

**Conference Title: KKR 2024 Investor Day**

**Date: Wednesday, 10th April 2024**

Speaker: Please welcome Partner, Head of Investor Relations, Craig Larson.

Craig Larson: Good morning, everybody. My name's Craig Larson. I'm Head of Investor Relations and Partner at the firm. Thank you everybody for joining us. Everybody in the room here, a special thank you to all of our out-of-town guests who come to New York to join us in person. And then welcome everybody who's joining us globally through the live webcast. Now, before we begin in earnest, I do get to first review our legal disclosure page here. So, our presentations today will contain forward looking statements which do not guarantee future events or performance and actual results may differ materially. We will be referring to non-GAAP measures over the course of the presentations that are reconciled to the most directly comparable GAAP figures. Those are in the presentation and also on our website. And the presentation materials contain other important information about forward looking statements, non-GAAP measures and other legal disclosures. And for the further discussion of some of the risks that could affect results, please also refer to the risk factor sections in our 10-K as well as other SEC filings for additional cautionary factors.

So, we're excited to be here. It's actually been really fun for us preparing for this event because it's given all of us internally the opportunity to look back and reflect on all of the growth and development across KKR. And perhaps even more importantly, it's given all of us the opportunity to look back and think about all of the hard work, all of the business building and all of the investment that's taken place back into the firm that positions us so well as we think about KKR going forward. Before us here you see our agenda. You're going to be hearing from many members of our senior team who are here on a global basis. I'm sure you'll gain a very good sense of the enthusiasm that we all have as a team. In terms of the morning sessions, you'll see that that should take us up to right about 11 o'clock, at which point we plan to have a 15-minute

break, and that will lead right into a conversation with Henry Kravis and Henry McVey. That's one of the sessions I know many of us are most looking forward to.

And then four additional items before we begin in earnest. First, please everybody save your questions. You'll see at the end we have a separate Q&A session scheduled with Joe and Scott. Secondly, as it relates to lunch, everybody here in the room, we're hoping you'll be able to join us for lunch. Lunch is going to be held in the room that's right behind us here behind the glass doors. You're going to see a whole series of tables of senior KKR folks at each of those tables. And we've sprinkled in the equity research community across those tables hopefully to help spur conversation and dialogue. Third, we do have a gift for everybody, a small thank you for attending. You see on this page a picture of The Edge observation deck. The Edge is a hundred floors above us at 30 Hudson Yards. The Edge is actually an investment in our credit business and partnership with our real estate franchise. So, we do have a gift certificate for everybody that includes an annual pass to go to The Edge, as well as for those of you who are a little more adventurous, tickets for what is called City Climb. Again, for those of you who are more adventurous. So, at the end of lunch, please go downstairs and you'll receive that gift certificate at the check-in desk where you registered this morning.

And then finally to hopefully make things a little more engaging, we have asked everybody for a snippet of their favorite song. So, for those music aficionados in the room, we have some walkup music for all of our presenters for you to enjoy. As we think more broadly about an area for us like music publishing, we do think of music publishing as an example of an area, honestly, that five or six years ago was probably not thought of as being a mainstream opportunity for our credit franchise. It's actually been a really interesting area for our credit business. And it's just one example of how our opportunity set as a firm has continued to expand. That's another theme that you're going to hear over the course of the day. Now, before Scott and Joe come on stage, Scott and Joe have a presentation that's focused very much on the go forward, we thought it made sense for me to level set for a few slides to help review how we got to where we are today. And

as I mentioned, you've seen a lot of growth across KKR. Lot of that growth really began on the heels of the global financial crisis and that happened to correspond to when KKR was first listed on the New York Stock Exchange in the middle of 2010.

So, if you go back in time and look to where KKR was in 2010, we had 13 offices. If you look at where we are today, we have 25 offices. We've gone global. It's interesting looking at that footprint, only six of those 25 offices for us are in the United States. And if you include the incremental nine offices from Global Atlantic, we've gone from 13 to 33 offices over this timeframe. Alongside that global expansion, you've seen of course a meaningful expansion in terms of our products and strategies. So, this was where we were in 2010. We had four investing businesses, a very private equity centric group of business lines. And if you compare that to where we are today, we are in over 40 businesses and strategies, meaningfully more diversified by strategy up and down the capital structure, again, on a global basis. Alongside of that, of course, you've seen a meaningful investment in our people and over the course of the presentations, you're going to hear all of our team members talk about the investments that we've made in all of our investment teams.

In addition to that the investments we've made, we've also meaningfully expanded our toolkit. So, a handful of areas across KKR that allow us to be better investors, that allow us to be better partners to our corporate clients. And of course, we've welcomed 1,550 employees from Global Atlantic at the same time. Now everybody in this room, everybody's in the results business. At KKR, we have a 48-year track record of delivering differentiated investment performance on behalf of our clients. Here you see gross performance figures across our recent mature funds. I think this picture says a lot by itself. It's also enhanced when you look at performance relative to the corresponding public benchmarks over time. And with the growth that we've had in our strategies alongside strong investment performance that allows you to earn the right to scale. So that again is something that we've seen. In 2010, we had \$60 billion of AUM round numbers.

You look at where we are today, we have \$550 billion of AUM at 12/31 at an 18% compound annual growth rate.

And I think if you look at the right-hand bar in isolation, we as a firm have become meaningfully more diversified than I think somebody would expect at the outset. And then this is actually one of my favorite slides. It shows our management fee profile. Of course, with the growth in AUM, you're going to see a growth in management fees, but this chart also says something that's unique about us and our positioning. So, if you think to what I said a moment ago, we have a 48-year track record. In our mind, we're the youngest 48-year-old firm you may meet because again, if you think of our evolution, we are now in 40 investment strategies. And it takes time. It takes time for these businesses to grow, build, and scale in a way that can really result in that interesting part of the inflection curve. And so, if you look at this trajectory for us, we have a wonderful foundation of management fees in a number of wonderfully solid industry leading businesses. And then we have this layering effect of all of these 40 strategies which are in the midst of that curve. And again, we think there's a lot of runway from here. You're going to hear more about this going forward.

And alongside of course of management fee growth, you see growth in a lot of our more bottom line metrics, Fee Related Earnings 7x what they were in 2010, our Adjusted Net Income 5x where we were in 2010. Again, that's recognizing last year was a very difficult monetization environment for us. And over this timeframe, we believe we've shown real leadership across our industry. We were the first of our peers to convert from a publicly traded partnership through to a C-Corp. I expect there are many of you in the room that'll remember that event. We think we've shown real leadership in the evolution in terms of financial disclosure and financial measures. After a very thoughtful review led by Henry Kravis and George Roberts, you also saw a very methodical smooth transition in day-to-day leadership at KKR. Joe Bae and Scott Nuttall were names Co-Presidents in 2017. They subsequently were named Co-CEOs in 2021 at the same

time that Henry and George were named Co-Executive Chairmen at KKR. And all along the way we've repurchased \$2.5 billion of stock at a weighted average purchase price of \$27 a share.

Now, there are a lot of very familiar faces in the room. For those of you who've been alongside of us for all of this journey, you've seen wonderful performance in our stock price. You've seen our share price increase from \$10 a share at July 15th, 2010 to \$101 per share as of last Friday. That's a 23% annualized total return meaningfully ahead of the S&P 500. And as we think of our performance since our last investor day, we actually have two thoughts. This first one is actually very important. It's simple, but it's important because in our view we have a demonstrated track record of doing and executing on what we tell you we're going to do. So, our last Investor Day was in April of 2021. That was shortly after we closed on the acquisition of Global Atlantic. And we reviewed with you a number of growth items that gave us the confidence to introduce a whole series of financial metrics and a whole bunch of guidance items. We gave a multi-year fundraising target. We gave guidance on Fee Related Earnings per share. Joe reviewed our infrastructure business. He gave an AUM target for our infrastructure platform and related gave a management fee estimate for our infrastructure platform.

In terms of all of those metrics, we met or exceeded all of those, some of those quite meaningfully. And importantly, that growth and development on those initiatives also helps position us as we look forward and build on all that we accomplished. And the second point that you note here is, again, 2010 on that trajectory, when we look relative to where we were in 2021, we've just seen growth continue to accelerate. Again, at that point, at year end of 2020, we had \$250 billion of AUM pro forma for Global Atlantic. You've seen our AUM increase from \$350 to \$550 billion of AUM. In this three-year period, again, three years you've seen meaningful growth. Our management fees more than doubled from a \$1.4 billion to over \$3 billion. Fee Related Earnings almost doubled in the three-year period from \$1.3 to \$2.4 billion. And embedded gains in the firm, which is an important statistic for us, as it helps gives a sense for the opportunities

that we'll have, see earnings growth from here increased 40% from \$9 billion to \$12.3 billion, again, during a period of which we all saw meaningful volatility.

