



## KKR Releases “China: A Visit to the Epicenter” by Henry H. McVey

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New Macro Report Delves into Country in Transition

NEW YORK--(BUSINESS WIRE)-- KKR today announced the release of China: A Visit to the Epicenter, a new macro Insights piece by Henry McVey, Head of Global Macro and Asset Allocation (GMAA), wherein McVey and Frances Lim, who leads the team’s efforts in Asia, provide their outlook on China’s evolving role in the global economy.

“A recent trip to China reminded us why so many investors now consider China the ‘epicenter’ of global macro trends,” Henry McVey says. “In addition to accounting for nearly one-third of the global growth, the country is also in a heated trade dispute with the United States. Without question, it is not sitting idle, and we saw visible signs of change in both monetary and fiscal policies during our visit. Overall, we believe that the current trade wars will only accelerate China’s shift away from an export economy dependent on global trade towards a more self-reliant consumer services economy that is gaining prominence, particularly within Asia.”

In this latest report, Henry McVey and Frances Lim delve into the following four key areas of rapid change within the Chinese economy that they believe are potentially most important for investors to better understand:

- The escalation of trade barriers between the U.S. and China and their undeniable attack on the traditional global supply chain.
- Secular growth trends within the rising Asian millennial generation, the Chinese one in particular.
- The evolution of e-commerce in China, which is dramatically more abrupt than what is occurring in other parts of the global economy.
- Diverging macro data trends in China. While aggregate GDP statistics in China look fine, they are masking major disparities that can be uncovered in the underlying sector data.

From an investment standpoint, the report details how these macro themes factor into the GMAA team’s support of capital deployment in areas such as leisure, wellness, services (environmental, healthcare, and financial), healthy food and food safety. They also influence the team’s cautious view on branded consumer goods, global supply chains, and logistic plays that do not interface with the customer or can be disintermediated by the growing influence of Baidu, Alibaba, and Tencent. Finally, the GMAA team asserts now is the time to be thoughtful in terms of allocating to globally integrated industries such as autos as well as high-end technology.

Links to access this report as well as an archive of Henry McVey's previous publications follow:

- To read the latest Insights: click [here](#).
- To download a PDF version: click [here](#).
- To download the KKR Insights app [for iOS click here](#), and [for Android click here](#).
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### About Henry McVey

Henry H. McVey joined KKR in 2011 and is Head of the Global Macro and Asset Allocation team. Mr. McVey also serves as Chief Investment Officer for the Firm’s Balance Sheet, oversees Firmwide Market Risk, and co-heads KKR’s Strategic Partnership Initiative (KSPI). As part of these roles, he sits on the Firm’s Investment Management & Distribution 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). Earlier in his career he was a portfolio manager at Fortress Investment Group and chief U.S. investment strategist for Morgan Stanley. While at Morgan Stanley, Mr. McVey was also a member of the asset allocation committee and was the top-ranked asset management and brokerage analyst by Institutional Investor for four consecutive years before becoming the firm’s strategist in January 2004. He earned his B.A. from the University of Virginia and an M.B.A. from the Wharton School of the University of Pennsylvania. Mr. McVey is a member of the TEAK Fellowship Board of Trustees after previously serving as co-chair of the board for five years. Mr. McVey is also a member of the Pritzker Foundation Investment Committee, a board member of the University of Virginia Investment Management Company (UVIMCO), a member of the national advisory board for the Jefferson Scholarship at the University of Virginia, and a member of the Council on Foreign Relations.

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