, Marc, welcome to Talks at GS.

Marc Rowan: By the way, all in 42 minutes. We're going to do great.

Alison Mass: All in, 32, actually. So, I really want to start with an overview of Apollo's business. So, tell us what Apollo looks like today and can you explain the drivers behind the firm's evolution?

Marc Rowan: Sure. So, Apollo is a publicly traded holding company. Down one side of that holding company is an entity called Athene. And Athene is the largest retirement services company in the world. So, think of an insurance company that offers no life insurance, no health insurance, no property insurance, no real insurance of any kind, and only ensures people's retirement. So, we we're now at a theme, some $330 billion we're the number one provider of annuities in the US ahead of household names like Met and Purdue[?] and Allianz. And we grow organically about $50 billion a year. The business is actually an interesting business and I start here because it'll help explain the other side of the business. We make money by investing our portfolio at a higher rate of return than we pay out on our guarantees for retirement. But to be highly rated, which you need to be to guarantee people's retirement, you need safe yield.

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On the other side of the business is the business that people think we're in, which is Apollo Asset Management. And Apollo Asset Management, as you suggested, is an alternative asset manager, some $550 billion of assets under management approximately year end. The surprising part of it is $400 billion of that is credit. Most of that credit is investment grade alternative. Another $75 billion is hybrid. Think of that as lower risk, lower reward equity, and $75 billion. Approximately of that is traditional private equity and the like, which is the historic business of Apollo. And so, of the $550 billion, Athene and its European counterpart, Athora, represent about $275 billion. So, we are almost always the largest investor in everything we do.

Alison Mass: So, how do you define alternative investments? Like just the big category? How is that defined to you?

Marc Rowan: Well, for us, and the way I certainly think about the market, alternative conjures up private equity, hedge fund, all form of opportunistic strategy. But if you think about it, an alternative is really nothing other than an alternative to publicly traded stocks and bonds and alternatives exist at every risk reward tier. There's alternatives to AA, alternatives to other investment grade, and so, on and so, on and so, on. And for us, we even offer an alternative to the S&P 500. And so, the universe of alternatives is just immense. The definition has been very constricting.

Alison Mass: So, you've said that Apollo's business is described as offering clients excess return per unit of risk for giving up liquidity. So, can you explain a little bit more for us what you mean by that?

Marc Rowan: It's really the mantra by which we run the business. So, I ask our team all the time, what is it we do? Why do we exist? Why does the firm exist? Why does the industry exist? Because investors, if they have the opportunity to go into the public markets and have fully liquid access to their capital, they should. So, if we are not offering them excess return per unit of risk, we don't exist. While that's very mechanical and technical, it actually speaks volumes to how we think. We

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don't talk about our business in we're going to grow this much. This is how much AUM we're going to have, this is what we're trying to build. We can only grow as fast as we can generate excess return per unit of risk. And if we ever forget that, remember we own half of everything. It's a very aligned, very interesting way to come to market and it forces you to be disciplined all the time and not chase growth.

Alison Mass: So, I want to talk about your goals for this year, 2023. I mean, you've set a goal to grow Apollo's assets to a trillion dollars by 2026. You're already halfway there, as we talked about, have built up the credit business and moved more deeply into FinTech among other things. So, what are your goals for this next 12 months?

Marc Rowan: No new toys.

Alison Mass: No new toys?

Marc Rowan: No new toys, and I say that jokingly, but if I think about our industry in Apollo, at 2008, just prior to the global financial crisis, we were circa $40 billion of assets under management. We were $30 billion of private equity and $10 billion of everything else. And we're now $550 billion. And I'd like to say that's all management skill, but it's not. It's a lot of tailwinds. But it also, speaks to what's been going on in our industry. We've been growing so, fast that we've added lots of people. We've gone from some small number of hundreds to hiring 400 people a year to being roughly 600 employees in our asset management business alone at year end. And if I look at the business, we have enough in-house today and the tailwinds of our business to accomplish our five-year plan. And anything, the bar to doing anything new, a new toy, it's high.

