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# EDITED TRANSCRIPT

ATH.N - Athene Holding Ltd at Goldman Sachs Financial Services Conference (Virtual)

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## CORPORATE PARTICIPANTS

**James Richard Belardi** *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

## CONFERENCE CALL PARTICIPANTS

**Yaron Joseph Kinar** *Goldman Sachs Group, Inc., Research Division - Research Analyst*

## PRESENTATION

**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Good afternoon, everybody. Thanks for joining us. I'm Yaron Kinar, Goldman Sachs' insurance analyst. I'm very happy to have with us today, Athene's Chairman and CEO, Jim Belardi. Jim, thanks for joining us.

Just one quick reminder for everybody in the audience. If you have questions, we do have the option to submit those through the box at the bottom of your screens and we'll try to get to them. With that, Jim, again, thanks for joining us this afternoon.

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## QUESTIONS AND ANSWERS

**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Probably we can start with a high-level question. What kind of communication, what kind of messaging are you sharing with investors as we head into year-end?

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**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Well, I think, talking about 2020 for Athene, it's been the best year ever for Athene. If you measure that by organic growth, we have had a record year of maybe more than $25 billion this year. Inorganic growth, we did the largest block reinsurance deal ever, $29 billion of assets with Jackson National. So we're going to add $54 billion, $55 billion of new business this year at high returns, which is great. And we think the momentum will continue into next year. We expect 2021 to be a continuation of the great growth and high returns performance we had in 2020.

And I think 2021 is really going to be the year that we want to maximize earnings. The Jackson transaction was closed in June. Big part of the value-add there was redeploying those assets into a better risk-return trade-off assets, and we're about 60% through that redeployment, ahead of pace, and expect to be done with that for the most part by mid next year, which will increase the yield on the portfolio when we're done. And we've been carrying outsized amounts of cash through most of 2020. And we think early next year, we'll be down to our more normal $2 billion of on-balance sheet cash, still supported by another $2 billion of off-balance sheet liquidity availability. But that deployment of cash will aid to earnings as well. And we expect to have a very good growth year in 2021 as well. So maximizing earnings, I think, is really the key message for us in '21.

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**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Got it. That's a helpful overview. I guess, as I'm looking at the year ahead, where do you see the best opportunities for further capital deployment? And how does the low interest rate environment factor in?

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**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Yes. So we have 4 uses for our capital: organic growth, inorganic growth, holding capital to support ratings upgrades and then stock buybacks. They're all compelling. But if I were to rank them as far as how valuable they are in enhancing our franchise, I think organic is at the top of the list.

This is why we're so excited about having such a great year in 2020 and we think it will continue in 2021. Ratings upgrades, we expect to get ratings improvement this year from all 3 agencies we have relationships with, which will lower our cost of funding in our funding agreement channel, increase our distribution over time in retail via better counterparties and the companies can do more business with us. So that's definitely franchise enhancing.

And inorganic is the way we built the company from the beginning 11.5 years ago through acquisition. And we have a higher hurdle rate on returns inorganically than organic because I think it's a little less franchise enhancing than organic, but still quite compelling. And then fourth is stock buybacks, which the stock is trading unbelievably cheap. And our stock buyback program, I think, from inception, we've bought back about $1.3 billion, a big part of our market cap. But it's not franchise enhancing the way the other 3 uses of capital are. So it's our lower priority. But when you can get your high-teens or 20% returns with riskless execution by buying back your own shares, it's compelling as well, but it will be probably more measured and more opportunistic when the stock is particularly cheap. But those are the 4 uses of capital.

Regarding the low interest rate environment, look, the results speak for themselves. Most of the 11.5 years Athene has been in business, there's been low interest rates. And we've grown book value on a compound annual growth rate since inception for 11.5 years at 15% a year, which is close to quadruple the industry average. So irrespective of the interest rate environment, and this is a very tough one, we're able to operate our business and achieve growth, earnings growth consistently and high returns. And we really think that our model works in any environment and the results speak for that.

