KKR’s Henry McVey: “We Remain in an ‘Adult Swim Only’ Investment Environment”

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New Mid-Year Report Discusses Global Macro Trends

NEW YORK--(BUSINESS WIRE)-- KKR, a leading global investment firm, today released Adult Swim Only: Mid-Year Update, a new mid-year global macro trends report by Henry H. McVey, KKR’s Head of Global Macro and Asset Allocation (“GMAA”).

“It definitely feels like 2016 has emerged as a year of ‘Adult Swim Only,’” Henry McVey said. “Markets have cut a wide swath so far this year, enticing investors to buy and/or sell often at what was – in hindsight – likely the time to do the exact opposite of what one’s emotional core was suggesting. We stick to our base case that we remain in an ‘Adult Swim Only’ investment environment, as we see more asynchronous growth ahead. Against this backdrop, however, we still see significant opportunity.”

Highlights from the report include:

1. Despite the negative overhang of Brexit, we are not yet calling for a recession and/or bear market. However, we still see more limited upside to financial asset appreciation than in prior years – and with higher volatility.
2. Given the shift towards negative interest rates and ongoing and intensifying regulation of the banks, we are seeing a major spike in opportunities in the mezzanine and asset-based lending areas of the global economy, Europe in particular.
3. More than ever, we feel confident about our outsized bet across Private Credit.
4. We continue to favor Real Assets with yield and growth, but we also think that certain commodities are bottoming.
5. We no longer see any rate increases in 2016, which also has implications for the U.S. dollar.
6. The investment community now better appreciates that there are limits to central bank intervention, negative rates in particular.

Links to access this note 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 on iTunes: click here.
- For an archive of previous publications of Insights and Thoughts From the Road: click here.

About Henry McVey

Henry H. McVey (New York) 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. 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). Prior to that, 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 the top ranked asset management and brokerage analyst by Institutional Investor for four consecutive years before becoming the firm's strategist. 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 serves as co-chair of the TEAK Fellowship board of trustees and is a member of the Pritzker Foundation and Lincoln Center Investment Committees.

About KKR

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