S&P Global
Market Intelligence

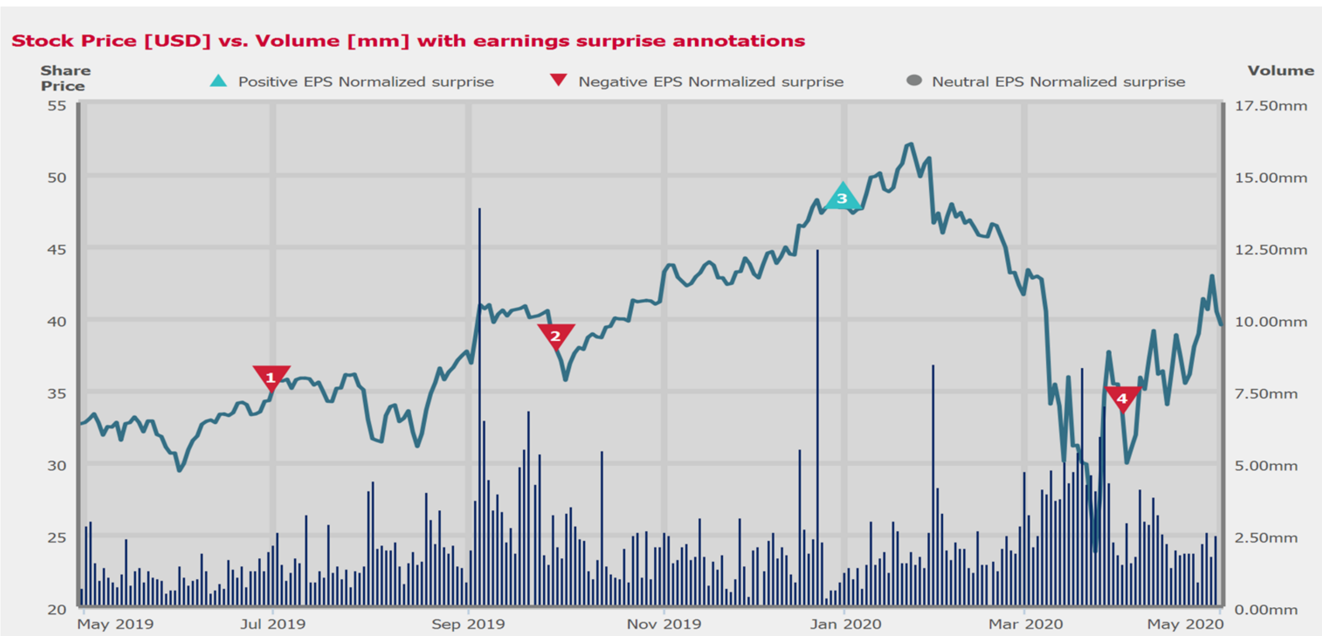
Apollo Global Management, Inc. NYSE:APO
FQ1 2020 Earnings Call Transcripts

Friday, May 01, 2020 2:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ1 2020-			-FQ2 2020-	-FY 2020-	-FY 2021-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.48	0.37	(22.92 %)	0.50	2.15	2.75
Revenue (mm)	413.95	421.50	1.19	422.67	1714.61	1905.50

Currency: USD
Consensus as of May-01-2020 2:30 PM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ2 2019	0.57	0.56	1 (1.75 %)
FQ3 2019	0.58	0.54	2 (6.90 %)
FQ4 2019	0.73	1.10	3 50.68 %
FQ1 2020	0.48	0.37	4 (22.92 %)

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Call Participants

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Head of Investor Relations, Client & Product Solutions

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Presentation

Operator

Good morning, and welcome to Apollo Global Management's First Quarter 2020 Earnings Conference Call. [Operator Instructions] This conference call is being recorded.

This call may include forward-looking statements and projections, which do not guarantee future events or performance. Please refer to Apollo's most recent SEC filings, including the 8-K Apollo filed this morning 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 constitutes an offer to sell or solicitation of an offer to purchase any interest in Apollo Fund.

I would now like to turn the call over to Gary Stein, Head of Investor Relations.

Gary M. Stein
Head of Investor Relations, Client & Product Solutions

Great. Thanks, operator. Good morning, and welcome, everyone, to our first quarter 2020 earnings call. We hope you and your families are staying safe in these challenging times. Joining me this morning are Leon Black, Chairman and Chief Executive Officer; Josh Harris, Co-Founder and Senior Managing Director; and Martin Kelly, Chief Financial Officer and Co-Chief Operating Officer. Our Co-President, Jim Zelter, is also on the line and will be available during the Q&A session.

Earlier this morning, we reported distributable earnings of $0.37 per common share, pre-tax fee-related earnings of $0.52 per share and a cash dividend of $0.42 per share for the first quarter.

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

Leon David Black
Founder, Chairman & CEO

Good morning. Thanks, Gary, and thank you all for joining us. I'd like to focus my comments this morning on the unprecedented circumstances we are collectively facing in light of the COVID-19 pandemic. What began as a virus has become a global health and economic crisis of enormous proportions, and we would, first and foremost, like to extend our thanks to all of the health care professionals and frontline workers for their extraordinary dedication through these difficult times. I would also like to thank our Apollo employees for their continued hard work and commitment to the firm over the past couple of months. The enduring strength of our business is a testament to all of their individual contributions. And on behalf of the management team, we extend our appreciation.

As the crisis began to unfold a couple of months ago, our first order of business was to ensure the safety, health and wellness of our employees and their families, and we continue to monitor their well-being and provide ongoing support. We then quickly turned our attention to preserving business continuity across the firm. Apollo has rapidly adjusted to working remotely, further embracing technology to ensure a relatively seamless transition to a work from home environment across the firm's 15 offices around the world.

Additionally, over the past couple of months, we have spent a great deal of time with the portfolio companies in the various funds we manage. In early March, we created a portfolio crisis response team, which has been meeting daily and remains in constant communication with the management of our funds' portfolio companies, ensuring best practices are shared across areas such as health care, business operations and capital management.

With respect to the SBA's Paycheck Protection Program, or PPP, none of the companies controlled by Apollo or the funds we manage will be utilizing this program. Similarly, although we are still reviewing the guidance recently announced by the Federal Reserve, we do not anticipate that the Main Street Lending Program will provide any relief or financial assistance to companies controlled by us or our funds. We've been able to leverage the knowledge across the Apollo platform to provide advice and support to these businesses.

As Josh will discuss in greater detail shortly, the investment portfolios remain in good shape due to our consistent focus on value pricing discipline, conservative underwriting and use of less leverage than the industry. In considering the tremendous pressure that COVID has placed on our society as we unite to fight this pandemic, we have also placed an emphasis on identifying how we can support and empower the communities around us.

Between Apollo and current portfolio companies, our shared efforts amount to over $50 million in relief effort contributions globally to date. Various portfolio companies have also stepped up to provide aid in other ways. As an example, Diamond Resorts is providing free lodging to health care workers and first responders, while LifePoint has partnered with authorities to set up a temporary hospital and has participated in drive-by COVID testing events. McGraw-Hill Education is offering free access to online higher ed coursework and training professors and students to transition to digital learning platforms. And Shutterfly and Amissima, among others, secured, funded and donated items such as masks, ventilators and hospital supplies.