It's just very high because what it is, it's keeping us from being efficient in how we run our business because we've been growing very fast. And because our industry was never at scale

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before, we never thought about what the operating model of our business was. If we got busy, we added 100 new people and 100 new people and 100 new people. And while we could keep doing that, you realized that the addition of people actually is very taxing on culture. And so, we're in this constant balance of trying to be true to ourselves, trying to be big enough to do anything we can do, but small enough to really feel like a partnership. And it is probably the greatest balancing act we have.

Alison Mass: So, shortly after you took over as CEO a couple of years ago, Apollo merged with Athene, as you mentioned, one of the largest retirement services providers. Can you talk a little bit about what the merger with Athene does for Apollo? And also, you mentioned culture, how is that cultural integration?

Marc Rowan: So, maybe I'll start in reverse. we had along with the management team at Athene built Athene from scratch. So, we had in 2008, 2009, invested $16 million into an entity. And that entity has grown into $330 billion.

Alison Mass: Wow. So, that's extraordinary.

Marc Rowan: We had lived and they had lived with us. There were no surprises culturally, anything that made sense to have put together we had put together over the prior 10 years. And so, in some ways, it was just a merger of capabilities and of alignment and not of any cutting or consolidation. And so, from that point of view, there have literally been no surprises. And in if there had been surprises after 13 years together, we would've had other issues. But if you think about where we're driving the business, and I'll give you a little more detail. So, I look at the traditional business equity, I look at hybrid and I look at credit, and I think about excess return per unit of risk. And in some ways, the market tells me where we're going. And the market is telling us in the equity business, we've been in it as an industry for 35 years. Every investment we make in equity

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is roughly $750 million on average. And let's face it, it's equity in a levered capital structure. So, it is risk. We may like what we do better than anyone else, but how many people do I want making $750 million risk decisions?

Alison Mass: Not too many.

Marc Rowan: Not that many, because, and if I try and scale that business, I am likely not to be happy with the outcome. So, I think of that as a growing business, but not a growth business. I look on the other hand, at the investment grade alternative business, safe yield, we're $400 billion ish today and we're not relevant. The markets are so, big that even at twice our size, I'm not sure we're going to be relevant to that. So, if you think about what the merger did, Athene needs safe yield, but Athene as a diversified buyer of credit wants 25% of everything and 100% of nothing.

So, the way we come to market, we find assets that make sense for Athene. Other clients look at us owning 25% of everything as principle and say, boy, that's pretty good alignment. Our largest group of third-party clients are the direct competitors of Athene. They understand that we know how to put things on regulated balance sheets and the rest of the world also, needs safe yield. Banks need safe yield, consumers need safe yield, pension funds need safe yield. As a society, we're getting older and increasingly fixed income plays a role in how people finance their retirement. So, this notion of alignment, I just, I can't say too much about, I mean, even though we own 35% of Athene for more than a decade, it's not the same as 100%.

Alison Mass: Understood. So, we get so, caught up in the day-to-day of micro running our businesses that sometimes we miss the fundamental changes that are reshaping markets in general. And I'd love to hear your perspective on what the big shifts that you're focused on that are driving Apollo's business. Just stepping back from the day-to-day.

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Marc Rowan: So, if I start in history a little bit, and I think about the drivers of our business, what powered us from $40 billion to $550 billion? And I really start at the global financial crisis. Global financial crisis, we had a change in rules in the US Dodd-Frank and associated rules in Europe and elsewhere. But these fundamental changes to markets we didn't notice because almost immediately after the legislation was passed, we printed $8 trillion and everything went up into the right. And everything went up, everything was liquid, interest rates went down. And so, it obscured fundamental changes to markets. And the three that I talked to clients about, one, is the inherent lack of liquidity in markets, which sounds crazy given how much liquidity there's been.