So, in terms of our stock price, again since this investor day, our stocks increased from \$52 per share to 101. We're 2.6x the return of the S&P 500. And the other statistic we find interesting is if you went back to April 2021 in a very simple way, just looked at a PE multiple price to After-tax DE, at that point we were trading at 16.2x forward After-tax DE. You look at where we are today, we're trading at 16.6x. So, we've seen wonderful growth, we've seen wonderful equity value creation that has not been driven by multiple expansion. And again, this gives us confidence as we think about the go-forward, recognizing both the growth that we think we can deliver looking forward. And on top of that, the opportunity for our stock in the sector to rerate over time, in particular, as we believe over time will be more relevant to some of the larger indices. And so, with that, I'm very pleased to turn things over to our Co-CEOs, Scott Nuttall and Joe Bae, and I'm first going to turn the stage over to Scott.

Scott Nuttall: Thanks Craig. Welcome everybody. Thanks for joining us today. As you heard from Craig, we've had a lot of growth since we became a public company and since our last investor day. Joe and I want to end this presentation with you understanding this: we're just getting started. Despite all the growth, we have a lot of runway ahead of us and we've only just begun. And we think that's true in the near term and the long term. Let's talk near term first. We expect to raise over \$300 billion from 2024 through 2026 over the next three years. That compares to roughly \$270 billion that we raised in the last three years. And given the investment performance we've had, all of the growth that we've seen across the firm and that you're going to hear about today, the growth in Global Atlantic, the opportunity in private wealth, we feel very comfortable with this \$300 plus billion dollars number. And let's go through some financial metrics, targets for 2026. We expect Fee Related Earnings per share to be over \$4.50 in 2026, that implies a CAGR of about 20%. Our last three year CAGR has been about 21%. So consistent growth with what we've seen.

We're introducing a new target today, which is Total Operating Earnings per share. This is the most recurring portion of our earnings. So, this is a new metric for us. So, think Fee Related Earnings plus Insurance, plus Strategic Holdings Operating Income. We expect that to be over \$7 per share by 2026. And Adjusted Net Income per share, we expect to be in the \$7 to \$8 range and that's a CAGR of roughly 30% compared to the \$3.42 we posted last year. So, we're very comfortable with these numbers. And to be really clear, we have a lot of visibility on all this. This is all coming from what's already happening in the firm and investments in growth we've already made. But it's not just the near term that we're focused on. We're not just focused on the next three years, the next five years. We're focused on years six to 15 and beyond. And so, we've built KKR to grow EPS for a very long time at very attractive growth rates. As I mentioned, last year \$3.42 of Adjusted Net Income per share. We expect that number will be over \$15 per share in ten years or less. And as a reminder, we expect approximately 70% of those earnings to be recurring in nature, that Total Operating Earnings metric I mentioned on the prior slide.

So, it's not just the near term, it's the mid term and the long term that we're focused on, and we think we've positioned ourselves to be able to make that happen. So that's the punchline on where we're going and why we feel like we're just getting started. But let's talk about why we have such confidence. In the near term, it's very clear. We can already see it and feel it happening in the firm. These businesses are growing. You'll see a number of charts up and to the right today. We've got a lot of momentum across everything that we're seeing in the firm. So, the confidence comes from several places. The near term straightforward next three to five years is already basically done with investments we've made and what's already happening. Beyond year five, we're positioning ourselves to be able to grow in a quantum level beyond that. And the confidence comes from several places. First, we're in a high growth industry and we've positioned ourselves where we want to be. So, the wind is at our back.

Second, we've been incredibly purposeful about building a business model that allows us to grow for the long term. We have three growth engines to drive recurring earnings. They all work together as you'll hear. And critically, all of this was built to be able to leverage our core strengths as a firm: investing acumen, capital allocation, and our collaborative culture. When we say purpose-built, we built this model to be able to leverage the culture that we've built at KKR. So, all of this gives us a lot of conviction, but it requires execution. And another main source of confidence is our team. We have a highly aligned and motivated team. As a reminder, people at KKR own over 30% of the stock. Let's talk about the team a bit. As you know, Henry, George, and Jerry Kohlberg founded the firm 48 years ago. Joe and I joined about 20 years in, so the four of us have been working together for the last 28 years. But one of the best things about today is you're going to get to see roughly 15 other members of our management team. This is a team that's a great combination of experience and runway. If you look at our heads of investing and distribution across the firm, average 15 years with KKR, but at the same time, most of the team is in their forties and early fifties.

We have immense confidence in this team and the people in the firm. And this is the team that wants to build KKR together for the next ten to 20 years. So, the point on runway, we expect to be together for a long time. But you need both great people and a great culture to drive the scale outcomes that we're talking about driving. You can see the left-hand side of this chart, these are the seven pillars of KKR's culture. This is the culture Henry and George put in place 48 years ago. We've kept this basic DNA in the firm. It is the DNA of KKR. It's what drives the place. We've been able to retain it as we've gone global and multi-asset class. It allows us to attract best in class talent. And to be clear, we still run KKR as one firm, one P&L, one compensation pool. It's a 'we' not 'I' place. Everybody helps each other. Relationships travel, ideas travel, lessons learned travel. It's a critical part of how we generate alpha. That allows us to drive collaboration and we can do more with fewer people across the firm. Ideas don't just travel, people do. So, people move to different parts of the firm, different geographies to start businesses and build new parts of the firm over time. It allows us to innovate. And as you'll hear,



it allows us to maximize the impact of our model. The bottom line is that our culture really facilitates our strategy and vision. It's the critical enabler of KKR and the model we're going to talk about today. So now we want to go a bit deeper on three sources of our confidence starting with our industry and markets. Joe.

Joe Bae: Thank you, Scott, and thank you all for being here with us this morning. So let me give you a little bit of context about the industry. You know, we're really blessed to be operating in what's fundamentally a high growth industry where we're focused on taking leadership positions in the segments of the market that we think have the greatest growth potential, not only over the next five years but ten to 20 years. As all of you know, the alternative asset management industry has been growing at a very healthy double digit rate and it's \$15 trillion in size today. And we expect that growth to continue into the future, roughly \$24 trillion by 2028. And that's because there's a lot of very interesting secular and macro tailwinds driving this growth. What Scott and I want to focus on today are four areas where we are purposefully building leadership positions, trying to create a competitive moat around our business in these particular areas. Let me start with Asia.

As all of you know, the Asia Pacific region today is one of the most dynamic parts of the world. Already the largest economic block globally representing around 60% of global GDP growth. And what's interesting for the alt space, it is also the geography where alts are the least penetrated, 9% relative to GDP in Asia versus 26% in the U.S. and 16% in Europe. And that creates enormous opportunity for us across private equity, real estate, infrastructure, and private credit. This is a part of the world where you have 820 million millennials, 12x the number that we have here in the United States. It's a population of 2.2 billion people with a rising middle class, very healthy urbanization trends, growing demand for value added services and goods. All a great backdrop for us to invest behind. We've seen the growth in our own business. We started our Asia business back in 2005. So, we've been at it for almost two decades now. Our business has grown in the last five years alone from \$18 billion of AUM to \$65 billion of AUM. So, we're the

largest private equity player in Asia today. We're the largest infrastructure player today and we have very rapidly growing real estate and credit platforms in the region.

Our scale is unmatched in this part of the world. We have 570 executives on the ground across nine regional offices. So, we're a highly localized business in this marketplace. And we have \$40 billion invested since we started. And our success in the region has been well recognized by our peers. This past year in 2023, we won for the eighth consecutive year, Large Cap Manager in Asia. Within the Asia context, there's a really exciting opportunity that is emerging where, again, we have been building a position to really capture this going forward. And that's Japan. Obviously, an enormous economy, fourth largest economy in the world, second largest savings market in the world in terms of life and annuity products, third largest real estate market in the world. And this is a market where we have true leadership. Almost 40% of our capital in Asia is invested in Japan. And when you think about the opportunities for us to just take private equity, we've generated more alpha in this market than many other places for a lot of reasons that probably aren't obvious. It's low valuations, big conglomerate structures with a lot of non-core businesses, massive room for operational improvement in these companies when we buy them, and a very low cost of capital. And that 9% private equity penetration in Asia is even lower in the Japanese market today.

I have two of my partners in town today, Gaurav Trehan and David Luboff who co-head our Asia business who are going to share more of this story with you later today. We also have Allan Levine, the CEO of Global Atlantic. We'll talk about the emerging opportunity we see in Japan for insurance.