These are just a handful of examples out of many, and I could not be more proud of our employees and those at our funds' portfolio companies who have assisted in championing these efforts. Amid these challenging circumstances, we have been able to demonstrate the resiliency of the Apollo model. Now more than ever, Apollo is well positioned to preserve and drive exceptional value to our investors, which include pension funds, representing teachers, firefighters, police officers and government workers, among many others, some of which are on the front lines of the pandemic. We take our fiduciary responsibility to them extremely seriously.

Core to Apollo's investment philosophy is our ability to both preserve capital and create value for our investors across cycles, especially during economic uncertainty. Apollo founders have been through 5 cycles over the past 30 years, and each downturn presents unique opportunities as we navigate the dislocation and identify mispriced risk. Our platform is resilient. Our FRE is durable and growing, and we are playing offense utilizing our decades of experience in times of dislocation. In fact, one of the hallmarks of the Apollo brand has been to perform at extraordinary levels in times of market and economic volatility.

Our investments have been positioned defensively, and our funds' portfolio companies remain in good shape. Offensively, we have been investing opportunistically. And during the quarter, gross purchases were $40 billion across the platform with another approximate $10 billion in April. We have successfully created value through prior market dislocations by playing both defense and offense. And as Josh will describe in greater detail shortly, and we expect to continue to do so through the challenging economic environment we see ahead.

With that, I'd like to turn the call over to Josh to provide an overview of our business operations for the first quarter.

Joshua J. Harris
Co-Founder & Director

Thanks, Leon. First, I'd like to express my heartfelt wishes to everyone listening that this finds you and your families healthy and safe. Over the last few months, we've seen our global workforce come together seamlessly, as Leon mentioned, to ensure that our people and portfolio companies are supported through a rapidly changing environment. I'm incredibly impressed with the way everyone has risen to the occasion. Thank you to all of our employees. You've done a great job.

Turning to the business. I'm going to spend some time discussing how we reacted to the significant market volatility that began in late February. But first, let's discuss several critical objectives that we've been accomplishing. Apollo's growth remains a continued focus of management and notwithstanding the difficult first quarter mark-to-market adjustments, we still feel highly confident that we will grow fee-related revenues, FRE, and AUM in 2020.

Notably, as we presented in Investor Day last fall, we believe that FRE and stable FRE margins have durability -- that our stable FRE and FRE margins have durability in adverse market environments. And certainly 2020 is proving this out. Our robust FRE is supported by locked up and long-duration assets as over 90% of our AUM is in permanent capital vehicles or has a contractual life of 5 years or more from inception.

In April, Athora closed on the acquisition of VIVAT, adding an incremental $45 billion of assets under management and bringing pro forma assets under management at March 31 to $360 billion. In addition, during Investor Day, we announced a minimum dividend of $0.40 per quarter, which we exceeded this quarter and expect to continue to meet or exceed in subsequent quarters, supported solely by our highly durable FRE base.

Lastly, on performance fees, these will be realized over a cycle. While we can't predict timing, we are still very confident in the quality of our investment portfolios and the returns that they will generate over time. That said, due to market -- due to the market environment, the portfolio has experienced unrealized mark-to-market volatility during the quarter, which Martin will discuss a bit later. However, these portfolios remain in good shape, and we don't expect much in the way of impairments over time.

While a near-term delay in realized performance fees is to be expected as a result of the volatility, we still believe that there will be significant performance fees generated over time. In the meantime, FRE will continue to underpin cash generation and drive our dividends.

Given our value orientation heading into this market dislocation, our portfolios were invested in a defensive manner with the expectation of an economic downturn following a decade-long bull market. For example, in private equity, Fund VIII portfolio companies were acquired at a 6.5x enterprise value to EBITDA multiple on average, excluding any cost savings, and they had only 3.6x debt-to-EBITDA or leverage on average, well below industry levels. We invested with an emphasis on durable business models with strong free cash flow. And despite the challenging economic environment, we remain confident Fund VIII will perform well over time.

We recently created a watch list that includes companies in stress situations. As of March 31, these companies represented less than 5% of the current value of Fund VIII. We continue to work with these companies to support their operations and preserve value.

Looking back to the last crisis to provide some context, at their lowest point, Fund VI and Fund VII, our 2006 and 2009 vintage funds, were marked at 0.6x and 0.5x as a multiple of net committed capital, respectively, at their low points, which reflected sharply negative but temporary, I underscore temporary, unrealized marks on existing investments and also created a market environment in which we were able to deploy a lot of new capital at very attractive rates of return. Through March 31, 2020, on that same basis, we've achieved multiples on both of those funds of greater than 2x. As of the end of the first quarter, Fund VIII was marked at 1.3x multiple despite the negative unrealized mark-to-market adjustments in the first quarter.

As we previously discussed, with respect to credit, as the credit cycle was aging, we had positioned the portfolio towards higher quality senior secured credit. We had also proactively decreased our exposure to energy and retail. These allocation decisions were particularly beneficial during the first quarter as our credit business meaningfully outperformed broader credit indices, down 9% in aggregate compared to negative 13% performance for the S&P Leveraged Loan Index and the Bank of America Merrill Lynch High Yield Index. Of note, credit strategies, our multibillion-dollar credit hedge fund was up nearly 10% year-to-date through Wednesday.

Deployment. Since the portfolios we manage were defensively positioned, we were able to quickly pivot to offense in the first quarter. During the quarter, we were extremely active. And as Leon mentioned, we had gross purchases of approximately $40 billion or roughly double that of a typical quarter with the majority in March. This is a testament to the strength of our global integrated platform and our broad investment expertise across markets and capital structures. Roughly 2/3 of these gross purchases were concentrated in performing credit mandates with the remaining 1/3 in opportunistic vehicles. Both of those strategies providing liquidity to the broader markets and certain individual companies.

We remained very active in April with approximately $10 billion of gross purchases, aggregating roughly $50 billion of purchases over the last 4 months, and we continue to monitor a very, very strong pipeline of opportunities across private equity, credit and real assets as the market environment continues to evolve.

Our deployment activity during the quarter was indicative of the market backdrop. As the Fed moved quickly to enact various monetary and the fiscal authority stimulus programs to support market liquidity and functionality, markets stabilized across the board. And in our view, some portions of the market moved above fundamental value.

As pricing in high-grade credit markets recovered, we reduced exposure, locking in substantial gains for our clients and are currently repositioning that capital into more idiosyncratic opportunities to capture very attractive risk return opportunities for our clients. In general, while we believe that the broad markets are ahead of fundamentals, there are still a large number of companies that are overlevered and in need of restructuring or additional capital, notwithstanding the supportive efforts of the government.