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**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Understood. And then if we look at the $2 billion of capital that I think you expect to generate in 2021, maybe talk about what portion of that comes from earnings and how much is from capital release from this runoff businesses?

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**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Yes. So I think the $2 billion ballpark is about half from statutory earnings on the existing book and half from runoff. I think it's kind of unusual for an insurance company to have stat earnings that are as close to as GAAP earnings, but that's the case for us. That's also a proxy for cash availability as well. So it's a real healthy sign for the company. But it's -- but yes, I mean it's the best way to generate capital, is through earnings and we're doing that.

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**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Understood. And if we look at the 3 -- almost, what, $3.2 billion of excess equity that you have today, how much of that do you want to keep as just dry powder or as a buffer against stress events? How much are you willing to deploy?

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**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Yes. One of the great things about being associated with Apollo is its ability to raise capital on demand because it has so many happy, satisfied customers because of the returns that Apollo has generated for them. I'll slightly oversimplify it here, but when Apollo has an opportunity for its investors, repeat investors, the reply from the customer, in general, is, how much and when do you want it, which is fantastic for Athene because a lot of the opportunities that we've been raising capital for in conjunction with Apollo have been for Athene. And I think that in the financial services sector and certainly in insurance, the companies with the most capital are going to end up being the winners. And we expect to be the winner.

Not to the detriment of others, but we just think that is a key metric that's going to carry the day, and it's carried the day as far as our growth from 0 to $190 billion in assets in 11.5 years and high return and we do nothing for just volume by itself. It has to be coupled with greater than mid-teens returns, and we've been able to achieve that. So very proud of that. The only thing we're not proud of is where the stock is trading now. So, yes.

**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Understood. And this has been an interesting year, right, not just from an interest rate perspective but COVID, hopefully, once in a lifetime event that we will never live through again. How has COVID played into this year's results? And has it impacted the company's positioning in the market?

**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Yes. Really, it's -- the fact that we've been able to add $55 billion of business this year without really talking to any customer face-to-face in person, I think, is a real testament to our focused employees, our business model and our positioning in general. Look, yes, it's been tough on everybody. I think people -- I think, in general, workers are more efficient working side by side with the coworkers in person. That hasn't happened this year for a large part of the year. And so it shows the power of will of your employee to get things done the way we have. And I'm very proud of that. So our Des Moines office has been in the office in some way, shape or form since June. Now we're down to 50% as spikes and cases go up, but we expect to get back in close to 100% at the beginning of the year. In our other locations, it's a mixed bag, depending on the location of how much has been remote versus in person. But again, like in retail and others, I mean, the fact that we can do this without the normal in-person contact, I think, speaks to the power of the business model.

**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Got it. If we spend a little bit of time on inorganic growth and the opportunity set there, so when I look at the reinsurance market for annuities in general and specifically fixed index annuity transactions, it seems like there's greater willingness by the sellers today. But maybe more supply -- or I guess more reinsurers -- more supply of capital out there as well, more demand to buy, if you will. So how would you describe the competitive landscape here and Athene's positioning within that landscape as you try to avoid the overcrowded auctions?

**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Yes. So we built the company, as I mentioned before, through M&A before we had ratings and organic growth up to $60 billion. Our business model is very powerful now when we execute like we did in 2020, like we did in 2018, both organically and inorganically. I think our competitive positioning has never been better. I think there are more private equity fueled companies entering the landscape. But I think one thing that has caused a lot of people to pay attention are some of the multiples of some deals that have been done in the insurance space. And I think that's opened the eyes of some potential sellers who've been on the sidelines, worried about valuation and saying, "Hey, if that deal can get done at that valuation, maybe we should reengage and see what we can get done." Most insurance companies in the ongoing restructuring in the space have something that they're not some type of business we're not committed to getting rid of. I mean, again, just key thing that they want to get rid of.

