



KKR Releases “An Alternative Perspective: Past, Present, and Future”

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New Report Highlights the Private Alternatives Sector’s Expansion Beyond Private Equity and Potential for Future Growth

NEW YORK--(BUSINESS WIRE)-- KKR, a leading global investment firm, today released “An Alternative Perspective: Past, Present, and Future,” a new *Insights* piece by Henry McVey, CIO of KKR’s Balance Sheet and Head of Global Macro and Asset Allocation (GMAA).

In the report, McVey and his team chart the evolution of the Private Alternatives market from its cottage industry roots in the 1970s to today’s sizeable global footprint. They also discuss why they believe disciplined portfolio construction is critical to ensuring that the Alternatives industry can deliver compelling returns as it continues to grow and scale. As such, they emphasize the importance of consistent deployment pacing and vintage diversification, managing concentration and liquidity risk, and understanding sector and factor biases.

“As we look ahead, we think that the future of Alternatives is a bright one, with many areas of opportunity for growth. However, we strongly believe that the Alternatives industry needs to evolve in several areas to ensure that it fulfills its promise to deliver above-average performance. Scale begets scale, but it does not guarantee superior performance. We think that sharpening one’s understanding of portfolio construction with and without Alternatives, and across the different categories of such investments, will be increasingly essential to building robust portfolios for the decades ahead,” said McVey.

McVey and his team discuss how Private Alternatives can help to close the global gap in retirement savings shortfalls, which the World Economic Forum currently estimates to be around \$70 trillion.¹ In addition, given the amount of debt that many developed market economies have taken on in recent years, they believe that private capital will be needed for key areas of economic investment, especially Infrastructure. Against this backdrop, McVey and his team believe that the Private Alternatives market is likely to surpass the current estimate of \$24 trillion by 2028 for the following key reasons:

- Further growth in allocations from Sovereign Wealth Funds, which have already increased exposure to private markets from around 16% in 2016 to around 26% in 2024.
- Individual investors increasingly embracing the use of Alternatives, with estimates suggesting that an additional \$1 trillion in retail assets could be invested in Alternatives over the next five years.
- Growing appetite from insurance balance sheets as CIOs increasingly focus on leveraging both liquid and illiquid allocations to build more resilient, ‘all-weather’ portfolios.
- Rising private market demand in Asia, which is the fastest growing region for Private Alternatives globally.
- The segmentation of Private Equity into more targeted offerings that appeal to a greater number of allocators and result in greater flows into the asset class.
- The expansion of Private Credit beyond Direct Lending, including the growth of Asset-Based Finance.
- The need for private capital to finance the global energy transition, including renewable energy development and brown-to-green transformations.
- New product innovation expanding the definition of the Alternatives market, including the rise of “insurance as an asset class,” which enables direct investments into reinsurance deals.

In addition to the above insights on growth and portfolio construction, the report also reflects on trends in the Private Alternatives industry, sheds light on the different return, risk, and diversification benefits of Private Alternatives strategies, and discusses the potential risks that could affect these asset classes.

- To read the latest Insights, click [here](#).
- To read the 2024 Macro Mid-Year Global Macro Outlook, click [here](#).
- For an archive of previous publications please visit <https://www.kkr.com/insights>.

About Henry McVey

Henry H. McVey joined KKR in 2011 and is Head of the Global Macro, Balance Sheet and Risk team. Mr. McVey also serves as Chief Investment Officer for the Firm’s Balance Sheet, oversees Firmwide Market Risk at KKR, and co-heads KKR’s Strategic Partnership Initiative. As part of these roles, he sits on the Firm’s Global Operating Committee and the Risk & Operations Committee. Prior to joining KKR, Mr. McVey was a Managing Director, Lead Portfolio Manager and Head of Global Macro and Asset Allocation at Morgan Stanley Investment Management (MSIM). Learn more about Mr. McVey [here](#).

About KKR

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¹ World Economic Forum – Longevity Economy: Financial Resilience for Every Generation

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