From:	Richard Kahn ████████████████████████████
Sent:	Wednesday, November 1, 2017 1:48 PM
To:	jeffrey E.
Subject:	Fwd: Apollo Global Management LLC: Fund VIII Performance Drives the EPS Beat

Richard Kahn
HBRK Associates Inc.
575 =exington Avenue 4th Floor
New York, NY 10022

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Begin forwarded message:

From: =/b>"Morgan Stanley" <ms-wmir@morganstanley.com>

Subject: =/b>Apollo Global =anagement LLC: Fund VIII Performance Drives the EPS Beat

Date: =/b>November 1, 2017 at 9:46:48 AM =DT

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Michael J. Cyprys, =FA, CPA – Morgan Stanley

November =, 2017 1:45 PM GMT

Strong quarter with APO =asily beating estimates by 35c with $1.07 EPS print vs MSe 72c and cons =1c. Beat driven by 7.3% appreciation of their private equity portfolio =ith Fund VIII marked at 1.46x cost vs 1.34x. Net accrued performance =ee receivable balance grew 26% q/q to $870m; this will likely support =he stock this morning. APO had among the strongest PE performance and =ccrued carry balance growth vs peers so far during 3Q.Looking through =he 35c headline EPS beat, we see a core beat closer to 16c. Tax rate a =it lower benefited EPS by 6c and other income was 13c beat for a total =f 19c worth of items that some may discount; thus a clean beat was =loser to 16c. Also notable? Compensation ratio on realized cash =erformance fees was 61% vs MSe 40%.Fee related earnings of $162m beat =Se of $132m; with about 2/3 of the beat from a one-time $19m lease =ermination. Cash earnings of $185m was slightly better than MSe of =182m resulting in a 39c dividend about 3c above MSe of 36c and cons =7c. Cash earnings benefited from the $19m lease termination worth about =c/share. Ex that one-time item, cash earnings and the dividend would =ave missed expectations. Fundraising of $7.8b was better than our $3.8b =st with AUM growing 4% q/q to $241.6b. Net inflows to fee paying AUM =as $4.4b for about 10.8% annualized organic growth and fee-paying AUM =rew 3% q/q to $166b.

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Andrew Atlas, ███████████████████████

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