And the combination of Athene and Apollo, another area why it's such a great partnership, between the 2 of us, we have an interest in something on every company that thinks they’re getting rid of business. Meaning some noncore business on most -- all insurance companies, legacy issues, if you will, between Athene and Apollo we have an interest in something on their balance sheets, which is why we're one of the first calls from sellers willing to restructure, get out of core business, free up capital to do some stock buybacks of their stock at depressed prices, it's all part of us being a solution provider that we're expanding to not just be on the liability side but also on the asset side. So we expect to do another inorganic deal in 2021. I won't be precise as to size and what it is, but the bigger and more complex the deals are, the less competition there is. And we have a track record of transacting in those spaces.

**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Okay. And I think you mentioned that with the valuations that we've seen, there has been more interest or more appetite, I guess, from the seller's perspective. On top of that, do you think that the low interest rate environment and anticipated implementation of LDTI accounting in 2023, would those be additional catalysts potentially for a wave of blocks coming to market?

**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Yes, potentially. I think we hope that CEOs of other companies instead of waiting for rates to go up in the face of the Fed saying rates aren't going up for several years, are just saying, "Hey, is there a better time than now to transact, especially given the higher valuations we've seen in some transactions." So yes, I think that enters into it. The mark-to-market on the liability, you mentioned LDTI, we're a big proponent of that. We wish it would come sooner than is planned to come. It's been delayed a couple of times. We're ready for that. We stand by our reserving. We think it's very conservative, and I think more conservative than others. So we think we're going to fare better than others when that comes online. But you're right, that could be to get things done before that comes online, could be another impetus, and that's a good thing for prospects and positioning in the space.

**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Okay. And I think to date, you haven't had much of an appetite for variable annuities when looking at inorganic transactions. Is that something that you may reconsider at some point? Or is there just zero appetite for that?

**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

At Athene, there's zero appetite for that, but we've been disciplined and careful about the business we want. We want to generate net investment spread. That's not the case with the variable annuity business. But as I elaborated on the power of the partnership between Athene and Apollo, in the Voya transaction, Apollo stood up a new variable annuity company named Venerable that just made a significant acquisition with Equitable to provide a variable annuity solution for Voya's variable annuity business. So a life company that's in the business that wants to get out of the variable annuity business, Venerable, our sister company, is certainly a candidate to be involved in that transaction as long as Athene gets something that makes sense for its business model, a block of fixed indexed annuities, like it was in the Voya transaction, any kind of liability where we can generate net investment spread against. So yes, that's not for Athene, but it can be for our sister companies to facilitate a transaction that does make sense for Athene.

**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

No, that makes sense. And then if we switch to organic growth for a bit. With interest rates being low, what's the outlook for fixed index annuities here? And maybe what kind of cap rates can Athene provide in this market?

**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Look, we, for the first time ever in the second and third quarter, Athene is #1 issuer of fixed indexed annuities, not just in the IMO space, overall. We surpassed Allianz in the second and third quarter. We'll see what happens. And year-to-date through 9 months, we were #1. So we're providing solutions in that space for investors, retirement savings, planning. I frankly think that the fixed indexed annuity is a better retirement savings product than variable annuities given the principal protection for people in their retirement. I think they are more conservative, they don't want to put principal at risk. And there has been enhancements to our various product offerings.

Bespoke indices has been a big driver of good performance for investors as well. So we expect that to continue in '21. We're very bullish on our retail annuity business and, hold on a second -- and -- excuse me a second. There we go, sorry. Yes, I mean we -- and we're -- our fastest-growing part of our retail annuity business in distribution are banks. And as we get higher ratings and even at our current rating, we're going to be bringing on more major banks into the mix that we've been underrepresented up to this point, and that will be a growth part of our business as well.

**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Okay. And then if we talk about PRTs, pension risk transfers, a bit. What part of the PRT market does Athene compete? And what's the total addressable market in that portion?