But if you really think about what happened, Dodd-Frank, among other things, penalized market making capital, we have roughly the same amount of market making capital in the world today as we did in 2008. Markets are three times their size. Nothing is liquid on the way down. It's only liquid on the way up. I mean, look at what happened in the UK as a few pension funds tried to unwind investment grade positions. It's just a good reminder for us. So, everything that was public got less liquid. Everything that was private actually got more liquid. I don't mean they're the same today, but the band of outcomes between public and private has narrowed.

The second is to look at the role of banks. Dodd-Frank was specifically addressed to reduce the impact of global money center banks. US banks today are less than 20% of debt capital to US businesses and consumers. The new bank is the investment marketplace. In many instances, through firms like ours, who package and underwrite and grade and securitize, but make no mistake, the investment marketplace is the role of the banking system today. Huge driver for our business, particularly for us, the investment grade portion of the market.

And the third, and I think the most powerful and the one that we're still grappling with is indexation and correlation. So, if I think about how Apollo views the world, we no longer believe there's alpha left in publicly traded fixed income markets, or broadly syndicated markets for that matter. The

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marginal buyer of everything is an open mutual fund, an ETF or a derivative trader. They have never met the management team. They've never read the document. They have no idea what they're investing in for the most part. And they're buying when they get cash and they're selling when they lose cash. How do you as a fundamental investor compete with that? You're always in a whipsaw.

And then I flip over to equity markets and I think about most of the money in the world as S&P 500, a huge percentage. A huge percentage of the market is ETFs or other forms of indexation. And five growth stocks are 25% of the S&P 500. So, is there an equity market today that we grew up in thinking of fundamentals or is everything indexed and correlated? I think the last eight years would tell us everything is indexed and correlated. Last year in particular would tell us it's indexed and correlated, that everyone has the same trade on which is leveraged to the Fed. So, if you are a fundamental investor and want alpha, I believe you need to step back from public markets. And that's our business, stepping back from public markets. It doesn't mean you're illiquid, it doesn't mean private equity. It just means an alternative to publicly traded stocks and bonds. And then if I put my hat on and look forward, technology is revolutionizing our business. I mean, I could take any aspect of our business, I could take global wealth, it would not exist without technology. Securitization would not exist without technology. And the change is picking up rather than decreasing.

Alison Mass: I like the pitch for private investments. That's a good one. I want to pivot to your career. you started your career in the M&A group at the investment bank, Drexel Burnham, actually where we met. And during your time there at the firm -

Marc Rowan: If truth be told, I work for Alison.

Alison Mass: Okay. That means I'm older than you. You should not -

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Marc Rowan: No, that's not, not, not ne I didn't say that and that's not necessarily true, but

Alison Mass: Okay. But it happens to be true. So, during your time there, the firm hit financial when the junk bond market, as we used to call it, collapsed and the firm's liquidity issues forced it into bankruptcy in 1990. So, that's a lot of drama for your first job. So, can you talk a little bit about what the experience was like for you and how it shaped the way that you and your co-founders founded Apollo and think about running a business?

Marc Rowan: I have to say awesome, no better experience. I mean, even in its demise, the whole notion of borrowing short and lending long is just such a good cautionary tale. Apparently, we learned that lesson, but Lehman Brothers didn't learn that lesson. And if you really think about what happened to FTX, it kind of did the same thing. They were in illiquid assets against money that could be withdrawn. It is the classic way a financial services company goes out of business, which is a mismatch of liquidity transformation. But more importantly, if I thought about the business and why I joined and what I experienced. We were working with businesses that in many instances were being built or didn't exist, then cable television think sell things that we take for granted today and financing them with products that didn't exist.

And the whole notion of just working with a blank sheet of paper and thinking about what should be rather than what is, I think it's just the best training ever. And to the extent possible have really tried to bring that same skepticism, that same creative thought, that same willingness to try new things to Apollo. And also, this notion of a healthy skepticism for the status quo. As I say, we try to encourage intellectual insubordination, which is very close to just outright insubordination, which makes the place ungovernable. But being able to question without regard to seniority, without regard to anything, I think's just one of the healthiest things we possibly can have. And we're still have a size and scale where we can have that debate and it's really important that we never lose that.

