



KKR Releases “Diverging Paths” by Henry H. McVey

March 8, 2018

New Macro Outlook Piece Highlights Investment Shift Away from U.S. and Increased Confidence in Europe and Asia

NEW YORK--(BUSINESS WIRE)-- KKR today announced the release of a new macro Insights piece by Henry McVey, Head of Global Macro and Asset Allocation (GMAA). In Diverging Paths, McVey and his team outline the many compelling opportunities in global asset allocation that they are seeing abroad.

“While many of the conversations we are having with investors in the U.S. these days are championing the merits of more U.S.-centric strategies, this approach does not seem to dovetail well with the way we are seeing the world in terms of asset allocation,” Henry McVey said. “To be sure, we believe that the recent tax cuts are constructive for the positioning of U.S. corporations and we fully appreciate that sentiment across both consumers and executives in the U.S. toward the future is booming. Nonetheless, as we position our portfolio for the later stages of the economic recovery, our shift in relative value is weighted towards non-U.S. assets.”

In his latest report, Henry McVey and his team share the following insights from recent trips to Europe and Asia that support their geographical bet as well as asset allocation preferences:

- Central bank policy is less hawkish outside of the U.S. (e.g. Japan and Europe), which makes it easier to lock in low-cost liabilities – a key macro priority for us in 2018.
- Corporations in both Europe and Asia are benefitting more directly from our belief that China has already crashed in nominal terms.
- Our quantitative models for both European growth and Emerging Market Public Equity outperformance both suggest favorable outcomes for investors.
- Both Europe and Asia have emerged as elegant plays on two of our most important macro themes: ‘Deconglomeratization’ and ‘Experiences over Things.’
- In addition, we see the fixed income ‘Illiquidity Premium,’ particularly in overseas markets, as a compelling feature to earn solid risk-adjusted returns in today’s low interest rate environment.

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](#).
- 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 oversees Firmwide Risk at KKR. 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 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. Henry 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 Corporate Leader Program.

About KKR

KKR is a leading global investment firm that manages multiple alternative asset classes, including private equity, energy, infrastructure, real estate and credit, with strategic manager partnerships that manage hedge funds. KKR aims to generate attractive investment returns for its fund

investors by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation with KKR portfolio companies. KKR invests its own capital alongside the capital it manages for fund investors and provides financing solutions and investment opportunities through its capital markets business. References to KKR's investments may include the activities of its sponsored funds. For additional information about KKR & Co. L.P. (NYSE: KKR), please visit KKR's website at www.kkr.com and on Twitter @KKR_Co.

The views expressed in the report and summarized herein are the personal views of Henry McVey of KKR and do not necessarily reflect the views of KKR or the strategies and products that KKR offers or invests. This release contains projections or other forward-looking statements, which are based on beliefs, assumptions and expectations that may change as a result of many possible events or factors. If a change occurs, actual results may vary materially from those expressed in the forward-looking statements. All forward-looking statements speak only as of the date such statements are made, and neither KKR nor Mr. McVey assumes any duty to update such statements except as required by law.

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KKR
Kristi Huller or Cara Kleiman Major
212-750-8300
media@kk.com

Source: KKR