The second mega trend that we've been building an incredible franchise behind is the explosive growth in the need for infrastructure investment globally. It's estimated that \$100 trillion needs to be invested between now and 2040. And that's for a lot of different fundamental macro drivers. As the global economy grows, especially in areas like Asia and the emerging markets, there's

going to be a tremendous need for traditional infrastructure. You think about transportation, roads, bridges, utilities, industrial infrastructure and social infrastructure like hospitals. This is a growth market globally. But what's new today are two new trends: energy transition and decarbonization. If the world is to meet its net zero emission targets by 2050, we are going to collectively need to invest \$7 trillion a year between now and 2050 to support the energy transition. Think about renewables, carbon capture, electrification. These are all major themes within our infrastructure business.

And third, the digitalization of the world. Computing power, digital connectivity, AI, it's driving an incredible opportunity set for us in terms of areas like data centers, fiber and towers. So, when you think about these mega trends and how that's impacting our business, you just have to look at the last five or six years alone. Our infrastructure business globally has scaled organically from \$13 billion in 2018 to \$59 billion today. It's our flagship Global Infra product. It's our recent leadership in Asia and infrastructure, our Core Infrastructure business, and most recently our climate fund that we're raising for the first time. And again, our platform globally in infrastructure is well recognized for its leadership and its leadership in the most important areas: in Asia, in energy transition, in digital transformation. Scott, back over to you.

Scott Nuttall: Great. The third mega theme we want to talk about really is back to the comment I made about having a lot of wind at our back. It's quite literally demographics. This chart shows you people age 65 and up around the world, suspected to double between now and 2050. But look at the right-hand side of the chart. This is just U.S. pensioners' data. The beginning of this chart, is about when KKR was founded. So, we've been around since 1976. You can see at that time roughly 40 million pensioners in the United States. At that time, 75% of them were in defined benefit plans. You can see on the chart it's grown to 100 million from the 40 million, the 75% has dropped to 12% over that period of time. The combination of the left-hand and right-hand sides of this chart are incredibly powerful for our business. We expect this to continue. This drives both our insurance and our private wealth businesses.

So, let's start with insurance. This is annuity issuance in the U.S. in 2020. As a reminder, we announced the Global Atlantic acquisition in summer of 2020. So, it gives you a sense of where we were. This is where we were last year. Individuals managing more of their own retirement wealth, investing more of annuities in a higher rate environment. We think this opportunity is immense in the United States, but as you'll hear, and Joe mentioned, it's significant in places like Japan as well where we see a lot of growth. But it's not just in insurance. This private wealth opportunity that we've talked about for a while is also benefiting meaningfully from this theme. Here's some data, here's how we look at it internally. If you look at global wealth, so combine institutional and individuals, you can see it's roughly \$337 trillion in 2022. And roughly 60% of that is in the hands of individuals. Estimates are that today, or in '22 anyway, 2% of that was in private wealth alts. So, call that \$4 trillion. Now by 2027, the \$337 trillion is expected to grow by about \$100 trillion in global wealth. And the 2% is expected to go to 6%. That means the \$4 becomes \$15 trillion. Said simply, it's an \$11 trillion growth opportunity for alternatives. And if you think back to the chart that Joe showed before, all of alts today is roughly \$15 trillion. So, this is a significant opportunity.

We expect a significant portion of the share of that \$11 trillion to go to scale players with brand and product and the team to be able to get after it. And we think we're really well-positioned to be a winner here. And we've built multiple ways to benefit as this theme plays out. Global Atlantic on the life and annuity side, K-Series, that's the term we use for our private wealth suite. So, the four main product areas of KKR each in this private wealth evergreen format. We have a direct team that calls on family office and ultra-high net worth. And we've been focused on ease of access, traditional funds, perpetual funds, co-invest. Basically, making it easy for people to invest with us individually around the world and across our product set. So, a lot of ways to grow around this theme, but let me give you a quick update on our K-Series. This is that private wealth suite I mentioned. It's early days. A bunch of these products we launched just last year. We're coming up on the first anniversary of our private wealth launch. We wanted to share the most

recent data. So, you can see end of '22, \$2.3 billion. Last year we raised about \$4 billion. And think of that as getting on more platforms, launching private equity and infrastructure, just getting going in different parts of the world.

If you look at what we've done year to date, \$2.8 billion. So, to be clear, that includes the first quarter and the April 1 subscription date. But we're seeing the momentum pick up. So, the \$2.3 has gone to about \$9 billion in a very short period of time and we're seeing increased momentum. And critically, the thesis that I laid out that we're really well-positioned to win is playing out in the market. The brand matters. Forty-eight years of experience matters, as does the fact we've invested a lot in product and team and we're across multiple different asset classes. So, we're really well-positioned to win here against that \$11 trillion opportunity.

The fourth mega theme we want to hit on is that the provision of global credit has changed since the financial crisis. You're going to hear later from my partner Chris Sheldon, who runs our credit business, about this in more detail. So, I'm going to hit this lightly. But a lot's been written about the fact that there's been a structural shift in some parts of credit away from the traditional banking model, but it's created a massive opportunity for firms like ours.

There's a desire for investors to have more risk-adjusted spread. Issuers want to have more certainty of execution; they want tailored terms. What that's meant for us is a meaningful change in the opportunity that we have. Global credit market's a \$40 trillion market and growing very rapidly. We've listed on the right-hand side a lot of the places that we participate, but let's just pick one, asset-based finance. These areas are very, very large. This is a \$5 trillion market today. It is larger than the direct lending market, leveraged loan, and high yield markets combined. It's expected to go to \$8 trillion by 2027, significant growth opportunity and very few scale players in this space of which we're one. But I could give examples like that for each of the line items on the right. We're seeing an immense opportunity here. And what that's meant for us

is a step function change in what our credit business can be in partnership with Global Atlantic. And just share some charts.

So, this is our total credit AUM, up 3x in less than four years. Leverage credit 3x, direct lending 2x, asset-based finance 8x, real estate credit 10x. So, this theme is driving a lot of growth across our credit platforms at KKR, both corporate and real estate. And it's made us a better partner to third party insurers. So, this is what's happened with our third party insurance AUM. It's also doubled over this less than a four-year period. And with Global Atlantic, we're extraordinarily well-positioned to keep winning here and keep seeing a lot of growth. Now we could have talked about ten more themes. We hit four, but we have a lot of these themes globally that are benefiting us. And so hopefully it gives you a sense for where that first pillar of our confidence comes from. But let's pivot to our second big source of confidence, which is our business model. As I mentioned, the next three to five years are already taken care of from a growth we already see inside the firm, investments we've already made. But what we're focused on is not just the next five years, we're focused on the next 20.

So, we've been incredibly purposeful about building our business model. And so, we want to share a little bit of background about how we got to the model that we're going to talk to you about today. So, as you've seen, we've grown meaningfully. AUM has grown a lot. Our market cap has gone from \$7 billion to \$90. And we think a lot of that growth in our value has come from our asset management business, growing AUM, diversifying the firm. But we've spent a lot of time on the fact that our job is quite different from here. We believe we're going to have a lot of growth in asset management, but we're going to need other ways to grow to be able to keep compounding at the level that we'd like. And that's what we've been putting in place for the last many years. And we talk a lot about the firm, how are we going to double again and then double again. And as you saw, a young management team, ideally be able to work together and double again. And so, we've looked at what we can learn from others in terms of how they've grown from size like ours today.

So, it's just some interesting data. I want to tell you a little bit of what we've been looking at inside the firm. There's roughly 4,900 public companies across the New York Stock Exchange and Nasdaq. 4,550 of them, give or take, have a market cap less than \$25 billion, roughly 360 have a market cap more than \$25 billion. This is where we are, roughly \$90 billion. This is where we want to go, \$200 plus. So, we've been studying what can we learn from companies that get above a certain size that we can apply to our business as we think out beyond the next five plus years. And we have a few observations to share with you. Once companies, especially financial services companies, get the \$50 billion market cap, their stock performance suffers. Investor returns become more anemic, their growth slows. And it's not just that. There are risks to scaling, right? Because you get incentive to get into more businesses, maybe those further from your core competency. You add a lot of people. When you add a lot of people, you get siloed. People start working not for the overall firm, but maybe for the group they're in. Risk management suffers. And we've all seen what happens on the back of that. And that's part of the reason that you've seen returns become anemic.

But there are firms that have managed to grow and compound into the hundreds of billions of market cap. And there are things you can learn from them. You can see it on the slide, there's an ability to permanently own and compound earnings. A lot of them have been able to do that. They have recurring revenue in high market share businesses, they're good at organic and inorganic growth and critically they're great at capital allocation. And so, we've been looking at what we can learn from those companies and those are the some of the things that we've learned. And the answer for us in terms of how do we get this right is this model on the slide. It's been intentionally created so that we can scale our market cap into the hundreds of billions of dollars and keep growing at very attractive annual growth rates and critically keep our culture while we do all that. And so, we're going to talk a lot today about these three growth engines and what you'll hear is they all work together, they feed each other, they feed off each other. And this model gives us a lot of conviction in scaling our net income to that \$15 plus dollars per share we

mentioned earlier. And part of the reason that we did this is we wanted to make sure we had a bigger addressable market to go after to use our capability set.