With the world's largest alternative credit platform, Apollo is uniquely positioned at the intersection of investors seeking yield and companies looking to borrow funds. We are now increasingly focused on dislocation, direct origination and providing capital solutions for franchise assets. For example, in the last week, we announced 2 capital solutions transactions for our Hybrid Value fund, including a $1.2 billion preferred equity financing led by Apollo for Expedia, a leading travel platform, and a $300 million secured note for Cimpress, a leading global e-commerce provider of customized print, signage, merchandise and other marketing products.

These investments highlight what we believe is a true advantage of Apollo's integrated platform, combining origination, capital markets and deep industry expertise from across the firm to deliver attractive risk return opportunities to investors during volatile times.

Fundraising. Moving to fundraising. Apollo's investment capabilities during challenging market conditions is well recognized by global -- our global investor base. To address pockets of market dislocation, we are increasing the target size for certain funds, accelerating the time line for other fundraisers and launching new strategies.

[Audio Gap]

[$20] billion of fundraising across several strategies, targeting dislocation origination and capital solutions. The number of incoming calls we're receiving from investors is increasing rapidly.

As an example, in the last month, our third Accord fund, which focuses primarily on dislocated corporate credit, called capital and became fully invested within 7 business days, and we swiftly launched and have already closed on a new $1.5 billion for Accord III B. We expect fundraising for Accord IV which will follow shortly.

In addition, our Hybrid Value franchise has been highly active in providing capital for great businesses, and we expect to launch Hybrid Value Fund II later this year. Finally, we remain in the market for real assets related strategies such as infrastructure equity and U.S. and Asia real estate, all of which are seeing attractive opportunities emerge in distressed, stressed and capital solutions.

To conclude, since our founding 30 years ago, Apollo has built its reputation on navigating all market environments, but particularly challenging ones, very successfully on behalf of its investors. While our first priority has been and continues to be the well-being of the Apollo community and the world at large, we also remain keenly focused on delivering attractive risk return opportunities for our investors and on delivering earnings growth and attractive dividends for our shareholders.

With that, I will hand the call over to Martin to cover some of the financial highlights of the quarter in greater detail. Thank you.

Martin Bernard Kelly
CFO & Co-COO

Great. Thanks, Josh. As Leon and Josh mentioned, we've seen a tremendous response from all of our employees through this challenging environment. We quickly move towards a fully remote work construct to ensure the health and safety of all our employees, leaning heavily on our technology platform and robust operational processes. We've been very pleased with the seamless transition of our workforce to this new model of working from home, which coincided with one of the most active investing environments that Apollo has ever seen.

We announced a dividend of $0.42 per share for the quarter, which is fully supported by our after-tax FRE. During the first quarter, we generated fee-related earnings of $0.52 per share on a pre-tax basis. As Josh mentioned, this quarter underscored the strength and stability of our fee-related revenues. Management fees declined by just $5 million or 1.4% during the quarter, as realization activity in private equity lowered the fee-paying AUM base. The modest impact to management fees resulting from credit and real asset mark-to-market adjustments was offset by capital deployment.

The run rate impact on management fees of the widening in credit spreads in March is consistent with the impact we outlined at our Investor Day in November. Costs remain well controlled, which in conjunction with durable management fees helped support our FRE margin of 54%, in line with the prior quarter. Notably, over the last 12 months, FRE totaled $2.21 on a per share basis and grew by 8.5% on a dollar basis, driven by 10.6% growth in management fees.

Turning to the Incentive Business, notwithstanding the $68 million of gross realized performance fees, our pre-tax incentive earnings were negative for the quarter. In addition to the traditional costs associated with direct profit share interests in realized carry and financing costs associated with our debt and preferred securities, we incurred onetime costs to wind down our managed account arrangement, and we funded our incentive pool with a portion of the realized performance fees.

AUM declined by 5% quarter-over-quarter to $316 billion, a result of unrealized mark-to-market adjustments on our portfolio, offset in part by fundraising. The impact of fee-generating AUM during the quarter was more modest, a 2% decline to $242 billion as our management fee base is largely insulated from unrealized mark-to-market movements.

Having said this, on April 1, Athora closed on the acquisition of VIVAT, adding an incremental $45 billion of assets under management for the second quarter and bringing pro forma AUM at March 31 to approximately $360 billion. Of this, permanent capital vehicles amount to more than $200 billion or 57% of our total pro forma AUM.

During the quarter, organic inflows continued to be healthy and in line with previous years at $7 billion, particularly in a quarter without an opportunistic flagship fundraise or a strategic platform acquisition. Flows included capital raised by Athora to fund its acquisition of VIVAT, organic growth at Athene and positive flows across a number of credit funds and managed accounts.

Gross redemptions were just 0.1% of beginning of period AUM, reflecting the largely long-dated nature of our funds capital. These redemptions were more than offset by inflows into those same strategies.

Turning to investment performance for the quarter. In private equity, price declines of 21.6% were in line with declines in the broad equity markets. Our energy exposure in private equity remains modest at just 4% of invested assets. In credit and real assets, our overall returns of minus 9% and minus 6.5% outperformed their respective market indices as a result of sector allocation decisions and careful security selection.

Our balance sheet was impacted by unrealized negative marks in 2 respects in the quarter. First, we continued to mark our investment in Athene to market including the additional shares accumulated during the quarter under the equity swap transaction between Apollo and Athene. Since these shares are subject to sale restriction for 3 years, we take a further discount to the quoted market price to reflect this lockup. The aggregate impact on our balance sheet of these components was approximately $3 per share.

Second, price declines in our investment portfolios reduced our net carry receivable and created a mark-to-market obligation to return carry of $1.31 per share. Ultimately, we believe this obligation is temporary and will not be realized as we remain confident in Fund VIII, and more broadly, our platform's ability to generate meaningful realized returns over time. Fund VIII would require an approximate 11% appreciation in value from March 31 to remove this obligation, approximately equal to changes in the broad equity markets in April.

Before I conclude my prepared remarks, I'd like to make a few comments regarding liquidity across the firm and our expectations for index inclusion. Apollo remains in a very strong liquidity position with approximately $1.5 billion of liquidity available on our balance sheet. In addition, our dry powder position was robust at the end of the quarter at $41 billion. And as Josh discussed, we see opportunities to raise incremental capital for numerous strategies.

Finally, as it relates to index inclusion, we have amended the company's charter and bylaws to reflect a change in the voting rights of our Class A shareholders. We believe these changes should make us eligible for inclusion in the Russell indices as part of their upcoming June rebalance.
With that, we'll now turn the call back to the operator and open the line for any of your questions.

Question and Answer

Operator

[Operator Instructions] Our first question comes from the line of Craig Siegenthaler of Crédit Suisse.

Craig William Siegenthaler
Crédit Suisse AG, Research Division

First, just starting with FRE stability. Can you walk us through the sources of potential future FRE downside, if any? And I'm thinking about marks on NAV-based vehicles, CLO management fees and performance revenues. And just help us think about if there could be any downside from these sources over the next few quarters?

Leon David Black
Founder, Chairman & CEO

Martin, you take that.

