



## KKR's Henry McVey Says Leading Family Offices Plan to Allocate More to Alternatives in 2024

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*New Asset Allocation Report Based on Proprietary Survey Highlights the Growth Ambitions of Family Offices*

NEW YORK--(BUSINESS WIRE)-- KKR, a leading global investment firm, today released "Loud and Clear," a new *Insights* piece by Henry McVey, CIO of KKR's Balance Sheet and Head of Global Macro and Asset Allocation (GMAA).

Based on a proprietary survey of more than 75 Chief Investment Officers (CIOs) who oversee over three billion dollars in assets, on average, the report examines how family office CIOs are leveraging their longer-term focus and owner/operator mentality to create a sustainable competitive advantage.

*"We hear the message 'Loud and Clear' that this segment of the market is changing – and for the better," said McVey. "These investors are diversifying across asset classes, and as they mature, they are getting better at harnessing the value of the illiquidity premium to compound capital. They are also using better hedging techniques and increasing both their desire and ability to lean into dislocations, strengths that we believe will position them to be at the winner's table at the end of this cycle."*

In the report, McVey notes several key parallels between the asset allocation objectives of KKR's Balance Sheet and those of the surveyed CIOs. These include a focus on compounding capital in a tax efficient manner to build wealth and investing behind key themes such as supply chain disruption, industrial automation, artificial intelligence and the 'security of everything.' Other key takeaways from the survey included:

- Family offices are allocating more to Alternatives, with 52 percent of assets allocated to Alternatives on average, up 200 basis points since 2020.
- Within Alternatives, there is meaningful diversification including a significant jump in allocations to Real Assets.
- Cash positions are still high at nine percent, which further confirms our thesis that many investors are under-risked for today's markets.
- Family offices are planning to allocate more to Private Credit, Infrastructure and Private Equity at the expense of Public Equities and Cash.
- We continue to see notable bifurcation in the asset allocation approaches between family offices set up within the last five years and those that had already scaled before COVID, with more seasoned family offices typically holding less cash and allocating more to Private Equity.
- There are pronounced regional differences in asset allocation. U.S. family offices allocated less to traditional Private Equity compared to counterparts in Latin America, Asia and Europe, while Asia-based family offices had relatively heavy allocations to Real Estate.
- CIOs are going against the grain to find value-based private market opportunities, especially in the Oil & Gas and Industrial sectors.
- Geopolitics is eclipsing inflation as the main concern for CIOs, with more than 40% of respondents identifying geopolitics as the single most important risk today.
- There is growing concern that more resources are required to support both the growth in assets under management and the increase in diversification across asset classes.

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

- To read the latest *Insights*, click [here](#).
- To access the 2020 Family Capital survey, click [here](#).
- For an archive of previous publications please visit [www.KKRInsights.com](http://www.KKRInsights.com).

### 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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*KKR's Balance Sheet refers to that portion of KKR's corporate balance sheet that is primarily used to support KKR's asset management business, including the general partners of KKR's investment funds and other controlling interests.*

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