



Apollo Uptrend Seen Continuing

Ticker/Price: APO (\$43)

Analysis:

Apollo Global (APO) with 2500 January \$44 calls bought for \$1.10 and the \$40 puts sold 6,775X at \$0.77, adjusting Dec. 6th (W) calls. APO has recently seen sellers in the January \$43 puts while the December \$44 calls, January \$40 calls both with buyers. The June 2020 \$42 calls remain in OI from buyers in September. Shares are flagging under recent highs at \$44 with a breakout targeting \$48. APO broke out of a big range in September above \$37.50 that targets a move to \$52.50. The \$9.54B asset manager trades 14.6X earnings, 7X book, and 7.4X cash with a 4.71% yield. APO is coming off of a C-Corp conversion that they hope will drive more investors to buy their stock and help close the valuation gap to peers like Blackrock (BLK) where they have trailed for nearly a decade. APO has been a standout in the alternative's space with a 39% gross IRR in private equity since 1990, 97% growth in AUM since 2014 and 182% into their PCVs, a space where they feel they have a significant edge of peers (87% of AUM vs the next highest at 17%). They outlined plans in early November to expand to \$600B in AUM by 2024 with the majority moving into new fee-generating products. APO has long-term tailwinds to drive that goal as yields remain low, pensions allocate more to the space and alternatives outperform across both private credit and equity. Analysts have an average target for shares of \$45.50. BMO starting at Buy on 10-7, a Top Pick and \$52 PT. The firm thinks investors are undervaluing its accelerating Fee Related Earnings growth and expects the stock to benefit from technical support related to improved liquidity, broadened shareholder engagement, and index inclusions. Short interest is 3.3% and down from around 6% in October. Samlyn Capital and Moore Capital both notable buyers of more than 1M shares last quarter. Tiger Global remains a top holder with 37.6M shares.

Hawk Vision:



Hawk's Perspective: APO has a quality set-up and looks ready for continuation higher while also offering a nice yield.

Confidence Ranking: \$\$