So, 2018 investor day, we might have talked about alternatives as a \$10 trillion market. Today, that's \$15 trillion give or take. If it was just that as our addressable market, the ability to compound into hundreds of billions would be much more difficult. But with adding Core and Core+ real estate strategies and infrastructure strategies, we've more than doubled that addressable market. With Global Atlantic, we've added this \$40 trillion corporate credit opportunity that has significantly expanded what we can do. And with Strategic Holdings, we think we're pretty unconstrained. So, when you put all that together, we have a dramatically expanded total addressable market for KKR. And we've built this model that I mentioned to be able to get after that addressable market and scale without a lot of constraints, with very few people at KKR relative to the impact that we can have. So, what you're going to hear over the course of today is what we expect from these three growth engines. We've got multiple paths in asset management to surpass \$1 trillion in the next five years. We believe despite all the growth we can double Global Atlantic again. And Strategic Holdings, we expect more than a \$1 billion dollars of annual operating earnings by 2030. So that's where you're going to hear from Joe and me for a bit now, is we're going to pivot to each of these engines and why are we so comfortable with the words on that slide. Joe?

Joe Bae: Thanks, Scott. So let me start with Asset Management. This is the segment of our business that you all in this room probably know the best. It's what KKR has been doing for nearly five decades. And our founders, Henry Kravis and George Roberts, were truly pioneers in this industry, building the private equity industry in the sixties and seventies. We've obviously expanded and diversified our investment platform meaningfully since then, but very few firms out there that have this track record and this level of experience investing in the alt space. We are truly a global firm today and we manage a little over \$550 billion. So, in the last 15 years alone, when you just focus on asset management, we've seen significant scaling of our business from



around \$62 billion back in 2010 to \$553 billion today, roughly an 18% CAGR in this segment. That growth has come obviously from geographic diversification as well as product diversification. So, if you look at that \$553 billion today, it's well diversified across different segments of the alts where we're working to be a top three player in everything we do.

It really takes four things in our minds to be a winner in the alt space as an asset manager. It all starts and ends with team and human capital. Scott's talked a lot about that already this morning. We're blessed to have a team of 2,700 people at KKR across 25 different offices, and with the addition of Global Atlantic, another 1,500 executives joining us. It also takes incredibly distinctive and unique origination capabilities to grow a platform like this. Over the last 50 years, we've built a lot of industry specialization, a lot of localization in different markets around the world, incredible networks of relationships in different industries with CEOs, with management teams, with boards to make sure we are a partner of choice, a trusted partner when they have something important to do either transactionally or from a financing standpoint. We've complemented our internal capabilities with a number of external platforms. We'll give you two examples. So, in the asset-based finance space and in real estate, we have 35 bespoke platforms around origination and servicing as you think about the different types of credit and the different types of real estate that we're seeking to pursue.

The third thing you really need to have in the asset management industry is a differentiated playbook on how you create value once you make these investments. Many of these investments are very long term: three, five, seven, ten years in time. And our job is not just to deploy capital but to create value in these businesses and investments consistently once we are the owner or the investor. And over the last 20 years, we've had to build different capabilities to make sure we maintain that competitive edge. I'll just touch on a couple here. You can hear a lot more about this from my partner during the course of the morning. KKR Global Institute, it's run by my partner, General David Petraeus. And his team advises each of our industry teams, our deal teams and country teams around geopolitical risk. That is an incredibly important skillset

and perspective to have if you're a global investor today. It's not just U.S.-China relationships, but government risk, trade risk anywhere in the world. A highly integrated part of the firm today.

KKR Capstone. It's a business and a capability we started building 20 years ago. This is our in-house operations team, over 100 executives that work hand in glove with our management teams and our deal teams around operational value creation in their companies, sourcing tech implementation, sales and marketing effectiveness. Again, you're going to hear a lot about that during the course of the day. And then Adam Smith, my partner, is here to talk about KKR Capital Markets, a business we started building 15 years ago to really source the most efficient capital for our company's debt and equity. So, in tough financing markets, we still have that edge that we can get transactions done, finance them flexibly with the most attractive cost of capital. And it's not just for today KKR transactions, but it's for third party transactions. And fourth, you need incredibly strong distribution capabilities to grow a business like Asset Management. We've made an outsized investment recently. In this area in the last five years, we have tripled our headcount and our distribution platform to nearly 300 executives at KKR. That is both in the institutional space as well as in the private wealth space more recently.

So, as we enter this supercycle of fundraising, which I'll talk about in a little bit, we are better positioned than ever with the right resources, the right coverage across both the institutional and the private wealth sectors. You know, Craig Larson stole the slide from me early this morning. It's one of my favorite slides. When you put those four pieces together, this is the result. You generate attractive, consistent alpha and performance for your partners. And that's particularly important relative to the public benchmarks that we get measured. And with performance, it gives you the right to scale, it gives you the right to continue growing. If you look at what we've done in the last three to four years since 2020, our private equity business has doubled in size organically. Our infrastructure platform has tripled in size. Our credit business has tripled in size and our real estate business, the youngest of our platforms, has grown 5x since 2020. But I don't want to confuse people. We're not in the business of asset gathering. That's not what we do.

We only want to compete as KKR in segments with large end markets where we legitimately have the conviction and the right to win and be a top three player in that segment.

There are plenty of areas within the alts industry that we do not participate in today because it does not fit these criteria. And to be a top three player, it takes time. This is not something you do overnight. In our experience, it takes ten plus years to truly scale a business and get the financial benefits of that scale. So let me walk you through a couple of examples. Infrastructure is a great case study for us. It's a business we started to build around 12, 13 years ago from a pretty low base. As you can see in 2011, we had around \$2 billion of AUM. It was a first-time fund. We were building the team. It was primarily a U.S. and European business at that time with a \$1 billion fund. Over time as we've invested capital wealth, return capital to our investors, we earned the right to raise Fund II, which was \$3 billion in size, then Fund III which was even bigger, and Fund IV. We also earned the right to build adjacent strategies, our Asia infrastructure business, our Core Infrastructure business, and most recently climate. So, infrastructure has gone from \$2 billion of AUM back in 2011 to \$59 billion of AUM today.

But that scaling, that inflection point was really around years nine, ten, 11. You can see a very similar fact pattern with credit. A business, again, in 2004 we were just \$1 billion dollars in AUM versus close to \$220 billion today. In the last three years we clearly had the benefit of the Global Atlantic acquisition giving us a much bigger presence in the marketplace. But you could see we've also diversified the product set that we're offering across leverage credit, asset-based finance, direct lending, et cetera. But a meaningful scaling opportunity over the long term. In real estate, we're just getting started on this journey. A little over the ten-year anniversary, but you're seeing the benefits of scale kick into our real estate business. This business today is roughly 50% equity and 50% debt. And even in private equity, the business that we have been in for nearly five decades, we have doubled the size of this business organically in the last five years. It's scaling our flagship products, it's incubating and growing newer growth equity funds that are

now into Fund II format, it's launching our first-time mid-market fund here in the United States and building the largest Core Private Equity business in the world.

So, when you think about KKR, one way to think about our asset management business is we've been very busy over the last ten to 15 years setting up these platforms. And these strategies are at different stages of development. Some are early stage in Fund I, some are developing, moving from Fund I to Fund II, some are maturing from Fund II to Fund III, and ultimately you reach that escape velocity and hit scale. So, we have over 40 strategies in the asset management space at KKR. Only six of those strategies today have reached that scale. So, what we get excited about is not what we accomplished over the last five years, but what we think we can accomplish organically in asset management over the next five to ten years. Only 50% of AUM today has hit that scale and 80% of our strategies are yet to hit that scale point. So, we have a lot of line of sight to growth. In the next 12 to 18 months, we are going to have 30 different strategies at KKR in the market raising capital including many of our flagship funds, U.S. private equity and Global Infrastructure, which is why we have so much confidence when we say we know we can surpass \$1 trillion AUM mark in the next five years. In many ways, the next five years is going to be a lot easier for us to double than the prior five years when we're building these new platforms, when we're hiring teams and trying to scale the business from early stage to developing to mature. We've got a lot of visibility here and a lot of confidence we can get to this number. Thank you.

Scott Nuttall: Great. Let's flip to Insurance. So, we announced the Global Atlantic acquisition this summer of 2020. At that time, GA had \$72 billion of invested assets. This is what's happened since. Assets have grown by roughly \$100 billion dollars, just shy of \$100 billion or a 28% CAGR over that period of time. And that's really happened and candidly it's been faster than we expected because of this symbiotic relationship between KKR and Global Atlantic. It creates a virtuous growth cycle. And the way this works is KKR's investment origination has allowed GA to grow faster. So, if you look at the left-hand side of the slide, you can see 2018 to 2020. So, before we showed up, Global Atlantic was originating \$17 billion or so a year. The last three

years, \$36, so doubling. But at the same time, GA growth has scaled KKR investing businesses, multiple of them. This is just direct lending, asset-based finance, and real estate credit. You can see first quarter of 2020, right before we announced the GA deal, \$28 billion across the three, it's now \$122 billion.