Martin Bernard Kelly
CFO & Co-COO

Sure. It's Martin. I'll -- yes, I'll take that. So -- Craig, so as I mentioned in the comments, the sensitivity that we outlined at the Investor Day to downward marks has sort of proven out to be a de minimis number. Part of that's reflected in the Q1 numbers, only part because it occurred halfway through the quarter. But as I mentioned, deployment and inflows have mitigated that downdraft. So I'd use -- I used the frame of reference and assumptions that you want to make around where the markets go from here to dimension what the impact on management fees looks like, but it's entirely consistent with what was laid out.

On CLOs, the structure of our CLO vehicles is such that we're not -- most of our fees are protected and -- in base management fees. We don't have a lot of variability to performance fees in the event of downgrades on CLOs. And so I would sort of -- I mentioned that as low sort of single-digit million dollar range for the balance of the year, even assuming there's downgrades ahead of us.

And then in terms of performance revenues, it's low right now. And so I would sort of assume the current run rate is appropriate for the foreseeable future.

Operator

Your next question comes from the line of Patrick Davitt of Autonomous Research.

Patrick Davitt
Autonomous Research LLP

Josh, when you were kind of going through the view that you would be raising bigger funds and accelerating funds, your line I think cut out for everyone, right, when you gave the number in terms of AUM. Could you go through that again?

Joshua J. Harris
Co-Founder & Director

Yes. I mean I think we're looking at launching strategies that we expect will accumulate $20 billion over the next year. And I think the other thing I was saying is that, I was talking about them being broadly across many, many credit strategies, everything from capital solutions, Hybrid Value, to market dislocation strategies such as Accord to stressed and distressed strategies. And so that's what I had said and a number of other origination strategies. And even though, obviously, the Fed has stabilized the markets, and broadly, the markets, I think what I said, were maybe ahead of fundamentals on that -- the sort of -- there's a lot of, lot of opportunities and a lot of great companies that need capital. And so we're there across the board with the broadest alternative credit platform.

Leon David Black
Founder, Chairman & CEO

Yes. You cut out just on the number, and the number was $20 billion.

Operator

Your next question comes from the line of Alex Blostein of Goldman Sachs.

Alexander Blostein
Goldman Sachs Group Inc., Research Division

So I wanted to ask you guys on the interplay between deployment and fundraising in today's cycle relative to the financial crisis and really thinking about what's the same, what's different? Where do you see a bigger opportunity perhaps today for deployment versus the financial crisis? And then zoning and specifically for Fund IX. I think that fund is over 1/3 committed or deployed. What are your expectations specifically for Fund IX deployment over the next, call it, 12 to 18 months, at which point maybe we'll start thinking about the successor fund?

Joshua J. Harris
Co-Founder & Director

Yes. So we've seen -- let's start with the last part of it. Like Fund IX is, obviously, shifted almost entirely into credit kind of distressed for control stressed investing, and we've seen the pace of that fund go up significantly in the last 1.5 months, and that's continuing into April. And so we would expect acceleration of the pace of Fund IX, and we would expect a shift from traditional private equity to a more distressed for control private equity as we allow it for our investors to achieve greater risk return in this market environment.

In terms of the investors, the investors actually, from our point of view, and I think this makes us unique. I was just on the phone with our private equity team right before this and we're getting a tremendous amount of -- most people are playing defense. And we're getting a tremendous amount of incoming from our investors who have identified us as being uniquely positioned in this environment to take advantage of risk return that exists in the marketplace. And so we're getting a lot of incoming. And unlike the financial crisis where people were generally focused on everyone in the industry, and I'll talk industry-wide, not calling capital. At least in our case, we're not seeing that at all. And maybe it was the learning of the financial crisis, but we're seeing people actually calling us up and saying, "What new funds are you thinking about? Do you have any co-invest opportunities?"

In terms of the evolution of our platform and the industry from the financial crisis, I would say, on the industry side, the financial crisis was just a massive market dislocation and a breakdown in the markets and then followed by a recession. But there were many -- many, many securities were -- broad markets were mispriced because of a lack of liquidity in the markets. In this particular crisis, with the appropriate actions of the Federal Reserve and the government, there's a lot of liquidity in the marketplace. But the economic destruction that's occurring because of the unfortunate virus is likely to lead to a longer economic cycle, more of an L than a V. And so there are many, many companies and many, many situations where the leverage just isn't appropriate or they need capital. And so we're seeing much more idiosyncratic opportunities to invest on a security-by-security, company-by-company, asset-by-asset basis. And that exists broadly, and it's going to be -- require patience and take some time and very, very detailed and deep industry and company and asset expertise. Jim, do you want to add anything or?

James Charles Zelter
Co-President, Managing Partner & Chief Investment Officer of Credit

No. I think I would just add the evolution of the markets and capital markets and the role we play is just broader and broader. And as Josh mentioned earlier, our fundraising is going to be on dislocation strategies, capital solutions and distress. He hit the distressed. But certainly, I would say, in terms of -- we've been saying for a few years that the biggest risk out there was the market structure. And hence, the activity that we put forth on our Accord and our other drawdown vehicles in the quarter that were trigger based. And also as we think about our large-cap origination potential platform and the success of Hybrid Value, those are relatively newer strategies that we've developed over the last 5 to 7 years. So we have a lot more tools in our toolbox from which to be a very active participant in the markets today.

Leon David Black
Founder, Chairman & CEO

Just to underscore what Josh and Jim have just said and give you a little historical perspective. We've now been through 4 -- this is our fifth down cycle in 30 years. And I think one of the unique things about Apollo in basically setting up the firm 30 years ago as "a firm, a fund for all seasons" is able to play cycles, whether they're going up, down or level. And if you put in perspective right after the market dislocation 13 years ago was our Fund VII in private equity. That fund was 2/3 invested in distressed. Fund VIII subsequently was less than 5% distressed. So that is the bandwidth vis-a -vis distressed for control that can come out of the private equity funds. And as Josh has said, our expectation is that over the next 2 years, there are going to be a lot more distressed opportunities. But also to echo what Jim said, we are a very different firm than we were in the first few market dislocations. And our credit platform, the alternative credit platform just in the last 13 years has grown from $20 billion to something like $240 billion, and private equity is now about 1/4 of what the firm does. So both the distressed opportunities in private equity, but even as importantly if not more importantly, what Jim is saying in terms of the opportunities in the alternative credit platform side, we think are going to be massive given the global economic environment.

Joshua J. Harris
Co-Founder & Director

Importantly, 80% of our credit platform is performing. So even though we were -- we've always been known as a distressed or stressed firm, 80% of what we're doing in credit is not that. It's a capital solution. It's providing capital to great companies and helping them either deal with a stressful situation or grow.

Operator

Your next question comes from the line of Bill Katz of Citi Group.

William R. Katz
Citigroup Inc, Research Division

Just sticking with the elevated pace of deployment that you cited. Can you help me understand the waterfall between that incremental pickup and how that might feed through fee-paying AUM or asset gathering? I'm just trying to understand how the economics would then sort of play through to earnings?

Joshua J. Harris
Co-Founder & Director

Martin, you take that.