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Alison Mass: So, I want to talk about Marc as a CEO. You became CEO two years ago, and as you took over the top job how did you think about forging a new path forward in deciding what needed to change in what was already a very successful business model?

Marc Rowan: So, after 32 years, you would hope I learned something. I literally had every job at Apollo. I was joking with you earlier that in we started as a private equity firm, which is not very back-office intensive. So, for the first couple of years, I actually did the books and did the distribution. So, I've literally had every job at Apollo, but try to make it as simple as possible. What business are we in? We're in the judgment business. The only thing we offer our clients is judgment. How do you get judgment over a long period of time watching what we do and don't do? Therefore, if you come to work at Apollo, I want you to spend your whole career at Apollo. I don't want to lose you. So, simple thing number one, let's make this the single best place to be a partner in the financial services business. A huge motivator for -

Alison Mass: Maybe the second-best place.

Marc Rowan: I'm just talking about me, this is a competitive dynamic, but that's the goal at least. And not just how we pay, but the culture, the responsibility, how we relate to each other, our purpose. That's one guidepost and that's a huge part of what I do and try to do. And the theory is if the partners are happy, principals will find it worthwhile to spend their whole career there. And if principals and partners are happy and stable, mentorship for younger people will be off the charts. The second is to come back to this notion of excess return per unit of risk. Let's not think about growing AUM, let's think about places where we can consistently earn excess return and who needs it. And thus, building out the fixed income replacement or investment grade alternative business, the merger with Athene, which turbocharged that and then communicating and every day trying not to screw it up, just have to be humble about it.

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Look, I said to you earlier, like, I thought the job was to do something. I realize now the job is not to do anything. That my job is only to change the way people think because if I do it myself, I have to keep doing it. And if I can change the way 2,600 people think, boy, the place will function so, much better than if I tried to do anything. And so, I try to pick projects, assignments, things of interest, some strategic and important, some symbolic with the sole purpose of changing the way people think. And it's a work in progress every day.

Alison Mass: So, you've invested you invested for 30 plus years with other CEOs in your career. And also, you mentioned to me that when you got this job, you reached out to a lot of current CEOs, other companies to get advice. So, what did you learn from choosing all of those CEOs and working as partners with all the CEOs in your decades of experience? And what was some of the best advice you got from current CEOs?

Marc Rowan: So, I look at all the - I look at the successful investments and I think about the places where things kind of went sideways and what was the distinguishing factor that was avoidable. Some of the things that went well or didn't go well were unavoidable. But the avoidable ones I think come down to me to momentum. You go into an organization and you try to get a sense in 100 different ways of whether it has momentum. If it has momentum, it overcomes every obstacle. There's nothing you can put in front of the organization that they won't find a way around or that they will view as an impediment to their success. And if the organization does not have momentum, everything that's in front of them that causes difficulty is an obstacle to success. And ultimately the CEO is responsible for that momentum or lack thereof.

And analytical people, myself, first and foremost, we look at something and we look at it rationally and whether the CEO is right or wrong. And for so, much of my career that guided me and I realize that that's just a fraction of what's important. Can the CEO create momentum in the organization, not just are they right or wrong? And the amount of time that I personally wasted

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trying to give someone a chance, let them do it, I think, which is way overestimated. And in my own stewardship, very conscious to understand whether the organization has momentum or not, and to be very cautious about that.

Alison Mass: So, you've talked a lot about having an inclusive culture and across our industry firms with reputations for being competitive and having challenging cultures are all trying to figure out how to be more supportive and inclusive places to work without losing the edge and without losing the intensity that made them successful. So, how do you balance that at Apollo which is, I know is a very hard charging results-oriented firm.