So back to this symbiotic relationship, this virtuous growth cycle. It is showing up at scale in our numbers. But the multiplier effect we get from GA is really important to understand. I mentioned that our businesses, our business model, they feed each other and they feed off each other. This is a great example of that. So, when GA grows, multiple things happen. We get more insurance operating earnings that shows up in that "TOE" metric we mentioned. But we also get more Fee Related Earnings because our management fee goes up because we're managing the assets for GA. But it's not just that. We think insurance is emerging as a third party asset class. So, when we do these bigger block transactions at Global Atlantic, we'll often have third parties alongside. We have created a fund complex called Ivy. Think of that as third party fund like any other KKR fund that pays us fee and carry. We believe that we'll continue to scale meaningfully. We're on Ivy II – we're going to be raising Ivy III here before too long. You will continue to see that grow. So, when we've done a bunch of these block deals recently, 75% of the capital is coming from third parties including Ivy. So, it shows up in our asset management business through Ivy and through the FRE from the management fees.

But it's not just that, right? We have more deal flow. That's allowed us to scale third party capital faster, especially in areas like asset-based finance. And we think there's a very meaningful capital markets transaction and opportunity here in terms of the fees that we can generate together with GA. So, the multiplier effect is very meaningful for us. And all of this increases the stability, visibility, scale and diversification of our earnings and gives us a lot of the confidence you're hearing in our voices today. But part of the reason we're so confident about the go forward is everything that I just talked about, we did with us owning 63% of Global Atlantic. As of January 2<sup>nd</sup> this year, we own 100%. So, in our first few years together, we found several ways to grow

together that we couldn't get after with third party clients alongside. So, at 100%, we're able to get after those opportunities and they're meaningful. We think there's more that we can be doing across the rest of KKR's investing businesses. Infrastructure is just one good example.

Distribution. Think Global Atlantic salesforce selling KKR's private wealth products, KKR's salesforce helping to scale Ivy faster. Capital markets, we think, is a several hundred million dollars a year opportunity in fees for our KCM business. And then Asia and Europe. GA historically largely U.S., we think there's a real opportunity to take GA truly global and be consistent with KKR's footprint. And that's why we have such strong conviction that despite the roughly \$100 billion of growth, we can double GA again from here. Let me pass it back to Joe to hit Strategic Holdings.

Joe Bae: Thanks. We'll finish our segment this morning talking about Strategic Holdings and then I'll wrap up. So many of you know Strategic Holdings is our newest segment. We introduced a segment last November on the earnings call to really talk about a business that we've been incubating for the last seven to eight years. Before I jump into the details, let me just share one high level observation. So, when you look at the market cap and the valuation of all publicly listed asset managers, both traditional asset managers and the alt space, that's roughly \$875 billion today. When you look at the market cap of Berkshire Hathaway today, it's a little over \$900 billion. You know, when Scott and I joined KKR back in 1996, the Berkshire Hathaway market cap was \$41 billion. So over 28 years, they've compounded around 12% and grown their business to obviously a tremendous size. So, there's a real learning in here. The learning is about the power of long duration ownership of great businesses. The learning is about the power of compounding. And the learning is about the power of smart strategic capital allocation. And when you cut through it all, that's what we're trying to build in our Strategic Holdings segment today.

So, what is Strategic Holdings? What we have in Strategic Holdings today is our Core Private Equity business, the equity interests that are directly owned by KKR. We are looking to build a portfolio of great businesses globally that we expect to hold long duration, 10, 15, 20 years. Businesses with great management teams, defensive businesses with great cash flows and margins, businesses that have real competitiveness in the sectors in which they operate, and businesses that we control. Today we have a portfolio of 19 companies that we've assembled and invested behind over the last eight years. Some great businesses like 1-800 Contacts, ERM, the largest environmental consulting firm in the world, USI, one of the best brokerage firms in the insurance segment. And this portfolio is very well diversified within the sectors at KKR that our private equity teams have great industry expertise and thematic investment strategies.

So, when you look at our look through ownership, again, on average we own 20% directly as KKR at these companies. The like-for-like growth in revenues has delivered exactly what we were hoping for; consistent durable growth on the top line, 16% since we started the strategy. Roughly \$3.3 billion on a look-through basis. And on an EBITDA basis similarly, 16% compounded annual like-for-like growth in the profitability's of these companies. Our look-through ownership is around \$800 million today. And the consistency of earnings I think is particularly interesting when you think about the volatility we've just lived through in the last three or four years. This is through COVID. This is through an extreme macro cycle with inflation and interest rates. These businesses are resilient, they're durable, defensive and growing. So why did we introduce this segment just last November? When you think about how we built this portfolio, they started off as control buyouts. They're growing at a nice clip, but they're also de-leveraging their balance sheets materially year over year. So, we have companies eight years old in the portfolio. We have companies just 1-year-old in the portfolio.

The more mature portfolios have obviously de-levered their balance sheet pretty materially. And these companies are starting to pay after tax dividends to shareholders, including KKR for our direct ownership stake. So last year in 2023, this was a relatively di minimis number, right? We

generated \$15 million in dividends last year on an after-tax basis out of this portfolio. By 2026, we think that's going to grow to over \$300 million of dividends. By 2028, \$600 million in dividends. And as Scott mentioned, by 2030, line of sight to over \$1 billion annually of operating income from this segment. This is incredibly predictable recurring cash flows in our strategic holding segment. So how do we think about valuing this part of our business? There's one very simple framework I want to walk you through today, which we think is actually quite conservative, but here we go.

You take the dividend stream that we talked about \$300 doubling to \$600, growing to \$1 billion dollars by 2030, and you simply apply the free cash flow yield of the S&P 500 of 3.5%. What that would result in is that by 2026, a valuation of \$8.6 billion or roughly \$10 a share, by 2028, \$20 a share, and by 2030, \$30 per share. Those are meaningful numbers in the context of roughly \$100 per share stock price today for KKR. But we think this framework meaningfully undervalues this segment of our business, and part of it is the implied EV to EBITDA valuation at those same levels would imply that our portfolio is worth somewhere between 10x to 16x EBITDA over time, a meaningful discount to the S&P 500, which trades at 21x today. I would argue that this portfolio of 19 companies that we put together is a better portfolio than the broader S&P 500 more durable. More growth ability to deliver greater after-tax dividends at a faster rate over time. So again, we're super excited about this part, this new segment that we've introduced at KKR as the third pillar of our model.

So maybe I could wrap up just trying to summarize many of the messages and themes that we talked about today. We really have a lot of excitement, our entire management team at KKR, about the future. We've had a lot of growth historically, and we've planted the seeds and built the platforms for sustainable growth for not only the next five years, for the next 10, 15, 20 years. In asset management, again, a very clear path to getting to a trillion dollars of AUM in the next five years, an ability to double Global Atlantic again, and this newest segment creating tremendous value for all of us in this room, driving this operating earnings out of Strategic Holdings to north of



\$1 billion by 2030. As we do that, the financial implications are significant. Our After-tax Net Income, we believe, will be growing from \$3.42 last year to north of \$15 per share within the next ten years. And importantly, those three growth engines totaling up the total operating earnings will drive 70% of pre-tax earnings. So stable, predictable growing cash flows.

So let me end where we started. The future we believe is very bright for KKR over an extended period of time. We're blessed to be in a high growth industry, and we have leadership positions in the most important growth segments within the alt space today. We purposely built this model with these three growth engines to drive compounding of earnings and free cash flow in our business over time. And it is leveraging what we're already very good at, our investing capabilities, capital allocation, and the culture that Scott talked about that really ties all of this together. So, thank you again for coming today. We've got a great day ahead for you. And let me turn it now over to my partners, Nate and Pete, who are the Global Heads of our Private Equity business. Thank you very much.

Pete Stavros: Okay, good morning. My name is Pete Stavros. I'm our Co-Head of Global Private Equity at KKR, together with my longtime colleague and good friend Nate Taylor. Nate and I joined the firm in 2005. In fact, about two weeks from one another. Prior to our current roles as co-heads of global PE, we ran our Americas private equity business together. We'd like to take just about 25 minutes and walk you through our private equity franchise. Just going to baseline you on what we've got today, our performance, all of our different funds, our strategy, and we're going to talk importantly about our growth, where we've been and where we think we're headed in private equity. The key takeaways from our perspective are, first of all, we are the most tenured private equity franchise in the world. However, we continue to grow. You saw this from Scott and Joe's slides. Sometimes private equity within our firm can be called the mature business, and Nate and I always scratch our heads at that, and we'll show you some data around how we've continued to grow.

