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ANNUAL INSIGHTS REPORT

Acknowledgements

Thank you to our Founding Partners for their generous financial commitments to AltFinance

Apollo Global Management
Ares Management Corporation
Oaktree Capital Management

Thank you to our HBCU partners

Clark Atlanta University
Florida A&M University
Hampton University
Howard University
Morehouse College
Morgan State University
North Carolina A&T State University
Spelman College

Thank you to our Program partners

Management Leadership for Tomorrow (MLT)
United Negro College Fund (UNCF)
The Wharton School , The University of Pennsylvania

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About the Insights Report

Our mission is to increase diverse representation in the alternative investment industry, by providing HBCU communities with access to specialized curriculum, value-add networks, and sustainable financial support.

This 2022 Insights Report presents a review of activities, outcomes, and insights gleaned in AltFinance's inaugural year. In this report, we provide qualitative and quantitative results that provide stakeholders, prospective partners, and the public with a better understanding of our strategy and impact. The goal of this report is to create a platform to encourage additional discourse on ways to further advance our mission. Please accept this report as an invitation to learn more about our work.

About AltFinance

AltFinance is a collective effort and cross-sector partnership created to tackle the root challenges facing diversity in the alternative investment industry. With the support of Apollo Global Management, Ares Management Corporation, and Oaktree Capital Management, AltFinance is working in partnership with nonprofit organizations and academic institutions to create clear pathways for HBCUs students into careers at alternatives firms and portfolio companies.

Apollo, Ares, and Oaktree have committed \$90 million (\$3M each/year) to AltFinance over 10 years to create transformational impact in the HBCU community and the alternative investment industry.

Letter from the CEO



We have proven the concept – with both students and firms benefiting from our collective efforts

Talent is equally distributed, but opportunity is not. In few places is this more evident than in the alternative investment industry, where close to 100,000 highly-talented investment professionals are responsible for managing more than \$10 trillion dollars in the U.S. That \$10 trillion includes corporate pensions, academic and foundation endowments, and public retirement plans, which represent the economic future for a diverse tapestry of American families. However, it is well-known that the firms managing those assets have struggled to build workforces as diverse as the clients they serve.

AltFinance is confronting this issue head-on by bringing together leading firms in the alternative investment industry with partners at the forefront of financial education, diversity, and policy. Together, we are creating opportunities for highly-motivated HBCU students to access the education, exposure, and experiences needed to succeed in the alternative investment industry. HBCUs have been instrumental in producing diverse leaders in STEM, medicine, law, and politics. We are confident that they can have a similar impact in the alternatives industry.

In our inaugural year, we achieved great success in launching our first two cohorts of the AltFinance Fellowship. Our first cohort included 31 students, and we are proud that 90% of these highly-talented Fellows have secured roles at alternative investment firms or pipeline investment banks in 2022 and 2023. In our second cohort, we added 42 students, most of whom have secured internships in alternatives or investment banking for 2023! We have proven the concept – with both students, HBCU communities, and firms benefiting from our collective efforts.

As we look to 2023, we are preparing to launch the AltFinance Institute in partnership with the Wharton School of the University of Pennsylvania. The Institute will provide students at any HBCU across the country with access to some of the most innovative curricula and resources on finance and investing in the world. Through the AltFinance Institute, HBCU students will join a digital community that will assist them with the social and mentoring needs that we have identified as key drivers of long-term success for a career in alternative investing.

I thank our HBCU partners that continue to lead the way in preparing new generations of diverse leaders and in expanding the universe of career opportunities for their students. I also thank Apollo, Ares, and Oaktree for the courage and leadership to collaborate in building a systemic solution for an industry problem. I look forward to working with additional partners that seek to find diverse talent that will drive and sustain returns.

Marcus K. Shaw
President and CEO

Year 1 Impact

In our inaugural year AltFinance advanced our mission by successfully preparing HBCU students for careers in alternative investments.

73

TOTAL STUDENTS IN THE ALTFINANCE FELLOWSHIP PROGRAM

AltFinance launched two cohorts in Year 1. Our pipeline includes sophomores, juniors, and seniors from eight partner HBCUs.

90%

FELLOWS IN COHORT 1 COMMITTED TO THE ALTS PIPELINE

28 of the 31 Fellows in Cohort 1 interned or committed to full-time roles in alternatives or at an investment bank.

30

AVERAGE HOURS OF COACHING AND MENTORING PER FELLOW

Fellows benefit from one-on-one coaching and mentorship to prepare them for interviews and provide them with hard and soft skill training.

2.1

AVERAGE # INTERN OR FULL-TIME OFFERS RECEIVED BY FELLOWS

Nearly all Fellows received multiple internship or full-time job offers from alternative investment firms or investment banks.