Marc Rowan: There's a lot of example setting, but I'll start in a slightly different place and I'll work my way back. So, part of the answer, and it's only a part of your question, is what we would call traditional DE&I. And it's very hard to argue against wanting diverse opinions, wanting diverse people, wanting diverse. And once you make that decision, it's impossible to argue against inclusion, right? But if you ask someone what the word equity means and you get a definition, I can almost always tell you their politics, equity is an incredibly divisive word. I arrived and took over as CEO as Georgia was changing their voting law. And my inbox is for or against, we should do this, we should do that. And what I did is I turned it on its head. There are things that divide us that we're never going to solve. And then there are things that unite us. And so, the thing that unites us internally is opportunity. All of us, if you scratch the surface, are where we are as a result of education and because someone gave us a chance, or in my case kept me from being fired.

Alison Mass: Was that me?

Marc Rowan: That was you. Okay, when we didn't deserve it. And so, I've said to people, let's not talk about equity, let's talk about opportunity because it unites us. And let's not expect that it's an HR run process. If you are excited about race, you do opportunity that

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way. If you're talking about women, if you're talking about orientation, if you're talking about veterans, if you're talking about anything, go do it. Like, don't come back to HR looking for it. Go out and have 2,600 people who are empowered to hire who they want within reason to give business out where they want to finance who they want.

Let HR calibrate whether we've gone too far in one direction every few years. And so, implicitly what I'm saying is to make it real. So, how do we make it so, it - we're always going to be a hard charging, want to win culture, but internally, let's be as real as we can and try and empower people to do what they need to do to make the place a better place. And this is the same as true on sustainability. Let's not hold ourselves out to a standard that we will not meet. Let's decide to make things better, but not perfect. Perfect is just the enemy of progress. Investors don't like that. This particular investor just won't invest with us. Let's try to be true to who we are.

Alison Mass: So, I have to ask you about your hobbies. So, many people dream of opening a restaurant and you've actually done it, in fact multiple restaurants, which is a notoriously difficult business with a culture that rivals the financial industry in terms of intensity. So, how has your experience in finance affected the way you've approached your restaurant businesses? And have you learned anything from the restaurants that you've actually brought back to running Apollo?

Marc Rowan: So, on the last point, no, but I joke, I'm an accidental restaurateur, so, I actually like to build and design things. And so, I renovated a historic building in the town of Sag Harbor out on Long Island and in the main street the first tenant was a restaurant and they went out of business. And so, I didn't get the rent for six or nine months. Then we found a new restaurant and that second restaurant went out of business. And now it took me a little over a year to realize that I was in the restaurant business. I thought I was just building a building, but I was in the restaurant business. And so, I recruited a team, put a team together, and that restaurant's gone on to be very successful. And in fact, it was so, crazy that I did two others.

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And it's turned into a business. It's actually a real business that makes money. Almost 200 employees. It's great. So, the business is a hard business, but I'll make a few observations. Most people who go into the restaurant business never think about the word business. The vast majority of people who are there are there for passion. And that's not a great idea. This is actually a business, and so, I start with a leg up. The second is, the vast majority of people who go into the business don't have any money. And so, the first thing that goes wrong, they go out of business. Those are two.

The third is we take for granted that people have been everywhere in the world and have every experience. We are so, fortunate to have been everywhere in the world and seen everything and to bring back the best ideas and let people appreciate it. And then finally, I'm not in the restaurant business. I have an amazing partner and we have a great division of labor. I do design construction, I deal with government and I do menu concept. Once it opens, I'm a customer. It works really, really well.

Alison Mass: What's the most creative thing you've done in the menu concept?

Marc Rowan: We can be very, very micro. So, we have in Sag Harbor, we have a classically French trained chef. And I sent he and his partner to Tel Aviv where I think the best restaurant scene in the world at the moment. And I made two lunches and two dinners for them, like every day. And they came back and they were so, fat, first of all. But one of the dishes we serve is a cauliflower cooked on a grill, and they made their cauliflower cooked on a grill. And it was like two French guys who were classically trained making this. And I was like, I could do a better job than you. And I actually did. And that's the cauliflower on the menu at Lulu.