And we've grown by scaling everything we've got, and we continue to do that. We've got some newer strategies that are still scaling, and we continue to scale our flagship funds as well. And we've expanded into and continue to expand into synergistic adjacencies, new strategies that make us better investors and are important opportunities in their own right. And this is all enabled, as Scott and Joe said, by performance. Our performance in private equity has been outstanding for decades through cycles, across geographies and across product strategies. And our strategy is pretty simple. It's really based on what Joe and Scott talked about, finding good companies that are fundamentally sound and making them great. That's what we're good at. Then that's at the asset level, so at the level of the individual investment.

Then at the portfolio level, we work with Henry McVey and the Macro team, and we optimize the overall construction of the portfolio. So, we figure out how to minimize risk without sacrificing any return. And lastly, I'd note we aspire to be the most globally connected private equity firm in the world, both within our private equity franchise, meaning across geographies and funds, and then how we interface with the firm. And this is not just a culturally-aligned nice thing to do. This delivers better outcomes. The way we operate actually creates value. And we'll give you a bunch of examples of that. So quick snapshot, we've got within global private equity today, \$176 billion of assets. We are responsible for more than 230 companies and 850,000 employees. That is a massive responsibility that we take very seriously. Nate's going to talk to you about efforts we've got underway around workforce development and employee engagement and employee ownership and teaching financial literacy and really changing the cultures of our businesses with a human capital orientation.

Now, again, despite how long we've been at this and the scale at which we're operating, we are still growing. As Joe said, we've doubled our AUM, this is all organic. So, since 2018, we've gone from \$81 billion of AUM to \$176 billion. And then looking forward, when you think about how many strategies, how many strategies are still scaling, the fact that our flagships are going to go on our next super cycle fundraising effort, Core Private Equity, the K-Series, which was only

briefly touched on by Scott and Joe, you'll hear more about it from Alisa. That's our democratized product strategies. There's so much yet to come in private equity, the best years for this business are definitely ahead of us.

Before passing it over to Nate, I'm just going to touch on each of our three businesses. So, we've got traditional PE, we've got Core, and then we've got our growth equity business. Traditional PE, think of this as mainly our flagship regional funds across U.S., Asia, and Europe. You can see in the lower left; we continue to grow even in our flagship strategies. And the growth is not going to be linear because we have a, as we say, a super cycle of fundraising across our flagships every four or five years. And that's when we get our big step ups in AUM. And in the lower right, again, this is all enabled by outstanding performance. Our has been exceptional for decades, and our recent performance parallels some of our really early outstanding funds in the 70s and 80s. And in the top right we've got a lot of dry powder. We'll talk more about this, but one of the mistakes that has been made in private equity in recent years was over-deploying right before rates went up and multiples came down and we avoided that. Thanks in large part to the work we've done with Henry and our Macro team. We've got an enormous focus on linearly deploying a fund and removing vintage risk. And that's put us in really good stage, and we'll show you some more data on that.

Okay, Core PE. I think the only incremental thing I would add to what Joe mentioned is how our culture enabled this. So, we've now got \$35 billion of AUM. We did not add a single incremental person. That has to do with how we run our firm and how we run private equity as one integrated entity. Joe touched on the performance of our 19 investments that's going to allow us to continue to grow this franchise. Our culture also has enabled our expansion into adjacencies. It helps us because we can leverage our relationships, our toolkits, our playbooks, all of our resources. When you think about capital markets and capstone and our fundraising machine, all of these new businesses ride on that infrastructure. It's in large part why these have been so successful. And again, it's enabled by the culture. So, this page shows you our Health Care Growth

franchise, our Tech Growth franchise and Impact. As Joe and Scott mentioned, we've also just launched a new strategy in the middle market. You can see here we've got \$18 billion of AUM and growing and the performance in the top right has been outstanding here again.

Nate Taylor: Okay. So, Pete and I are investors just like everybody in this room. And we sit through presentations like this, and we ask ourselves in particular, when we're looking at a company and trying to decide whether or not we want to invest, do they have a recipe for success? Do they have a formula that can produce consistent repeatable results over time? So, we think we have exactly that inside of our KKR private equity business. And while it's simple to articulate, it relies on decades of experience and a really collaborative and unique culture. First and foremost, it's about growth. It's about taking this leading franchise that Pete was just talking about and adding to its scale and its scope. Next, it's about performance. It's taking that strong track record and continuing to build upon it through a focus on asset selection, value creation, and portfolio construction disciplines. And then finally, it's about integration. You heard a lot about this from Joe and Scott, but this is fundamental collaboration inside of private equity and around the firm.

So, I'm going to start by double clicking on the growth portion of this algorithm that we talked about. And again, you heard it from Pete, it's a bit of a sensitive subject for us, but while we may be an almost 50-year-old business, this is still a growth engine for the firm. So, on the left-hand side of the page, we're looking at flagship private equity AUM, so flagship, that is our most mature strategy inside of private equity. And over the last eight years, it doubled, so tremendous growth for a mature business. And as you know, it's a great business as well. Highly profitable. So, a lot of that growth drops to the bottom line. The nice thing is the P&L impact of all these bigger funds is still yet to be fully felt. The management fees obviously immediately step up, but the carry is still largely on the come. And as Pete referenced, we're getting ready to start this cycle all over again as we embark upon our next flagship fundraising super-cycle.

The other great thing about the flagship strategies is that they've helped spawn new strategies inside of private equity as well. So today we're managing \$60 billion of capital from, from seven strategies that didn't even exist in 2015. So, to say that another way, these seven strategies, these new strategies didn't exist in 2015 on a standalone basis, would be one of the largest private equity firms in the world. Really speaks to the power of growth inside of this business. And it's been done in a really synergistic way. Most of the leadership of these new strategies came from our flagship private equity strategies. And that's good for two reasons. Keeps our teams motivated, energized, stretch opportunities for them, and it ensures quality as we extend into these new strategies.

We're at a really interesting moment with the new strategies. Pete alluded to it as did Joe and Scott, but we're well past the proof-of-concept phase with these strategies. So, if you look at Next Generation Tech, Health Care Strategic Growth and Global Impact, we've moved on from Fund I to Fund II with some meaningful scaling. And again, management fees have stepped up, but the carry from those second and third generation funds is still largely on the come. Pete referenced what we're doing in the middle market, one of our newest strategies, middle market America, we're calling it Ascendant. We're right in the middle of fundraising. So, we're a little bit limited on what we can say, but Pete and I are really excited about this. We're heartened by the demand we're getting from potential investors and as importantly, we're really excited by all the opportunity we're finding to deploy this capital.

So, Ascendant is a great reminder of what we can do and how much growth is available to us inside of private equity. So brand new strategy, large addressable market, a place where we think we have a real right to win. And again, being done in a highly synergistic way, we're leveraging our existing teams, our existing intellectual property. We're deal sourcing together, creating value from playbooks that we've used across the firm. We've done that in Core Private Equity, we've done that with Ascendant. You'll hear more about the K-Series and how again, it continues to rely upon everything that we already do. Same thing with our single name continuation vehicles. All

great proof that there's tremendous growth in our private equity business in AUM management fees and carry. And that we can do all this in a way that is consistent with the high standards that you've come to expect from us.

Pete Stavros: Okay. So, let's talk about performance. As we've said multiple times, that really enables our growth. So, the strategy in private equity, which Henry and George set up many years ago, is taking good companies and making them great. The question Henry still asked us today, and we talked about with George yesterday, every time we go to investment committee, their question is, what are we going to do with this? Why should we own this? What are we going to make that someone else is not seeing or hasn't already done? And so, we've got a whole process for first of all, how we find these fundamentally solid businesses that are not optimized. So, we have an entire process around that. And then we've got an enormous set of resources, which I'll talk about in a second, which helps us identify the improvement opportunity and then get after it. The recipe, each time we do this is bespoke, but we tend to look in the same places.

So, we're looking for opportunities to top grade talent growth through M&A, take margins up, unlock new vectors for growth, strategically reposition a business. And that kind of menu, Nate and I and our teams pick through each time we're looking at an investment and ask ourselves the Henry and George question of what are we going to do with this? How can we make this something totally different than what exists today? And the way we do that relies on a tremendous number of colleagues around the firm. So, we have 600 executives who make our investors more efficient, and they help them make better decisions and get better outcomes. Joe briefly touched on KKR capital markets. Let me try to bring that to life a little bit for you from an investor perspective. So, day to day, our investment team, 20 years ago, they would have to raise all the debt financing, any debt repricing they'd be on the hook for, any dividend recaps.