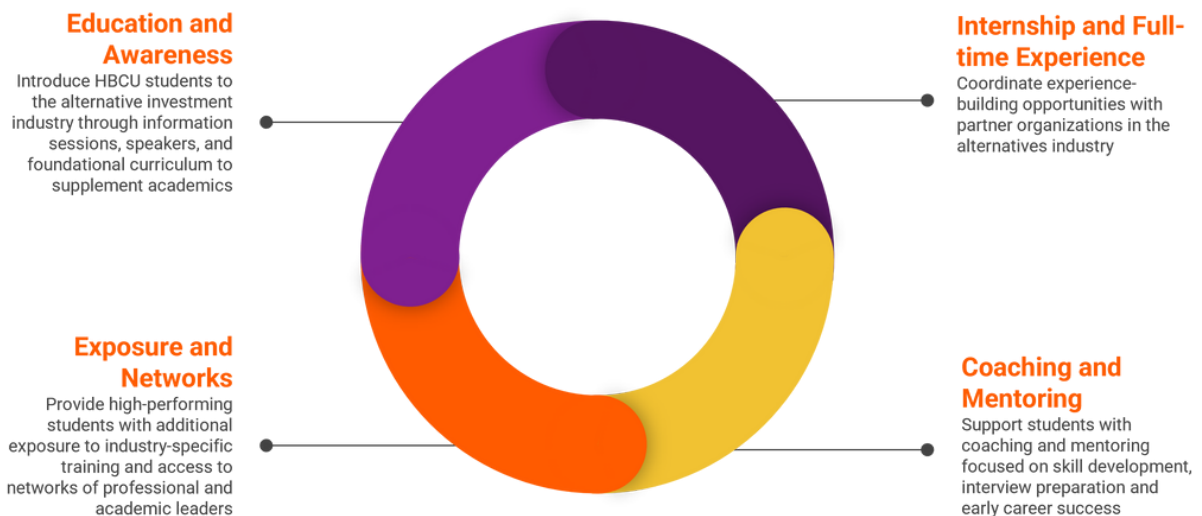
\$3.4M

TOTAL SCHOLARSHIP AND INSTITUTIONAL GRANTS COMMITTED

Scholarship and Institutional Grants support sustainability by providing the funds to support student matriculation and to enhance investment education capacity.

Key Insights

Our work with the support of our stakeholders yields insights on three key issues supporting our mission.



CREATING AWARENESS

Develop co-curricular learning opportunities to increase awareness, support interest, and create pathways to alternative investment careers

EXPANDING NETWORKS

Leverage academic and professional networks to help engage and recruit HBCU talent for careers in the alternative investment ecosystem

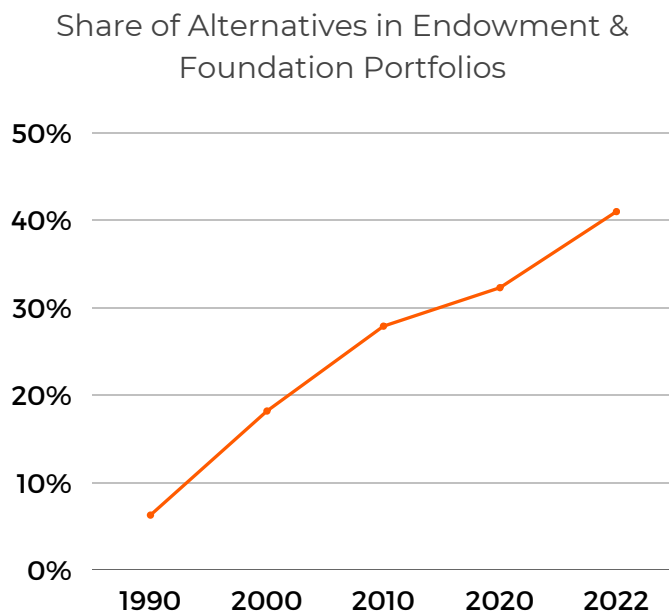
PARTNERING FOR SUSTAINABILITY

Provide financial support to HBCU communities to enhance investment education capacity and support student matriculation

Alternatives are increasing in popularity among institutional and high-net-worth investors

The alternatives asset class is among the fastest growing asset classes across investment management. Alternatives are taking market share in institutional and high-net-worth portfolios and offer investment professionals some of the most competitive compensation packages across all industries.

Opportunity in Alternatives



\$10T

Global AUM in
Alternative
Assets Classes

2-3X

Compensation
potential vs.
Investment
Banking

Careers in alternative investment represent some of the most rewarding and influential opportunities in financial services. The career trajectory for alternative investment professionals may lead to roles as investment decision-makers, Board leaders, C-level executives, and entrepreneurs.

Source: Cambridge Associates, Financial Times



80% of young high-net-worth investors are looking to alternative investments and allocating 3x their portfolio to alternatives vs. older peer investors.