Alison Mass: Okay. I'll have to go try that. All right. So, let's talk a little bit about industry trends and innovation. Apollo has embraced FinTech through collaborations and investments with various

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FinTech firms. How do you expect FinTech to disrupt the asset management industries in ways that the broader investing world might not appreciate at this point?

Marc Rowan: I think we have to kind of level set. There is a FinTech competitor to every process in the financial services industry. You can be a record keeper, there's a competitor, you can be a lender, there's a competitor. You can be an asset manager or a loan originator. There's not a single part of the financial services banking industry that does not have a FinTech competitor. That does not mean they will win. But there's a FinTech competitor everywhere. We have a customer base that is used to interacting with their money and with investments that is totally different than it ever was. Think about the following, millions of Americans in the height of the pandemic sent their money to a place called Robinhood to trade mean stocks. Like we can laugh at that, but that's also, a cautionary tale for anyone who is resting on their laurels for how the world is going to be and is going to be transformed.

And so, I look at our business and I look at the two sides of the business. And we are on the one side of our business, a financial institution. We are desperately in need of modernization and FinTech, and we're in a really fortunate place. So, my standard joke of this is I say, what's the slowest moving institution in the world? The Catholic church, hundreds of years. Second are universities, decades. Third, insurance industry, we're right there. So, the notion of holding ourselves out as a at scale insurance company that is willing to make a decision on Tuesday, we've just become an amazing partner for financial entrepreneurs who are bringing technology to the business. And we are very open to change in how the business will be structured.

And then I flip over to the asset management side of our business, and there's not a single process that I think will be the same in 10 years or five years from today. So, I start with wealth management. So, we have this big trend of increasing high net worth investors and mass retail investing in alternative products. In 2000, Apollo did its first high net worth product. I ran into a

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senior banker of a big bank at the top of a parking garage. And he said to me, would you be interested in offering private equity to your clients? And I said, sure. Three weeks later, we raised $600 million from their clients. If you were a client, you had no privity with us. You didn't know who we were, we delivered a stack of documents to you, which you physically had to sign at FedEx to us. We then had to conduct manual searches and know your client and anti-money, money laundering. And then the communication with you was haphazard at best, capital calls and distributions, two levels of fees. And best yet, the position you had at in Apollo was not reflected on your brokerage statement. And so, your banker had to take a piece of paper out of a drawer to show you, yes, you have this money plus this other thing. It actually felt quite shady.

Nonetheless, people invested and had a great experience. So, fast forward to today, you now have eSub docs, you have online verification of anti-money laundering and know your client. It's fully integrated into your statements and capital calls. You can see your positions at any point in time, it's a seamless process. And we're just starting, this is like the basics. The next five years of education online of product research. It's unclear to me that you even need to be rooted in a traditional institution to participate in that. So, I think technology's going to revolutionize and is revolutionizing the wealth business. But even mundane businesses like securitization, we are a massive securitizer. When the mall in Topeka fails to pay us, they fail to pay the servicer, the servicer fails to tell us, we find out about 60 days later, all of this is going online and all of this is coming through blockchain.

And then even more fundamental, like I ask questions about fundamental financial products. Who here owns a car? You're New Yorkers. You ever sold a car? You know how you sell a car in the US, you sign the back of something called a title. If you can find it when you got to sell the car. Think of how antiquated this is. The notion that your car is represented by a piece of paper and noted by God forbid, I'm afraid to even say like an NFT, but represented by some unique piece of software, like, it's just so, crazy. And to think that the status quo is going to persist, I think is just

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naive. And so, experimentation in financial services is notoriously slow and regulated. Experimentation in gaming is completely unregulated. And the rails for our future, in many instances, are being built in the gaming world. Really interesting time, and one I think we ignore in our peril.

Alison Mass: So, you've been quoted as saying that alternative investments could make up as much as 50% of investors' portfolios. So, can you talk a little bit more about how you see that happening? And then back to your point about retail what role do you think it's really going to play with retail investors portfolios?