Martin Bernard Kelly
CFO & Co-COO

Yes. Bill, I'll take that. Sure. So let me just throw in a few numbers that might help. So we've used this gross purchases, gross buys data this quarter in view of the environment that we're in and also just to demonstrate the scale and the breadth of the platform and how active we've been. This -- I view this as a supplementary disclosure this quarter to our typical deployment, which you can see in the documents, which is around $5 billion for the quarter, and that's sort of run rate with what it's been. And that lower number is -- as a narrower definition, it's specific to opportunistic drawdown funds that are flagships. So of the $40 billion, around 1/3 of that, as Josh mentioned, is in funds that are pursuing higher return targets. Most of that was done after the dislocation started to impact us, so mid-February on. And the other 2/3 was in performing vehicles, which supports the market through a volatile period. You can see the impact of all of the activity in the ending fee-gen AUM. So that's the best anchor point to look at. And you can also sort of triangulate that with how dry powder has changed relative to inflows over the quarter. But I would say the $40 billion represents some repositioning. There's some sales in there. Some of it's on leverage, but it all -- it sort of translates itself into what you can see is the fee base in the AUM tables.

Joshua J. Harris
Co-Founder & Director

But most of the $40 billion rate or a lot of it would be on behalf of our big insurance clients or in our performing credit vehicles, which would not be in the $5 billion. And generally, that obviously would not ultimately affect fee-paying -- fee-generating AUM, for the most part. So you're going to have to pick up incremental capital in those performing credit vehicles to generate fee-paying AUM. And you're going to have to see asset growth in the insurance entities. But on an underlying basis, we feel like that was enormously productive, enormously. So just because it's not translating into fee-generating AUM, it's translating into a much -- it's going to translate into much stronger performance for all those vehicles relative to peers and, therefore, ultimately into fundraising, which is where you come back around to the $20 billion number. And ultimately, the opportunity for our insurance platforms to grow.

Operator

Your next question comes from the line of Glenn Schorr of Evercore.

Glenn Paul Schorr
Evercore ISI Institutional Equities, Research Division

Two quick ones, one PE, one insurance. On the PE side, you -- I'm going to aggregate a bunch of comments you said, but portfolio strong, low entry multiples, low leverage, reduced energy, reduced retail, and you defined less than 5% as stressed. So I'm curious, with the mark on the quarter, obviously, was almost 22%. I'm curious what you think the -- where the market overreacted to? And then if you could talk about April improvement because it was a good month in the market. I saw Athene and ADT obviously got better, but just curious if you could sum that all together for us?

Joshua J. Harris
Co-Founder & Director

Yes. I mean our marks are basically a function -- our short-term marks are a function to a large extent are driven by, like, market volatility. And so obviously, we have many, many different ways of valuing companies. But certainly, we're a prisoner to how the market looks at things on a very short-term basis -- in the short-term relative to unrealized marks, yes going forward. So that's really the sum of it. I mean it's not that the underlying companies are -- like I said, I believe our portfolio is in very, very good shape. And the underlying companies themselves, the 5% number is meant to connote how we really feel, that we don't really feel like we have a lot of issues. And as I look -- as we look at and we listen to our investors and try to assess what's going on out there in the world away from us, we think we're in very, very good shape, and we're spending a lot of time, I mean working on new investments and, obviously, we're not ignoring our portfolio. But the truth of the matter is the marks are, for the most part, are driven by the public markets in a variety of industries, and that's not something we can control in the short term. I'd say going -- the 11% that Martin threw out of the S&P rise would get us to -- would get rid of the clawback. And you can look at our public companies, you'll see it's ahead of the S&P. And so you get the same reversion on the upside as you do on the downside, and that's just unfortunately how the accounting works. But I don't think it's really that consistent in the short run with how the positive nature of how we see our portfolio doing.

Martin Bernard Kelly
CFO & Co-COO

Yes. And I'd just underscore, we use public comps extensively. Most of our book is comped against public data. And the dispersion in the marks this quarter was really wide, depending on what sector, what industry vertical our portfolio companies sat in. So a very volatile period. We didn't -- March 31 didn't catch it at the lows, but it was certainly a lot lower than it is today. And so we'd expect that to translate into ups, obviously, in our private books when we go through that process at the end of this quarter as it's coming through to publish.

Joshua J. Harris
Co-Founder & Director

Yes. As of March 31, there is a real lack of differentiation in the stock market, everything just came down and things -- you're a prisoner to that in terms of how you mark your book, that's how you market to a large extent.

Operator

Your next question comes from the line of Jeremy Campbell of Barclays.

Jeremy Edward Campbell
Barclays Bank PLC, Research Division

I just wanted to clarify one thing on that marking question. Martin, when you said 11% to remove the impairments on Fund VIII, were you talking about quarter end and with the S&P up about 11% we're kind of already there? And then, Josh, I know you mentioned just now that your book you think is ahead. So I'm just trying to triangulate that to where we might be sitting today on the marks and the impairment level?

Martin Bernard Kelly
CFO & Co-COO

Yes. So the clawback or the negative carry, if you like, is a mark-to-market concept, and it will reverse and eliminate with an uplift in valuations. And so across the whole portfolio, we'd need 11%. It so happens that the broad equity markets are also up by the same number as a guide or as a proxy. And as Josh mentioned, our public positions are up by more, and we'll see where the privates end up for the quarter once we go through that process. But 11% is what's needed to take the clawback back to 0, and that takes that issue off the table.

Leon David Black
Founder, Chairman & CEO

I'd also like to just add something Josh said about the market not differentiating. Look, there have been many roads to Rome in terms of our industry. We've taken a much more conservative road than many of our peers. There is a real difference in playing growth and paying an average of 11x to 12x EBITDA and levering at 7x versus what we have done in our model, which is to buy companies at 6.5x and lever them at 3.5x. We just haven't played the same levered growth model as many others in our industry. And when a sharp correction comes like this, you have to almost intuit and, obviously, you have to look at it on a case-by-case method, which is what we do. But that's why when we look at our portfolio, there's only 5% of the names that "we've put on our watch list." The portfolio is in very good shape.

Joshua J. Harris
Co-Founder & Director

Right. We clearly have a very -- on a detailed basis, company by company, industry by industry, we have a very different view of the valuation of our portfolio over time than the market is currently reflecting as of March 31.

Operator

Your next question comes from the line of Ken Worthington of JPMorgan.

Kenneth Brooks Worthington
JP Morgan Chase & Co, Research Division

A Form 4 hit on Wednesday night on insider selling a bit over $20 million worth of stock. I know this is just a drop in the bucket in terms of management ownership. But can you talk about how the 10b5 plans work? And since ESG is getting so much more attention these days, how much control insiders have in terms of selling stock in the days immediately preceding an earnings release?

Martin Bernard Kelly
CFO & Co-COO

Yes. I'll comment on that. That was -- it was 10b5-1 that was filed last year and with different price points embedded within the grid. And so it took effect in the last week based on where prices were. So it was all predetermined and submitted sometime back.

Gary M. Stein
Head of Investor Relations, Client & Product Solutions

Yes. And I would just add that Apollo founders have restricted liquidity given the notification, information, tax and other requirements that are put upon them as part of this process. So as Martin said, the sales were actually initiated last November and then were put into a 10b5-1, which plays out over a long time based on price and volume considerations that are set well in advance.

