



Capital Group and KKR Form Exclusive Strategic Partnership to Create Public-Private Investment Solutions

May 23, 2024

LOS ANGELES and NEW YORK, May 23, 2024 /PRNewswire/ -- Leading global investment firms, Capital Group and KKR, today announced an exclusive, strategic partnership to bring new ways for investors to incorporate alternative investments into their portfolios. Capital Group and KKR intend to make hybrid public-private markets investment solutions available to investors across multiple asset classes, geographies and channels. The first two strategies will be public-private fixed income offerings designed for financial professionals and their clients, which are expected to launch in the U.S. in 2025.

"Capital Group sees a real opportunity to deliver hybrid public-private market solutions for our clients," noted Capital Group President and CEO Mike Gitlin. "For over 90 years, we have been committed to delivering a strong long-term track record of excess returns for clients, overseeing \$2.6 trillion of which \$500 billion is in public fixed income. KKR is a leading and respected alternative asset manager with over \$500 billion in assets, with a proven track record managing over \$200 billion in credit. We believe combining our respective areas of expertise in strategies that are more liquid than standalone private credit can help our clients achieve their goals."

While alternatives have been available to high-net-worth individuals and accredited investors for some time, mass affluent investors, which represent more than 40% of the wealth market globally, have not historically had access to the asset class.¹ This combination of Capital Group and KKR opens the door for more financial professionals and their clients to access alternative investments as part of their portfolios.

Gitlin continued, "We will bring the strategies of a premium alternatives manager to our clients with a compelling fee and greater accessibility. Clients should think of this as 'the best of both worlds' – a hybrid investment solution that combines Capital's active management and long-term investment approach with KKR's private market expertise. We are entering this market, in strategic partnership with KKR, with long-term plans and aspirations. Listening to our clients' needs, we are confident that this will be the seed of a new platform, not just a product launch."

Global assets in alternatives have grown significantly over the last 20 years and it is estimated that individual wealth invested in alternatives is expected to grow 12% annually over the next decade.²

"Capital Group and KKR have highly complementary capabilities and similar cultures and together we are committed to delivering for clients," said Joe Bae and Scott Nuttall, Co-CEOs of KKR. "We believe individuals should have access to alternative investments and are thrilled to be partnering with Capital Group, which has world-class investment capabilities, strong client relationships and a leading sales and distribution network. We look forward to bringing these solutions to market and expanding our strategic partnership into additional asset classes and channels."

"We see interest in alternatives only continuing to grow over the next decade as wealth investors gain access to high quality investment solutions," said Eric Mogelof, Partner and Head of Global Client Solutions at KKR. "We are pleased with the momentum and growth that we've seen in our private wealth business and believe these new hybrid solutions

will be a strong complement to our existing platform and offer a compelling way to bring the benefits of alternatives to an even wider audience of investors across wealth and retirement who may not have had access to them historically."

Matt O'Connor, President of Capital Group's Client Group stated, "The investable universe has expanded. We are committed to creating a meaningful public-private category for the benefit of our clients over the long term. Financial professionals tell us that we can add more value by bringing a fuller set of solutions to their clients' portfolios and are looking to us to be their partner."

Gitlin continued, "Some of our clients want us to bring them a full investment solution including alternatives. Capital has been researching the broad alternatives market for the past two years and considered whether to buy, build or partner. Buying would disrupt our culture, building could distract our investment professionals, so partnering with a subject-matter expert to deliver a holistic investment solution for our clients was the best course of action. For many investors, private credit can be out of reach. The lens we used was a simple one – how can we help clients while staying true to our culture and maintaining our focus on what we do best."

Solution details will be announced later this year.

About Capital Group

Capital Group has been singularly focused on delivering superior investment results for long-term investors using high-conviction portfolios, rigorous research, and individual accountability since 1931.

As of March 30, 2024, Capital Group manages more than \$2.6 trillion in equity and fixed income assets for millions of individuals around the world. Capital Group manages equity assets through three investment groups. These groups make investment and proxy voting decisions independently. Fixed income investment professionals provide fixed income research and investment management across the Capital organization; however, for securities with equity characteristics, they act solely on behalf of one of the three equity investment groups.

For more information, visit <https://www.capitalgroup.com/about-us.html.html>.

About KKR

KKR is a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of Global Atlantic Financial Group. References to KKR's investments may include the activities of its sponsored funds and insurance subsidiaries. For additional information about KKR & Co. Inc. (NYSE: **KKR**), please visit KKR's website

at <https://kkf.com>. For additional information about Global Atlantic Financial Group, please visit Global Atlantic Financial Group's website at <https://www.globalatlantic.com/>.

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¹ PWC Asset and wealth management revolution 2023: The new context

² Bain & Co 2023 Global Private Equity

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