Marc Rowan: So, I look at, I'll call it from high net worth to institutions, and you look at the asset allocations that they have, and almost everyone is too liquid. I mean, start with an insurance company, an insurance company, particularly a retirement services company, we have a really good understanding over the next 20 years how much liquidity we're going to need. Yes, we need buffers for industry. And then the same is true for pension funds, for endowments, for sovereign wealth funds, and even for high-net-worth individuals. So, you think about how you can earn return in the world, you can take credit risk to earn higher returns, you can take equity risk, you can take valuation risk, you can take business startup risk or technology risk. All of those are risks that at a point in time are worth taking or not worth taking depending on how you're being paid.

What about liquidity risk? If you can get paid more for being less liquid, why not? And that's the fundamental learning. It's so, simple in our business. Athene's entire business is built on the notion of stepping back from public markets and earning 200 to 300 basis points over investment grade for taking less liquidity and therefore offering more bespoke structures, not by taking incremental credit risk. And so, I fast forward that and I think about high-net-worth individuals and institutions. And we historically have thought about alternatives as private equity and hedge funds and risky assets. It's unclear to me that we do not have and should not have investment grade

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yield alternative, total return alternative. BDC, a business development company, alternative. REIT, alternative, even as I suggested an alternative to the S&P 500, rather than having 100% of your stock in ETFs, why not step back from daily liquidity and get 200 to 300 basis points better reward?

And I think that education is starting, but I think people are way too liquid. And I think it will be education and continued indexation and commoditization of returns that ultimately drives that to the right place. Retail is another story. It is, I think there are products that are appropriate for mass retail and there are products that are not appropriate for mass retail. I think the liquidity deans are not as well defined or there's not as much excess is another way of saying it. I also, think we have to be realistic about our capacity as an industry. We think of ourselves as being quite large, but we're actually quite small in the scheme of the world. So, if you believe that, I believe that private equity in its traditional form is mature, how many more retail investors can we accommodate? We could take their money as an industry. It's unclear to me that we should. And so, I think product by product we will decide as an industry or the industry will decide for us, or government will decide for us what's appropriate for a retail investor. True retail.

Alison Mass: So, I want to talk about education. You did both your undergraduate degree and your MBA at the Wharton School and you're now chair of its board of advisors. So, how do you see the role of the MBA changing over time? And how should young, ambitious people think about, especially those in financial services, decide whether they should get an MBA or not?

Marc Rowan: So, first, just as the advertisement for the school, cause I'm their chair, look, I can't help but love a place that I showed up with hair down to my shoulders and ended up with a job. So, I'm eternally grateful. And if you come to work at Apollo, and I think even here an MBA is not required to be successful. This is a question about personal growth. And if someone went through an undergraduate business education or had enough of another business education, it's unclear to

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me that they are getting value for taking two years out of their life for an MBA.

On the other hand, a pivot, there's no better place to actually have a chance to think and become connected and to be stimulated by the people around you to think about a pivot. Or if you've come from a non-traditional background where you've kind of had enough indication that you want to be in business, but you're missing fundamentals, there's no better way than really finishing out what you do. And so, my experience over a long period of time is it's highly individualized. It is not in and of itself a requirement for success, but those people who've either pivoted or have come from non-business backgrounds have massively benefited and have put themselves in great positions over the long term. And who would want two years off, let's face it.

Alison Mass: Exactly. Everyone, that is not too appealing. So, it’s been reported that your nickname at Apollo was the professor, which by the way, I never heard that. Is that true? And where do you think it came from?

Marc Rowan: I'm not sure it's true, but we'll start there. If it were true, look, I think the way someone starts in their career, and certainly the way I started in my career, was just a master of what I was responsible for. If you become the expert in what you're responsible for, people seek out your input, your advice, and then if you're willing to share it and really help people along the way, it really puts you in a great place. And I think about how fortunate I've been in my career to have work with people where I mastered what I needed to. They mastered what they needed to, we were very generous in sharing what we were. And now they're actually running things, we've lasted long enough. And the network I've built and the goodwill that I have and that so, many others have does come from this mastery and sharing. It is not to master it and to hold it close to the vest and not tell anyone, but to really master, become an expert and then share it.