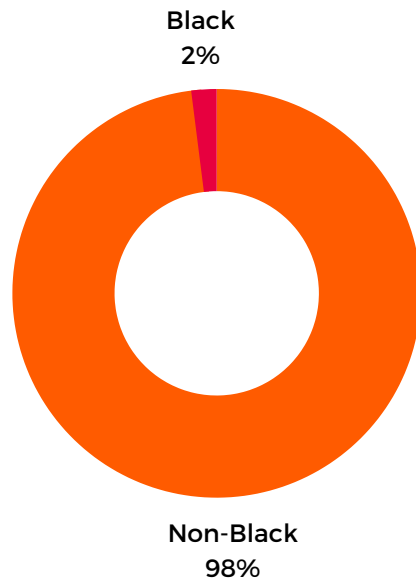
Source: Bank of America Private Bank

Exposing HBCU students to alternatives can close the opportunity gap

The percentage of Black investment professionals in alternative investments is less than 2%. Because recruiting strategies at alternative investment firms have largely been driven by alumni relationships, HBCUs have not been core recruiting targets.

Opportunity in HBCUs

Black Investment Professionals in Alternatives



3%

of US Colleges and Universities are HBCUs

9%

of Black undergrads attend HBCUs

17%

of bachelor degrees awarded to Black students in US are from HBCUs

Other highly-competitive industries are working toward achieving more equity in their workforces, and they have benefited from recruiting HBCU graduates and students. AltFinance is the first industry-wide organization to introduce HBCU communities to the alternative investment industry.

Source: McKinsey, UNCF



Less than 30% of HBCU students in the AltFinance Fellowship Program had awareness of the alternative investment industry as a career opportunity.

Source: AltFinance

Creating Awareness

AltFinance develops co-curricular learning opportunities to increase awareness, support interest, and create pathways to alternative investment careers for HBCU students.

Our students develop an understanding of the alternative investment industry and related careers through comprehensive programming.

- Introductory information sessions
- Industry-focused weekly curriculum
- Case-based projects

300

Students introduced to
Alts industry through
information sessions

20

Hours of coursework
focused on alternatives
per student

12

Case studies
researched and
presented by Fellows

Awareness provides high-potential students with more career options

The financial services industry provides very little transparency for roles and careers beyond sell-side investment banking. Less than 3% of Fellows believed they had the proper awareness and resources to access career opportunities in alternative investments before joining AltFinance.

Meet Nia



NIA PHIPPS
SPELMAN COLLEGE '24
ECONOMICS MAJOR

INTERN AT OAKTREE
2022 & 2023

"I had no idea what alternative investments were until I met the team at AltFinance on Spelman's campus. Their passion for bringing Black students into the industry really inspired me to get involved. The AltFinance Fellowship provided me with numerous training experiences – both in group settings with other students and in one-on-one sessions with my coaches. AltFinance also provides us with so many resources that allow us to prepare for interviews and practice the skills needed for these types of careers on our own time.

In less than a year, I have learned so much about investment and non-investment careers in the industry. As a leader on campus, I share these experiences with other women who are thinking about careers in finance. Dozens of my classmates ask me about my experiences and how to prepare for the alternative industry."

3 Key Takeaways

- **Alternative investment firms need to establish relationships with HBCUs to promote brand awareness and career development.**
- **Academic curriculum needs to introduce alts and investment concepts in freshman and sophomore years to prepare students for pipeline internships.**
- **Students need guidance from upperclassmen on resources, tools, and timing for investment opportunities.**

Expanding Networks

We leverage our academic and professional networks to engage and recruit HBCU students for careers in the alternative investment ecosystem.

Our Fellows have access to resources to prepare them for highly-competitive roles in alternative investments. They are prepared for analyst recruiting and well-positioned for roles further along in their careers. AltFinance Fellows receive:

- Technical sessions with 1-on-1 coaching
- Mentor program with partner firms
- Interview preparation for internships and full-time roles

250+

Coaching hours on
technical concepts and
skills training

70+

Mentors from
alternative investment
firms working with
Fellows

200+

Interviews secured by
Fellows for roles in
alternatives

Strong networks create opportunities and galvanize staying power

Networks are critical to the flow of information to create opportunities in the alternatives industry. More importantly, strong networks support higher levels of confidence and improve the performance of well-prepared candidates.

Meet Kareem



KAREEM MICHEL
MOREHOUSE COLLEGE '23
ECONOMICS MAJOR

FULL-TIME AT ARES
2023

“Having a mentor through the AltFinance Fellowship has really been very helpful in terms of understanding the recruiting landscape and learning how to secure a job in alternatives. I connect with my mentor once or twice a month, and we’ve built a relationship that has been invaluable for helping me know what to expect for interviews and how to exceed expectations on the job. I look forward to continuing this mentorship post-graduation too – and will rely on his advice and support throughout my career.