Operator

Your next question comes from the line of Robert Lee of KBW.

Robert Andrew Lee
Keefe, Bruyette, & Woods, Inc., Research Division

Can you just remind us on the VIVAT, the $45 billion of kind of the fee impact, the economic impact? And then also, in thinking of Athene and Athora, I would certainly expect this environment should create opportunities eventually for them. Can you just remind us in their -- on their kind of capacity for transactions over the coming year or so and available capital?

Martin Bernard Kelly
CFO & Co-COO

Sure. So I'll -- Rob, I'll take the first one and then Josh, maybe you take the second one. So VIVAT closed into Athora on April 1, $45 billion. So that fee -- all of those assets are fee paying from that date. The fee construct for Athora is similar to how it has been with Athene in the sense that there's a base management fee, which is lower than it was at Athene given the flexibility or the lower flexibility on managing assets in a European regulatory context. And then there's a sub-advisory component to it. And so the sum of the 2 are important to the overall economics. The sub-advisory will be low, and it will grow over time. And so over time, over a period of years, I would expect that the economics will approximate that of Athene on a dollar-for-dollar basis, but the speed at which that occurs is really dependent on how quickly the sub-advised asset base grows and in what asset classes.

Joshua J. Harris
Co-Founder & Director

Right. But when you go out 2 or 3 years, we would expect it to be similar to Athene once it ramps on an AUM -- on a profitability per AUM basis. So that maybe at least gives you a flavor, but it's going to take a little while to get there depending on our sub-advised. So going to your first question. Look, the insurance industry, right, has been a very good area in terms of acquisitions for us and for our platforms. And that's -- just to remind everyone, that's because there's been a lot of regulatory pressure on capital. And so big insurance companies have been selling books of business and kind of rightsizing their own businesses. And there's been a tremendous pressure on people's ability to generate yield. And when I look at this environment and pressure on capital -- -- so when I look at this environment, I think this environment will enhance and magnify all those trends. Athora just closed on VIVAT and it used up all its capital, but I will say that it closed in a really unique position -- that entity closed in a really unique position having a pristine balance sheet. And so it's very well positioned to create yield. And our investors have been very supportive of providing more capital to the extent opportunities arise. And I think there will be more opportunities. I think Athene, as we -- going back to what we were talking a lot about, we raised the ADIP fund to invest side-by-side with Athene. And we were talking about a number of about $70 billion in possible dry powder there. And so we do see the ability to -- we think that the industry pressures are going to magnify, and we think that we'll have opportunities over time, I think, in a period of volatility like this. It usually takes people some period of time, a quarter, 2 quarters or however long, to sort out like the volatility and rethink their strategies. And so in the short run, you might see a little slowdown, but like we do think long run, that's going to continue to be a really good area for our platforms and for us.

Martin Bernard Kelly
CFO & Co-COO

And I'd just say Athora raised additional capital in the first quarter, which you can see in the numbers. And so part of that was to fund -- complete the funding necessary for VIVAT, but there's still about EUR 1 billion of excess capital that's been committed to Athora for other acquisitions over time.

Operator

Your next question comes from the line of Devin Ryan of JMP Securities.

Devin Patrick Ryan
JMP Securities LLC, Research Division

So my question is really about kind of the shifting tides here more broadly in the landscape. It sounds like there's going to be a lot to do across the organization. But in these moments, there can be kind of new structural opportunities that get created like Athene coming out of the last crisis. And so I'm just thinking about maybe what some of those could look like? Real estate has been a difficult area for the firm to scale, but that landscape is shifting, potentially some distressed opportunities coming out of this moment. So I'm curious kind of where real estate fits today as an opportunity to potentially substantially scale or acquire a platform? And maybe same question on infrastructure or anything else I'm not thinking about, but it would just seem that you guys typically are pretty smart in these moments when you have pretty extreme dislocation. And so maybe there's some things that could be bigger structural opportunities?

Joshua J. Harris
Co-Founder & Director

I'll start and I'll turn it over to Jim. I mean I'd say broadly across the board, whether it be infrastructure, whether it be real estate, we do -- I mean, obviously, when the opportunity turns from more of a growth and value -- high valuation growth environment to a more opportunistic credit-driven environment, we tend to scale our platforms, whether it be on yield where we've been doing really well on real estate anyway or even in the more opportunistic funds, we tend to shift the dial from buying equities in a traditional way to doing more so-called distressed for control or stressed. And so across the board, we're going to see opportunities, and all of our platforms are going to scale in a positive way relative to kind of the other environment. But Jim, why don't you get into more specifics on...

James Charles Zelter
Co-President, Managing Partner & Chief Investment Officer of Credit

Yes, I would say that it's our view that like we saw in '08, changing evolution, what makes our business interesting is we can obviously invest in assets and we can also be a rescue or a variety of capital solutions for our company. So to your point, there are opportunities for us to play both sides of that. And I would suspect, in real estate, we are -- we have a large business in the debt side, lesser on the equity side. So that ability to originate, whether it's broadly more in the triple-net lease space or other areas in real estate, I think you'll see us expand. We obviously put our foot in the ground about 24 months ago with the purchase of the infrastructure platform from GE. That's been very well received, and the performance has been terrific. So I think what you're going to see for us strategically expanding now is our robust model tells us that origination in a variety of areas, whether it's credit, real estate, infrastructure, we can continue to expand. And I do think that there are some things -- I'll give you one little nugget to think about. There certainly is going to be an impact in the CLO market with what's gone on with CCC baskets. There's going to be a limitation on CLOs being a solution provider. And therefore, when we think about the breadth of the $20 billion that Josh and Leon have talked about, our ability to have vehicles that can fill those cracks and fill those opportunities is really critical to our business. So yes, whenever there's a period like this of dislocation, the sands of origination change, the sands of platforms change, and I suspect we'll be not only providing solutions for companies on pools of assets, but also holistically, which will endure to the benefit of APO as the platform.

Operator

Your next question comes from the line of Brian Bedell of Deutsche Bank.

Brian Bertram Bedell
Deutsche Bank AG, Research Division

Just a couple of clarifications and then a question for Josh. Just, Martin, on the clawback. Is that -- it's simply mathematical as you would reverse that if the returns got above the hurdle? Or would you use a lower allocation rate and be more conservative against future downturns? And then just on the timing of the $20 billion fundraising, Josh, if you could give us a time frame on that? I don't know if I missed that or not. But the broader question, Josh, is on the $40 billion or really $50 billion of gross purchases taking opportunities in this environment on the performing credit. How would you compare this to the environment in 1Q '16 where we also had a dislocation albeit that was quite brief? Is it -- do you see more opportunities in this environment? Or just the Fed credit backstop sort of also make this more of a short-lived performing credit opportunity?