If we went public, they were driving it, secondary trades, block trades and on and on and on. First of all, our investors are not world class at that. We dabble in the capital markets, our capital

markets team, this is what they do so they get better outcomes and think of all the work that they're taking off of the plates of our investment teams. We don't have to worry about any of this stuff. It's in the hands of world class professionals who are going to get better outcomes than we could get. Last thing I'll say on this page is we are constantly innovating here. We are always adding new resources and finding new ways to make our companies better. Inside of Capstone, right now we're building out what we're calling the Human Capital Center of Excellence. This will be the clearinghouse for best practices around employee engagement, teaching financial literacy, how to really create an ownership culture, not just handout stock, but change the culture of the company and make employees less likely to quit, happier on the job.

And Nate's going to talk about what we do there and how it delivers real impact. Okay. It's one thing for us to tell you about all these resources and all these strategies, but the proof is in the pudding, and we've just shared with you here four recent exits. And keep in mind the scale at which we're operating, there just are not that many 6x deals, 7x deals, 10x deals at our scale. Also, keep in mind we are often buying these from professional investors. Some of these businesses have been owned by private equity, not once, not twice, but three times before us and then we go off and make ten times our money. So clearly KKR is doing something different and it's all about this opportunity and this ability to identify these unloved assets that are not optimized but are fundamentally sound.

We are not buying broken businesses. Okay. So that's what we do on the asset, individual asset side. Now at the portfolio level, again working with – and this is something Henry McVey brought to our firm a number of years ago, which was to figure out how you construct a private equity portfolio and minimize risk. And honestly, having many of us have worked at other private equity firms, there's not a lot of thought at the portfolio level. What bubbles up from the industry groups people buy. At our firm we've got a really sophisticated group of brilliant people who are sitting down with all of our strategies and figuring out how to minimize risk without sacrificing any return.

And that has to do with lots of things from position sizing, sector diversification, looking inside of a fund for hidden correlations between assets. But this is a key one, this linear deployment concept.

What you've got here on the y-axis is the percentage of a fund deployed and, on the x-axis, time measured in months. So, 60 months would be five years. And then the straight lines show you four year and five-year perfect linear pacing. And you can see how religiously we follow this. Of course, it's going to bump around a bit, but we always want to stay in this range. And it's because no one can time the market. No one can sit there and say, now is the time to invest. Now is the time to really dive into software or avoid industrials. The landscape is littered with people who have tried to make money that way. Henry's model here is, remove vintage risk and then outperform based on the assets you're selecting and what you're doing with them. And that's what we're trying to accomplish here.

We have that same mindset around returning capital. Don't try and time the market. No one's that smart. When you've accomplished 80% of what you came to do with a business, as long as the markets are orderly head for the exits, that's going to hold you in really good stead with your investors because you're going to, you know, continuously return capital. And as you can see here, return more capital than you're taking in. And if we were to show you the years prior to 2017, this has been a very steady stream of returning more than we take in. So, what does all this add up to? Our strategy, our resources. It adds up to outstanding performance across cycles, across geographies, across individual strategies. And you can see some of our recent performance, again, it rivals the 70s and 80s and what the firm was able to accomplish. This is not about a couple of brilliant investors. This is about firm with massive, massive resources and a globally connected franchise that has figured out how to apply process to investing and deliver repeatable results.

Nate Taylor: Okay. So, we've talked about the growth and performance part of this recipe for success, this algorithm. I'm going to wrap up by talking about the integration piece of it and collaboration



and how important that is inside of private equity and around the firm. Again, you heard Pete talk about it, Joe and Scott talk about it. This is fundamental to who we are as a business. So, when Pete and I took over U.S. private equity six, seven years ago, this was a big point of emphasis for us. We go to market in U.S. private equity with seven vertical teams. You can see them in the center of this page.

And they're great teams, great people, great track records, great resources that they bring to bear, but they were largely operating in silos. They weren't really collaborating as much as they could have. On the left-hand side of the page, you can see five examples of how these teams went to market together. At least two vertical teams sourcing a deal together, executing a deal together, creating value in that deal together. And these are five examples, but to be honest, this is pretty much just standard operating procedure inside of Americas private equity at this point. And rest assured this says a lot easier than it does. It takes great people, it takes this collaborative culture that we're talking about, and it takes years of trial and error to get this right, which is exciting because we've invested that time and energy and for us it's a real competitive advantage that we're going to continue relying upon.

Specifically, we've taken the same concept of collaboration and extended it across private equity strategy. So, on the right-hand side of the page, you can see examples of this. So, 123Dentist is an interesting one. It is an Ascendant investment, but it was facilitated by a Core investment that we already had in a business called Heartland Dental. And it really is a virtuous circle here. So, Heartland created the proprietary angle to go find this investment for Ascendant, but 123Dentist is more of an attacker brand. So, there's lots that we can learn from that business and port back over to our Core portfolio. We're taking the same idea around the globe. So, Pete and I have been leaning into this idea of global collaboration, U.S., Asia and Europe over the last year and have lots of early signs of success. There's going to be big wins from getting our teams even more tightly integrated than they already are. And once again, we believe this is something that

our competition is largely not even attempting. So, when we get this right, it's going to really distance us even further from the pack.

Collaboration within private equity is important to us, but it's also fundamental around the firm. So given the size and scale of our private equity business, there's almost no part – other part of KKR that private equity doesn't touch, and it really is a virtuous cycle. So, Pete, I think did a nice job talking about KKR capital markets. KKR private equity had the size and scale to help that business get going, but today, KKR capital markets is incredibly important to us in continuing to sustain this leading private equity franchise we have. So, one of our favorite examples or ways of talking about this integration or collaboration around the firm is how we share best practices and specifically how we share best practices with respect to value creation plans. Pete touched on it, but it really is so fundamental and a really important part of differentiation for KKR private equity, this idea of value creation and there is certainly nothing more differentiated in our value creation playbook than broad-based employee ownership.

So, my buddy Pete here has been working on this idea for literally most of his adult life. He incubated it inside of our Americas private equity industrials portfolio. And you can see that on the left-hand side of the page. A bunch of us, myself included, were really impressed with what Pete was doing and intrigued about whether or not we could port it over into other industries. So, we invested time and energy to do that. Fast forward to today, and quite frankly for the last two to three years, every control investment that we're making in Americas private equity has a broad-based employee ownership program. We're now extending that globally and frankly beyond just private equity. So, what exactly is broad-based employee ownership? We have a lot of great content on our KKR website. So, for those of you who are interested, I would encourage you to poke around a little bit more here.

But for today we're going to use a case study. So, Ingersoll Rand was industrials investment that Pete and our U.S. industrials team made. And like Pete was talking about, this was a solid

business but one that we thought we could make a lot better. Specifically, we thought we could do a lot with the way they engaged with employees. So, we rolled out a broad-based employee ownership plan. So, what does that mean? It certainly means that all employees participate in the equity value creation journey, but it also means we're investing in measurement, in communication, in engaging with our employees and educating them on how individual actions can affect overall equity value creation. And the results, which you can see on this page, they speak for themselves. So, we took employee engagement from a pretty dismal 20<sup>th</sup> percentile to an industry leading 90%. That in turn drove quit rate from 20% down to less than 3%.

So, to make that tangible, thousands of employees were retained every year that would've otherwise had to have been hired and trained at great expense to the company. That in turn drove operational value creation more than a thousand basis points of margin expansion during our hold period. That in turn drove a great investment, 4.2x gross multiple of invested capital. So, a great outcome for our investors, a great outcome for the management team and importantly, a great outcome for all 16,000 non-management employees where over \$750 million of wealth was created. The great thing is this is not just an isolated example, this is our way of doing business today. So, on the left-hand side of the page, you can see nine fully exited investments where we had very similar results and 35 active programs in the center of this page. By the time this is all said and done, we're going to have dozens and dozens of companies and hundreds of thousands of employees where billions of dollars of value is going to be created. And the great thing is this is not only the right thing to do, not only hugely impactful to the communities that we serve, but great business driving great operational outcomes.

So, I'm going to start to wrap us up at this point. What Pete and I hope you take away from today is that KKR private equity has a unique combination of scale, scope, and performance that we believe is without peer in the industry. Through the decades and years, we've developed a winning and proven formula for delivering success and we believe, as Pete says, the best is yet

to come. As we walk off stage, we're going to leave you with a little video reminder of what all this looks like when it comes together. A reminder that great companies can do great things.

Speaker: All right. Please welcome Co-Founder, Chairman and Chief Executive Officer of Global Atlantic, Allan Levine.

