



KKR's Henry McVey Says We Have Entered a Pivotal Period for Endowment and Foundation CIOs

September 28, 2022

New Macro Report Based on Proprietary Survey Highlights the Potential Need for a New Approach to Asset Allocation and Business Development

NEW YORK--(BUSINESS WIRE)-- KKR, a leading global investment firm, today released "The Times They Are A-Changin'," 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 as well as interviews with Chief Investment Officers (CIOs) who oversee hundreds of billions of dollars in assets under management, the report examines how endowment and foundation (E&F) CIOs are approaching asset allocation in today's complex and evolving macroeconomic environment. McVey explains that an impending macroeconomic and geopolitical regime change will require CIOs to reassess their approach to asset allocation in order to maintain the strong performance that they have been able to deliver over the past several years:

"Now is the time for all of us with ties to the E&F community to take a step back and recognize that, 'the times they are a-changin'," said McVey. "To maintain the superior investment performance their boards desire and constituents need, especially given their new heft and scale, we believe that CIOs will need to consider a new approach that involves increasing diversification across investment products, including Real Assets, as well as implementing a more holistic emphasis on portfolio construction, technological prowess, and risk management."

Key takeaways from the report include:

- Substantial asset growth, fueled by strong performance and inflows has created a need for more investment "infrastructure", including additional staffing.
- Many E&F CIOs are likely over-allocated to earlier-stage, higher beta, longer duration equity investments at a time when performance and realizations are poised to slow.
- There is a growing focus on illiquid investments, and particularly those that provide more upfront yield, including Real Estate, Private Credit and select Private Equity. All told, surveyed CIOs planned to boost illiquid investments to 55% of total plan assets within three years, compared to just 34% for many of the benchmark E&F industry studies we reviewed.
- CIOs are considering meaningfully growing their Real Assets portfolios as they look to position themselves for a high inflation, lower real growth environment.
- Hedge Funds and Private Equity remain the E&F community's favorite illiquid and semi-liquid asset classes.
- CIOs are focused on incorporating ESG considerations throughout their investment processes and 70% acknowledged that ESG considerations were impacting their current and future investments.
- CIOs believe that we are in an era of innovation and are investing behind high conviction themes including AI efficiency, automation, cybersecurity, biotechnology and crypto/blockchain.
- Inflation is the number one macroeconomic concern for CIOs.

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 download a PDF version, click [here](#).
- For an archive of previous publications please visit 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 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). Learn more about Mr. McVey [here](#).

About KKR

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Source: KKR