Joshua J. Harris
Co-Founder & Director

So I mean on the second one, I think it'd be much longer lived. Because at the end of the day, the economy itself is really, really hurting. And when the Federal Reserve steps in, obviously, that creates great market functionality. But what it can't do is it can't -- there's a lot of companies that have no revenues. The consent -- I was looking at the consensus, GDP estimates for the second quarter down 30%. No one knows. But when you take all the averages, you're talking down 30%. And so -- and then how fast -- and we don't really see -- like I said in some of my other comments, I think this is going to take a while. Consumer behavior is going to change. I don't think -- as the opening itself will take a while and be very staged. There'll be ups and downs to it. And unfortunately, we're going to go through a difficult economy for a decent -- a longer-term period of time. And so ultimately, a lot of the leverage that existed in the system is too high for cash flows that don't exist over a medium term. And therefore, there's going to have to be -- there's going to have to be a deleveraging of the system where capital is key and providing liquidity is key. So I think it will be a much longer situation than you saw in '16, which was pretty much of a V and sort of more sentiment based.

In terms of the 20 -- go ahead. Go ahead, Jim. Are you...

James Charles Zelter
Co-President, Managing Partner & Chief Investment Officer of Credit

Sorry. Go ahead, Josh. Sorry.

Joshua J. Harris
Co-Founder & Director

No, in terms of the $20 billion, we said we're going to -- we expect -- it's over the next year is what we said.

James Charles Zelter
Co-President, Managing Partner & Chief Investment Officer of Credit

And I would add one thing. As Josh said, '16 -- '15, '16 was about oil and Chinese growth. This is much longer lasting. And I think the theme that we have been talking about and addressing in our platform is yes, the IG market is open for the best companies, whether it's Boeing yesterday, massive liquidity because of the Fed programs in the IG marketplace. But in the broad economy, the asset-backed businesses, franchise finance, SME lending, those industries and those funding vehicles are still -- I don't want to say they're broken, but there's sand in the gears and there's underlying economic concerns. So when we think about the breadth of our platform and what's going on in the headlines in the last few weeks, very interesting with Fed -- and the Fed and treasury and the government has done a great job. But as Josh and I are talking about, it's just the extensive impact. You can shut the economy down in a few days. It takes weeks, months and quarters to restart it. And it's that type of environment that we will be active in the breadth of our business.

Operator

Your next question comes from the line of Gerry O'Hara of Jefferies.

Gerald Edward O'Hara
Jefferies LLC, Research Division

Great. Perhaps just one on kind of the insurance business and sort of the impact of this sort of lower rate environment, how you kind of see that growing, I guess, on an organic basis? And then if memory serves, the liquidity discount that was cited in this quarter with respect to Athene is -- that sort of comes down over time, if I'm recalling that correctly, but perhaps you could kind of refresh us on how that works from a valuation perspective going forward?

Joshua J. Harris
Co-Founder & Director

Martin, do you want to grab that?

Martin Bernard Kelly
CFO & Co-COO

Yes. So Gerry, that's a quick one. So yes, it's -- the discount is just determined by the term of the lockup and the volatility in the stock. So it's formulaic. It's like an option pricing model. It burns off with time subject to where vol goes from here. So you -- with flat -- if flat -- if vol was flat, you'd expect to see a straight-line drop off, but it will do whatever vol does between now and 3 years from now.

Joshua J. Harris
Co-Founder & Director

I mean, generally, I would say, the insurance companies continue to grow organically. You can look at the first quarter and see that. I think a lot of -- but the low rates really should pressure, can create a lot of more strategic transactions, sales of books of business. Sales of businesses, the ability to buy large chunks of liabilities as some of the other trends that I talked about earlier start to impact the industry at large. And so those people that have capital and those people that have the ability to invest at a little bit of a higher return in a risk -- in appropriate risk-adjusted way, those companies and we count our platforms amongst those companies will be there to be helpful and supportive of the industry in terms of how the industry itself is going to restructure.

Operator

Your next question comes from the line of Chris Harris of Wells Fargo.

Christopher Meo Harris
Wells Fargo Securities, LLC, Research Division

So if we're sitting here 6 months from now and COVID is still around and there are no meetings or limited travel, how might that impact your ability to fundraise going forward? In particular, wondering about the successor to Fund IX?

Joshua J. Harris
Co-Founder & Director

Yes. So -- I mean, we -- I've been actually amazed. I mean I've been on just many, many Zoom calls with Asia, with states, with other geographies around the globe. And there have been a number of annual meetings that have been over video, over Zoom or other services. And like I said, we've been closing capital. The investors, other people have been -- where they have fundraisings and processes have been continuing to close. And so the industry at large has moved very quickly online. And so -- I mean it hasn't really missed a beat, which is surprising to say that, but at least that's my observation so far. And like I said earlier also, unlike the financial crisis where we did have a small number, even for us, but there was a broader number for others of LPs that said, "Look, if you don't have to make a capital call, don't make a capital call. And we're not open for business." We really haven't seen that.

Certainly, from our point of view, we're seeing like people go the other way and say, "Do you have co-invest? What new funds are you raising?" Like -- and I mentioned the Accord III B fund, where we literally in a month or 3 weeks after we had spent Accord III much more quickly than we thought closed -- closed $1.5 billion. And that was a lot of incoming. And that was way ahead. When we started it, we had penciled it in to take another 30 or 60 days longer. And people were just moving much more quickly. So we haven't seen -- the concern that you're raising has not manifested itself. And we -- and if anything, I see it sort of slightly going the other way.

Leon David Black
Founder, Chairman & CEO

I would amplify on that. I mean why do institutions give us money? They give us money, one, for performance; and two, they give us money because we've created a chemistry of trust and a relationship over time. We've been at this 30 years now. We have a AAA group of institutional investors. And as long as we keep performing -- the world, I mean, the last few years has broken up to the haves and have-nots. The large private equity funds that have been in business and have created this chemistry have garnered outsized percentages of the money that's out there, and there's a lot of capital out there in an ultra-low interest rate environment. There is a lot of cash still around looking for yield, looking for return. And so I would agree with Josh. If anything, this will continue to play to our benefit as long as we perform because we already do have 30-year relationships with the large pools of capital that exist.

More specifically, to Fund IX, again, we are [buoyed]. Look, we have been able to perform in good times and bad. But clearly, distressed environments had played in our favor historically over the last 30 years with 5 down cycles. But in Fund IX, we're about 1/3 invested. That was a $25 billion fund. So even with outsized opportunities, that's probably going to be at least 18 to 24 months before we're out fundraising again there.

Joshua J. Harris
Co-Founder & Director

Right. And I've heard -- just to underscore Leon's point, like I've heard from a lot of investors that the bigger branded players in general, the trusted players, like it's much harder now. If you don't know someone you're trying to raise a first-time fund and you're trying to do the first meeting over Zoom or the second or the third or the fifth, it's much harder. But for someone you've been in business with for many years, that -- they -- that's -- we're getting -- we're benefiting and the large branded funds are benefiting from that trend.

Operator

Your next question comes from the line of Michael Cyprys of Morgan Stanley.