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**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Yes. I think it's -- we're in the U.S. We've done one deal in the U.K. It's actually even a bigger opportunity in the U.K. than it is in the U.S. right now. But I think so far, in the U.S., we are the #2 provider of PRT solutions. We're competing against the Crews and the Mets of the world, but we carved an inroad there. And I think we've provided some innovation as well. We did a big buy-in transaction with Bristol-Myers. And I think there's more of those type of solutions to come, but we've competed across the board, small to medium sized. We're focusing a little bit more on bigger size now.

It's been a relatively quiet year for us in PRT. We did a deal in the first quarter. But in the fourth quarter, the volume in general of transactions is huge. And we've done 3 or 4 deals already in the fourth quarter of significant size. So it's really finishing out the year with a big bang. And we expect that to continue in '21 in the U.S., and we would like and expect to do more deals in the U.K. as well. But it's -- we don't pigeonhole us. We look at it, underwrite it and evaluate the longevity risk, et cetera. Whether it's a buy-in or buyout, we're flexible.

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**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Okay. And what is it that you think about the fourth quarter that you saw this change in appetite or a greater willingness by Boards set to pursue pension risk transfers after a dry spell?

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**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Yes, I'm not sure I know, Yaron, whether it's trying to get things done before year-end, may have something to do with it. But it has definitely been a huge pipeline that it's not going to continue at that level, but certainly it's going to finish out the year at that level.

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**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

And I've always thought of PRTs as -- for the buyers as an area where you have a little more -- the biggest risk to manage there is credit risk. So in this environment, where maybe credit risk is a bit more elevated than it has been in the past, does that change the insurer appetite? Does it change your pricing? How do you go about it from a virus perspective?

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**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Well, I think, if we try and boil down the PRT business the way we boil down the other businesses, can we generate net investment spread on a predictable basis in size, emphasizing downside protection if there's longevity risk in these things, you look at the composition of the employee base, are they retirees? Are they active? Are they deferreds, et cetera? And there's different mortality risk on each of those. And we got a high-quality group of actuaries that have a lot of experience in this area, both from at Athene but also in previous lives and careers in the life insurance industry.

I think the credit risk, at least the way we look at it, on the asset side is what we're going to do with the money that we get and what assets are we going to buy, which we take in spades every day, even though I will say, we are underweight credit risk in general and high-yield risk in our asset portfolio compared to the industry, and that's by design. We've not gone down junior in capital stats on the asset side to get more yield. Instead, we've focused on structured securities with subordination below us and is a cushion for us, but staying in the investment-grade senior tranches of CLOs, asset backs, RMBS, et cetera, as a way to play the fixed income sector in the half that we don't have of our portfolio in corporates.

**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Okay. And then if we shift gears to flow reinsurance. Can you discuss your outlook for flow reinsurance deposits in '21, maybe the primary drivers?

**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Yes. So we had a record year in flow reinsurance for us in '20. Our relationship and partnership with Mass Mutual has been fantastic. They've been in the Fidelity distribution network that we weren't in away from Mass Mutual, high-quality company, a great partner. Fidelity platform is all done digitally, which has worked very well, obviously, in the pandemic. And so we're optimistic about that being a great year for us next year as well. And we're adding additional counterparties, which is what we typically do. For the first time in '20, we also went outside the U.S. in flow reinsurance. We have a partnership with a Japanese company, a well-known company. And we've been involved there for most of the year, and it has gone very, very well, exceeded our volume and return expectations, and we're optimistic about adding other counterparties in Japan as well, which is the second largest annuity market in the world to the U.S. So that's exciting for us, and I think that's going to be a big part of the story next year as well.

**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Okay. And talk about regulation, well that we have a new administration coming in January of next year. Do you expect any new initiatives around best interest, commission, sales practices and the like in the annuities market that could impact Athene?

