KKR Releases “Europe: Complexity Rules” by Henry H. McVey

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New Macro Report Reviews Potential Investment Opportunities and Risks in the Region

NEW YORK--(BUSINESS WIRE)-- KKR, a leading global investment firm, today announced the release of Europe: Complexity Rules, a new macro Insights piece by Henry H. McVey, KKR’s Head of Global Macro and Asset Allocation (“GMAA”).

“Given the recent political uncertainty in Europe, our most recent macro deep-dive underscored the significant cross-currents that investors must consider when allocating capital to the region,” Henry McVey said. “On the one hand, we are likely more optimistic than the consensus on GDP growth in the near term, reflecting the reality that heightened political uncertainty has not yet derailed the region’s surprisingly strong economic recovery. On the other, our macroeconomic framework raises some perplexing questions about the EU under its current construct, including substantial structural strains created by the existing monetary union as well as swelling populist concerns about immigration. With these macro factors in mind, our asset allocation recommendation is for moderate pacing, embracing complexity, and regional diversification.”

In his latest report, Henry McVey outlines several investment conclusions from his trip:

1. Despite significant political uncertainty – and almost in spite of itself – European GDP continues to chug along at a steady clip.

2. Investors should continue to think about a European macro environment where consumption, particularly around experiences, remains compelling relative to overall trend growth.

3. Europe continues to barrel down the path of a two-tiered economy. Specifically, there is a large and growing dichotomy between Germany, with its strong growth, and the rest of Europe, Italy in particular.

4. Our discussions surrounding the banking sector lead us to remain constructive on both bank stocks and the assets banks are selling.

5. We believe that the underlying performance of European equities is potentially misunderstood by market participants.

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 for iOS click here, and for Android 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 and Asset Allocation team. Mr. McVey also serves as Chief Investment Officer for the Firm’s Balance Sheet and is Head of the Private Market and Balance Sheet Risk team. 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 Investment Committee. He is also 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 Corporate Leader Program.

About KKR

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