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Alison Mass: Well, that's very good advice. And you also, I have to mention you have four amazing children. So, what are some of the lessons that you hope to pass on to them or have been passing on to them?

Marc Rowan: It's very difficult to pass anything on to your children. Let's start with that. But so, and I joke, and this is, I say this a lot and now she's really basking in her glory, but I have a 13-year-old and often I am asked to describe Apollo’s strategy and I say purchase price matters. So, now, like inappropriate moments, my 13-year-old sasses me and said, dad, purchase price matters. And it's just the best. So, I am somehow dripping on them and they're learning. But it's both business advice as well as personal advice. And it is the best advice I ever got. I got it a little later than I would've liked, which is not to be defensive, but to be curious. It sounds so, simple, but smart people, particularly people who think they know what they're doing, the moment you disagree with me, I'm so, prepared to tell you why you're wrong. And often I do, if I can just like train my brain, train my mouth to be quiet for 10 seconds, 30 seconds, I will learn so, much more and I will build a relationship with you and your view of what I have to say in response will be totally different. And it's business advice, but it's actually incredible personal advice. And I wish I could say I've mastered it at this point. All I can say is I'm on an improving trend.

Alison Mass: Well, I think you're doing well.

Marc Rowan: Improving trend.

Alison Mass: All right. I have a few lightning round questions to end with, extremely brief answers, please. So, what was your very first investment?

Marc Rowan: Vail Resorts.

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Alison Mass: Vail Resorts. I like that. Speaking of hobbies, what's the one piece of investment advice you wish someone had given you when you were young?

Marc Rowan: I wish they had told me it was about more than numbers. Literally this momentum thing, and it's just an unbelievably powerful thing.

Alison Mass: So, what's your favorite question to ask when you're interviewing job candidates?

Marc Rowan: Oh, it's all about what they wanted, what else they would do. You eliminate anything that's around them and then you say, well, what else would you do?

Alison Mass: You mean if you weren't going to come to a follow-up.

Marc Rowan: And you can't say, well, I go to this firm or that firm, and you really do - their pick is usually very telling about what they're good at and what really attracts them. I mean, for me, I would've been an architect.

Alison Mass: Well, I was just going to ask you, but just so, you know, for me, it would be being a business news broadcaster. So, here I am. All right, so, you talked about your restaurants. What dish are you most likely to order when you're at a restaurant?

Marc Rowan: I'm almost always going high, low or healthy and non-healthy. I will get a piece of grilled fish, but I will get French fries.

Alison Mass: French fries. Yeah. That's good. I knew you were going to say that. What is your favorite thing to cook?

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Marc Rowan: So, I am awesome at making pizza from scratch. I actually have a number of, I'm batting up a thousand on successful job recruiting where I have made them pizza.

Alison Mass: Wow.

Marc Rowan: It's good. It's like six for six. I don't want to, but you come over to my home and you expect like, you're going to be like served lunch and you find me actually cooking. It's really good.

Alison Mass: Good. That's very good.

Marc Rowan: And I am also, pretty capable of Mexican from scratch.

Alison Mass: That's good. All right. So, my last question is, what are you currently reading?

Marc Rowan: So, three different things, Smart Brevity by the team from Axios. I think it's just great. It is very easy to write a long letter, very hard to write a short one. And I think it's just an interesting learning.

Alison Mass: Less is more.

Marc Rowan: Less is almost always more. The second, a book on anti-Semitism by Barry Weiss. And the third, this is an old classic, probably read it when I was a child, Something Wicked This Way Comes.

Alison Mass: Okay. All right. Well, Marc, thank you so, much for joining me and please join me in and thanking Marc for coming to Talks at GS.

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Marc Rowan: Thank you. That was great.