**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

I don't know. I think there's been some rumblings of whether the new Department of Labor law that was banning about in the past could resurrect. I think there needs to be some changes to that proposed DOL law that was killed, particularly regarding the plaintiffs bar kind of adjudicator of disputes. I don't think that would have been healthy. But there are some very good parts to the proposed plan in about best interest of clients and commission regulation, et cetera, that we were in favor of, and we were ready to comply before it got killed. So if they were going to resurrect, we're ready to go. And I think it actually benefits -- compliance with that benefits the bigger players that have the resources to really be ready for that. We're one of the biggest and ready. And so we -- could actually lead to more market share for us if that were implemented.

And then higher tax rates in general have been talked about with the new administration, which we're already very administrative and tax efficient. Our tax and efficiency advantage over others would only be enhanced as the corporate tax rates went up because we would only have our taxes go for a portion of that full amount. And the demand for our products to the extent individual tax rates would increase, would increase as well since our products are tax deferred and may be more valuable in that environment. So I'm, in general, not a fan of taxes going up. But if it did, I think we're well positioned.

**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Understood. If we shift gears again, the sense of the investment portfolio. I think one investor perception of Athene is that, that its investment portfolio is riskier than other life insurers. Is there validity to that concern in your mind?

**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

No. So we were the first company, to my knowledge, in the insurance industry to be public at the beginning of the pandemic about the quality of our investment portfolio, expected losses and around the hot topic asset categories like CLOs. We posted a summary of our CLO portfolio for everyone to see on our website. We were out front in saying, even in a repeat of Lehman, based on all the subordination we have in our portfolio and how well underwritten it was to downside protection, in a repeat of Lehman, we would not incur $0.01 of loss. We stand by that. That's still what's happening. We've not incurred $0.01 loss in our CLO portfolio.

And in fact, through the 9 months of this year right through the teeth of the pandemic, our other than temporary impairments on our portfolio has been 2 basis points. Even better than I would have expected, and I was pretty optimistic. So we continue to have more downgrade risk than permanent impairment risk in our portfolio. And we have had some downgrades in CLOs, in asset backs, which is one of the reasons we hold so much excess capital to absorb them. And we still have RBC ratios on a consolidated basis, including the parent capital, 475% after whatever downgrades have happened this year. Capital continues to be a huge strength of ours. I think people or some investors who don't know Athene that well think because we outperformed on the yield side, on the asset side, even after fees, by the way, that means we have to be taking more risk. But I think it's a different type of underwriting philosophy. We don't go down the credit spectrum to high yield to get the yield. We do it through staying senior with subordination the lowest in structured securities.

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**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Okay. Now I guess, other than just going through a stressed environment like we have in at least the first half of 2020 from a credit perspective, is there anything else that you can do or show that needs to happen in order to get investors to come around and come to that conclusion?

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**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

The best way I know to get -- to unlock the value in the stock price and get it up to an appropriate valuation, which is a long way from that, is consistently growing GAAP earnings. And hence my opening comments about, we really want to maximize earnings in 2021 for Athene. And eventually, valuations would take care of itself. And -- but also suffice to say to investors, in general, Apollo, our permanent partner, side-by-side with us, being frustrated with where our stock is trading and just talking about different ways that we could unlock value and what's the best course of action, if that was easy, we'd already have done it. But we're not just going along and keeping our heads down and saying eventually this will happen. We're going to be proactive in looking at things we can do to really unlock value because it's hugely important and needs to happen. And so far, the value is not being recognized. I guess the earnings power of Athene, growth power of Athene, the book value accretion of Athene at 4x industry has not been recognized in the market, and we need to get them to recognize it, and that's one of our goals.

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**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Got it. And I think you touched on it earlier, the idea that if Athene is generating better investment results, some investors take that to mean that because it has a higher yield that it takes more credit risk, which is not the case. So how do you achieve the higher yield?