This business is very difficult to navigate without knowing people in the industry. AltFinance helps students meet professionals who give you perspectives that you only get from people working in the business.”

3 Key Takeaways

- Students should leverage networks to gain information about the recruiting process and improve their understanding of expectations for the interview process and on the job.
- Alternative firms can use informal information sessions to help candidates build rapport with current professionals.
- Alternative firms need to empower current professionals to engage in mentoring and volunteering to promote the firm’s brand and relationship-building with potential talent.

Partnering for Sustainability

We partner with HBCU stakeholders to increase capacity in investment education and support student matriculation.

Our Scholarship Fund provides a mix of merit, need-based, and capacity-building funding. Our scholarships de-risk students' pursuit of trajectory-changing careers, and our institutional grants support growth and sustainability in HBCU business programs. Our Scholarship Fund supports:

- Fellowship scholarships
- Institutional Grants
- Emergency Grants

\$9.2K \$678K \$2M

Average Unmet
Financial Need of
Fellows with need

Scholarship Dollars
Distributed in 2022

Institutional Grants
Distributed

Building a pipeline of future investors requires investment

There are several hidden costs to starting a career in investments - including access to resources and technology, travel cost for networking, and development for faculty. These costs are often borne by students and their schools.

Meet Marshall



MARSHALL WILLIAMS
HOWARD UNIVERSITY '24
FINANCE MAJOR

INTERN AT CARLYLE
2023

"The AltFinance Scholarship was critical for me to participate in the AltFinance Fellowship. Because of my financial need, I was planning to graduate early and enter a different career field. Instead, the AltFinance Scholarship allowed me to continue my education, take some additional courses at my school, as well as enrich myself by working toward a more exciting career opportunity in alternatives. AltFinance has been a great help in that way.

In addition to scholarship dollars, AltFinance's contribution to Howard University School of Business provides me and students that come after me with access to resources that will reinforce learning, ultimately helping us become more competitive. In my time at Howard, I've benefited greatly from being a student manager of Bloomberg Lab, and I deeply appreciate extracurricular resources to support my learning and understanding of the investment industry."

3 Key Takeaways

- Relocation and other costs related to summer internships can be burdensome and not covered by financial aid packages.
- Business and economic departments benefit greatly from non-discretionary funds to support student experiences and extracurricular activities.
- HBCUs need access to modern tools, resources, and infrastructure to attract and retain innovative students and faculty.

Next Steps

Building upon a great start to advance our mission

This Insights Report is an annual tool to measure our progress - a way for our organization to track its impact and improvements over time. This section outlines our strategy for continuing the good work done so far.

01 ————— Grow Fellowship Program

AltFinance will welcome its third Fellowship Cohort in Summer 2023. This Cohort will include the 100th student in the Program.

02 ————— Launch AltFinance Institute

The launch of the AltFinance Institute will scale our impact across dozens of HBCUs, providing top-tier educational and networking resources to any HBCU student interested in a career in finance and investing.

03 ————— Expand Partnerships

AltFinance will expand its partnerships with both leading alternative investment firms and HBCUs to expose more students to more people and opportunities in alternatives.

AltFinance Institute

Building investment acumen through community, curricula, and resources

The AltFinance Institute will provide access to industry-specific instruction and tools from The Wharton School to help build a deep understanding of finance and the investment industry for students majoring in any academic discipline.

COMMUNITY:

Build a culture of finance and investing for all HBCU students, through access to newsletters, speakers, community challenges, and career guidance

CURRICULA:

Develop curriculum to increase confidence, skills, and knowledge to succeed in finance. Designed for all audiences with content covering personal finance to private equity. Certificates will be offered upon completion of various courses

TOOLS AND RESOURCES:

Provide access to instructional courses and resources targeting students and faculty conducting academic research, financial/economic analysis, or career prep



Key Demographics

In Year 1, AltFinance has reached HBCU students with diverse backgrounds and experiences, providing them with access to opportunities in the alternatives industry.

73

Fellows from eight partner HBCUs

3.7

Average GPA

45%

Women

60%

Prior Investment Experience

20+

Home States

70%

Business/Economics/Finance
Majors

Board and Team

Board

Trey Pruitt - Chair
Ares Management Corp.

Michelle Armstrong
Ares Management Corp.

Heather Berger
Apollo Global Management

Milwood Hobbs Jr.
Oaktree Capital Management

Jerilyn McAniff
Oaktree Capital Management

Jonathan Simon
Apollo Global Management

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President & CEO

Leslie Espy
VP, Strategy & Operations

Rachel Ward
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Dan Young, PhD
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(Wharton)


Kristin Weaver
Program Assoc., AltFinance Institute
(Wharton)

Jose Guzman
Program Director, AltFinance Fellowship
(MLT)

Damion Douglas
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