Michael J. Cyprys
Morgan Stanley, Research Division

Just a bigger picture question. Curious your views, perspectives, what sort of changes we could see in the consumer and corporate behavior on the other side of this crisis? And also given the growing deficits and concerns around the state and local budget shortfalls and central bank actions, I guess what sort of implications do you see for inflation, tax rates and the investing landscape?

Joshua J. Harris
Co-Founder & Director

Well, I'll start and maybe Jim or Leon can pile on. I'd say that certainly, consumer behavior, I mean consumers represent 70% of the U.S. GDP. And clearly, everything from all types of services, certainly restaurants, certainly events, people -- Disney is talking about the capacity of their parks being lower. So kind of restaurants, events, meetings, all -- there'll be significant changes in consumer behavior in terms of people's willingness to interact with others for some period of time unless there's a vaccination or cure found, which I think is -- we're hopeful, but it continues to be unclear whether that's going to happen. So you're going to see a lot of that. You're going to see an acceleration of what people do online, obviously. And so those would be some of the considerations that I would talk about.

In terms of inflation, there just -- there's really no hint of inflation right now. There's just a massive lack of demand because consumers are just not buying what they were buying. And so even though you would expect that when there's this massive influx of money and massive fiscal stimulus, there might be inflation, it's just -- it's pretty -- it's well below the targets that have been laid out there by the Federal Reserve and others. And so -- and there's a lot of slack in the global economy and a lot of slack in the U.S. economy. And so you might see it selectively, but it's just not -- it's not showing up right now. And then you can just look at the price of oil and commodities, right, and see certainly that part of it, which tends to correlate, is way down.

So I don't know, Jim or Leon, if you have any other comments.

James Charles Zelter
Co-President, Managing Partner & Chief Investment Officer of Credit

I think you hit them, Josh. I think the idea of higher rates anytime soon. It's a -- for this decade, we're going to be in a very low rate environment, and there's going to be -- governments are piling on a lot of debt, but I think Josh really hit the 2 most important points.

Operator

Your next question comes from the line of Mike Carrier of Bank of America.

Michael Roger Carrier
BofA Merrill Lynch, Research Division

Just a question on private versus public. So in the public markets, even with a bounce back in certain areas in policy moves and some hopes on reopening. But the economic outlook of private company fundamentals seem to paint like a different outlook. It looks like you were able to take advantage and create value on the public side in March and April. Can you provide some more color and just what way you can try to protect the portfolio companies bridge the gap until the economy returns to like a new normal, including how much capital is in reserve in the funds?

Joshua J. Harris
Co-Founder & Director

Yes. Look, I'll start broadly and then, Martin, I don't know how much of those numbers that we released. But I'd say that, look, we came into this with very low leverage and a lot of liquidity and very few covenants and very low maturities or amortization and so -- and a lot of flexibility in our credit documents. So we sort of did a lot of the planning in advance. We've been, I think publicly, saying for a while that we foresaw that something -- we didn't know what, but that we were worried about volatility and economic downturns and something could happen. And so our portfolio today from liquidity and from an amortization standpoint is in very good shape. And the fact that we bought it at very low multiples is serving us very well. And it's -- the cash flows themselves are not uniformly, but hanging in there pretty significantly, and we don't have -- we were underweight in energy, we're underweight retail. And a lot of the sectors that have been hit the hardest, travel and all that -- and things like that, we just didn't have a lot of that leisure, hotels. And so like we're very well positioned right now from a portfolio standpoint. Obviously, what you would do and what you should do is think about how do you preserve liquidity? What can you do to do that? And raising capital in a marketplace that we think is technically driven and ahead of itself. And so we're looking at opportunities to do that.

I mean, Martin, I don't know if you want to add on the fund liquidity. We have ample liquidity. I mean we spend a lot of time on this. I don't know what's released, but we're very focused on Fund VIII liquidity. There's ample liquidity. We have more than enough liquidity for any sort of issues. And what we're now spending a lot of time on -- enormous time on is like how do we spend the excess liquidity in Fund VIII on offense. And so that's how we're spending our time. I don't think we -- I don't know if we released the numbers. But...

Martin Bernard Kelly
CFO & Co-COO

Yes, I think that covers it.

James Charles Zelter
Co-President, Managing Partner & Chief Investment Officer of Credit

And if I could just add, I think that question, Josh, obviously addressed it for us, but it's the other side of that coin that gets us being very thoughtful and optimistic about our landscape because many other firms, investors, companies out there are probably a bit more levered. And whether it's the solutions we brought to Expedia or Cimpress this past week, many, many, many tools we have will allow us to be that provider of solution capital. So again, well, it may not be as relevant to Apollo because of our discipline and value. It's certainly relevant for many, many other swaths of the economy.

Joshua J. Harris
Co-Founder & Director

Yes. And we're obviously ahead of -- because we've been playing so much offense. We're looking across the landscape, and we have 40 just in private equity alone, and Jim can speak to credit. We have 40 open to buys. We've reviewed hundreds and hundreds of companies, and not everyone was thinking the way we were thinking. And so that provides -- we're going to have opportunities and not just private equity-based companies, but public companies. It was really hard to predict. The fact that the -- I mean no one predicted the kind of revenue loss that has existed. And basically, in many, many industries, when you have no revenues and you have fixed costs, like, there's a need for cash to get over the hump at a minimum. And so we're -- there's -- we have a very large funnel of opportunities to take advantage of.

Operator

Your next question comes from the line of Chris Kotowski of Oppenheimer.

Christoph M. Kotowski
Oppenheimer & Co. Inc., Research Division

Yes. I just wanted to go back to Slide 12 in the clawback liability because last quarter you had the realized loss in Constellis, and then you said, okay, the next, whatever it was, $100 million or so of realized gains would need to be -- would be dedicated there. And years ago, KKR had this concept of a netting hole of mark-to-market positions that could only be refilled with realized gains. But what you're saying is this $1.31 of clawback liability, that just goes away even with unrealized appreciation and so if you had 11% or more appreciation and then had realized gains, that would generate distributable earnings then?

Martin Bernard Kelly
CFO & Co-COO

Yes, Chris, for sure. So it's a point in time mark-to-market. It's the same on the negative side, on the clawback or the payable side as it is on the upside. And so we determine what we think are the appropriate valuations for all the companies in the fund, in the portfolio. And then we impute -- carry off that. Now -- and this arises because Fund VIII has made prior distributions of carry. And so at a point in time -- at March 31, using those unrealized marks, that would be the imputed repayment, but it reverses itself with unrealized depreciation, the same way that carry -- normal carry is sort of created and booked with appreciation. So it's symmetrical.

Operator

That was our final question for this morning. I will now return the call to Gary Stein for any additional or closing comments.

Gary M. Stein
Head of Investor Relations, Client & Product Solutions

Great. Thanks, operator, and thanks, everyone. Appreciate spending time with us this morning, and we look forward to speaking with you again shortly. If you have any questions, please feel free to reach out to me or Ann. Thanks.

Leon David Black
Founder, Chairman & CEO

Stay healthy.

Operator
Thank you for participating in the Apollo Global Management's First Quarter 2020 Earnings Conference Call. You may now disconnect your lines, and have a wonderful day.