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**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Just like I said. It's instead of just -- without taking more credit risk and going and buying into high yield, we're underweight high yield versus the industry. We focused on investment-grade opportunities in CLOs, in RMBS, essentially from the start of Athene, in asset-backed. Our alt portfolio has been more resilient than others. We haven't invested in the past in traditional private equity and hedge funds. It's really been more fixed income-oriented alternatives with pull-to-par assets and that portfolio will underperform when the equity markets are doing very well and outperform when they're not doing well. And that's exactly been the history, but still generating 10% to 12% per year consistently over the 12 years we've been in business.

So I think it's continuing to produce the results we're talking about, showing that we're not generating losses. And they're not -- the losses aren't coming no matter what the environment. The other thing I'd say is I think we have to break the correlation between the 10-year treasury yield and our stock performance. There's no reason there should be that correlation. Our performance has been, for the most part, in a very low yield environment. And so that's just -- it doesn't make sense to me why we are that correlated with the 10-year treasury given how attractive the performance has been.

**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Can you maybe remind us what is the income statement and balance sheet sensitivity to interest rates?

**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Well, it depends on how you monitor that or measure it. I mean we're closely matched duration wise between our assets and liabilities now. We've always passed all cash flow testing scenarios in [Spades], which is an insurance company convention that's required. You get no credit for all your current capital. It's the existing match book of assets and liabilities that has to generate positive profits over a long-term horizon. And we passed all those scenarios with cushion and always have since we started.

Having said that, we do have 20% of our portfolio in floating rate securities, and those yield more income when rates are higher, no doubt about it. We also have those in our portfolio because if our and as our blocks of business on the liability side age and eventually come out of surrender charge protection, in a higher rate environment, they may be more apt to surrender and move to other products, hopefully, Athene's, maybe others. And in a higher rate environment, it would be nice to have the higher income from the floaters. So it's a bit of disintermediation protection as well to have those floaters on the asset side. But in this yield environment, it has cost us income.

**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

All right. Can you talk about investment opportunities and deployments? So you mentioned the Jackson National portfolio that you're still in the process of redeploying. How much of an earnings lift -- or incremental earnings lift does that continuous redeployment offer you into 2021?

**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Yes. So 2 things. So we closed the Jackson deal in June of '20. Sold some of the treasuries. And so from the time post selling of those treasuries until now, we've raised the yield on that portfolio of, call it, $29 billion of assets by 100 basis points. And to meet our originally underwritten returns, we need to raise it another 100 between now and when we're done. And that second 100 is going to come from us allocating some private credit assets in there, high-grade alpha assets and some alts that we really haven't allocated in there yet. And so we're going to get in the vicinity of what we underwrote to achieve the returns that we underwrote and we think we'll be close to what we've done there by midyear. Yes, that will be a -- I won't be precise on what the uplift that will be, but it will be an uplift. Reducing our cash down of the $2 billion level will be an uplift to earnings.

And the other thing I'd say, when you asked how we generate yields on the asset side when we take a credit risk is, I don't know of another company that's been more committed and more emphasized sourcing high-grade alpha, private credit, asset origination platforms with flow than Apollo. And Athene side-by-side with Apollo has been the beneficiary of that. We announced a value-add transaction with a REIT, MFA earlier in the year. We did a big deal with a Middle Eastern company credit tenant lease in the middle of the year. We just announced the Donlen transaction that we hope to be complete, the corporate part of the purchase fleet where we keep the management team in place, provide capital on an ongoing basis that will add to additional asset flow for us, the bridge financial fleet. We've done some the secured airline deals with United and Delta. We have very low aircraft exposure that's not secured. So those things all add up when you're doing things like that in size to stem the continuing eroding yield environment and provide value-add for our shareholders.

**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Jim, this was incredibly informative. I thank you for your time. I wish we could continue. But unfortunately, we're out of time. So thanks again, and hopefully, we get to host you in person next year.

**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Yes, I'd love to do it, Yaron. Thanks for the conversation. I enjoyed it.

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**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Thank you.

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**James Richard Belardi** - *Athene Holding Ltd. - Co-Founder, Chairman, CEO & CIO*

Bye-bye.

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**Yaron Joseph Kinar** - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Take care.

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