Allan Levine: Hello everyone. It is great to be here with all of you and to have the opportunity to discuss our Insurance business. I'm Allan Levine, Co-Founder, Chairman, and CEO of Global Atlantic. And I have the unique privilege having been the only CEO of the business over the past two decades. That includes originally founding the business back in 2004 with my partner at the time, Tim O'Neill leading the separation of Global Atlantic in 2013, raising money from 1,200 individual shareholders, our 63% ownership transaction with KKR three years ago and then most recently 100% ownership at the end of the year. Given my tenure, I'm in a unique position to talk about our business and the opportunity today and what I'm incredibly excited about is to talk to you about why I've got such strong conviction that we can double from here. I'm going to cover four themes over the course of my remarks in the next 20 minutes or so. Number one, we already operate a leading insurance business. Two, over the last three years, we've established a very strong track record with KKR.

You heard from Scott and Joe already the success that we've had and clearly under 100% we've got even more conviction that we can unlock further value. Third, the markets that we in are incredibly compelling, meaningful tailwinds. And lastly, given all of these points, we've got multiple ways to grow from here. And if we do all of this well, we execute at a really, really high level. We continue to grow assets, earnings and remain focused on protecting our policyholders, provide an incredible employee experience and provide more value to more of our clients. All right. Let me start with an overview of Global Atlantic. Over the past 20 years, we've quietly and patiently built one of the fastest-growing, one of the highest-returning insurance businesses.

We've done this with an incredibly focused strategy, focusing on lines of business that have strong fundamentals and played our competitive advantages. These include three themes, the ability to attract and retain the best talent in our industry. Two, a deep expertise from a risk and investment management perspective. And lastly, the ability to build deep client relationships.

And we've done this over multiple cycles and multiple ownership structures including the convergence between Asset Management and Insurance. Because of our quiet and patient approach investors are often surprised by the size and scale of our business. Let me share some facts at the bottom of the page. Over \$170 billion in assets under management. Because of our focus strategy, we like KKR want to be top three or top five in every business that we're in. We've achieved that today in the retail fixed annuity business and in our flow and block reinsurance business, consistent top quartile returns and growth. And you can see 25% compound growth from an asset management perspective and over \$1.3 billion in earnings. Key to our business, it's what our policyholders are looking for, it's what our clients are looking for. Strong balance sheet, strong capital base and ratings were A-rated across the board. And lastly, as I mentioned, core to everything we do is around risk and investment management. That has gotten even better as a result of our transaction with KKR. We spend a little bit of time talking about our two businesses. Today, we operate in the \$4 trillion U.S. life and annuity market. Talk about how we're expanding globally and we sell products to both individuals and institutions. And we do this leveraging the same approach to risk and asset liability management and the same scalable operating platform.

Today, we directly and indirectly support over 3.5 million policyholders and growing. Let me start with our individual markets business. This is a business run by a gentleman by the name of Rob Arena, one of our two Co-Presidents. Here what we're trying to do is serve clients in retirement or planning for their retirement and we provide a range of products that provide income accumulation or protection. Those products primarily are fixed and fixed index annuities today. We sell our products through a nationwide sales force of over 200 professionals and we sell through over 200 banks and broker dealers, including household names like Wells Fargo, Morgan

Stanley and LPL Financial. Last year we did over \$11 billion. We've been consistently a top five player in this growing space.

We talk about our institutional markets business, which is run by Manu Sareen, our other Co-President. Here we cover the top 50 U.S. life insurance companies. What we do for them is provide customized solutions to enable them to free up capital, reduce risk or exit non-core lines of businesses. We do those through block flow and pension risk transfer reinsurance transactions. This is a franchise we've been in for 20 years. We've done more transactions with more clients than anyone else in the space. This is a true proprietary business for us. Our most recent transactions with MetLife and Manulife, both customized solutions, over \$10 billion each. Very few firms could have brought what we delivered. Top three player consistently. We did over \$30 billion in transactions between what was closed and announced at the end of the year.

All right. Let me spend a few minutes talking about our operating model. Here's what I know. Most people in the room probably find insurance and the idea of investing insurance complicated, and these are currently businesses I have deep respect for those who can operate well, but our business is a little bit different. We have a very straightforward business model that all of the folks at both Global Atlantic and KKR are focused on maximizing. First of all, what do we do? We originate low-cost predictable liabilities. How do we do this? Through our individual institutional channels where, remember last year we raised over \$40 billion across the platform. We matched those liabilities with high quality, fixed income-oriented assets originated by KKR. And if we do a good job and we can generate a higher yield on the assets than we're paying on the liabilities, we can generate a positive net spread. We've been doing this consistently now for a very long period of time. That gives us the opportunity to generate strong earnings, but it also gives us the opportunity to drive capital. And that capital then could be used to support future growth and support our client's needs. And underlying all of this is our consistent framework around risk and investment management.

Now let me talk a little bit about the KKR transaction and why we're all here today. Just thinking about this, four years ago, Global Atlantic clearly recognized a tremendous opportunity to grow with the platform that we had built. We were looking for a partner, we were looking for a firm that had the same vision, culture and values as we did. And it also could bring us some very tangible things that included institutional asset management capabilities, deep access to capital and all the other benefits that a global financial institution could bring. Scott mentioned this a little bit in his remarks from an investment collaboration, we've clearly seen the benefit in the last three years. Global Atlantic was averaging less than \$20 billion a year in production. Today, that's almost \$40 billion. But as we noted, it's not just what Global Atlantic has been able to get from KKR. At the same time, we'd be able to scale meaningful KKR strategies, whether that's in real estate credit that Ralph Rosenberg will talk about during his remarks, or Chris Sheldon on asset-based finance. We've meaningfully scaled these businesses that benefits both KKR and Global Atlantic as we get to see bigger and better opportunities ultimately. From a capital raising perspective, what we've been able to do is truly start to leverage the full scope and scale of KKR's fundraising capabilities. Growing from a team of just five professionals to now having hundreds of team members to help us raise third party capital. I will talk about that more as I think about growth opportunities. And then on the international side, we finally were able to put the global in Global Atlantic having early success entering transactions in Hong Kong, Singapore, and Japan.

Clearly, given our strong track record over the last three years, we felt like there was a lot more we could collectively do together and that's why at the end of the year, we announced a transaction for KKR to go from 63% to 100% of Global Atlantic. We really did believe that we had the opportunity in this transaction to provide more value to more clients and at the same time unlock additional value across a number of areas. Let me touch briefly on four of them. First, from an investment perspective, here's one of the things we realized even three years in – we only leveraged about half of KKR's investing capabilities. There's a lot more we could collectively do together in areas like infrastructure but also internationally.

The other piece is we did believe that we could leverage Global Atlantic's larger balance sheet to be able to source assets not just for Global Atlantic, but also for our third party insurance clients, leveraging our capital markets business. And I know Adam Smith will touch on that in his remarks. From a fundraising perspective, we clearly see a lot of opportunity given what we're experiencing on the fundamentals. The ability to leverage the full suite of KKR capabilities from a fundraising perspective at 100% we think will drive further growth. From a wealth perspective, what we realized, we're in the wealth space and KKR is in the wealth space. Whether there's KKR selling K-Series products or Global Atlantic selling annuities, turned out, we're in a lot of the same firms. We both cover financial advisors. What are the opportunities as we look to leverage our 200-person sales force, \$11 billion year in sales with what KKR is trying to do?

Well, we think from an education, distribution and potentially product development perspective over time there's some unique things we have the opportunity to take advantage of that we are truly positioned to do. Here's one thing we're experimenting with right now. We had our entire salesforce licensed to sell K-Series products and in one of our largest distribution firms, we're experimenting selling a single K-Series product today. We'll see it's early days. There's clearly upside potential here for our collective firms. And lastly, I mentioned our early wins from an international perspective with success, Singapore, Hong Kong, Japan, we believe working much more closely and collaborative together, we are uniquely positioned. I will cover that as I talk a little bit more about our growth opportunities.

All right. Let me turn to fundamentals a little bit. We believe there are incredible tailwinds for what we do across the retirement space and in the industries that we serve today. Starting on the chart, the lower left, the population of folks 65 and older continues to grow meaningfully, and in the next five years, the tail end of the baby boomer generation will retire. Here's what we know about that cohort. Number one, they are not prepared for retirement. And number two, they can rely less and less on defined benefit plans. Our industry is uniquely positioned to be able to



provide the products that this demographic needs. We've already seen success and growth in our markets. Scott mentioned this earlier, going from \$120 billion in 2020 in annuity sales to almost \$300 billion this trend continues. Between our flow reinsurance and our individual markets, retail business, again, Global Atlantic is able to provide capital to these markets and at the same time where we're seeing strong growth and need, public insurance companies are returning capital.

And you can see the majority of capital that these companies have earned has been returned as companies look to go balance sheet light and their stocks have traded below book value and that has created a real demand for capital to give this industry the opportunity not just to support demographic needs but also to help the industry restructure as well. And as a result, \$26 billion of capital has entered business in the last four years. And what that has led to is over \$300 billion in reinsurance transactions. \$300 billion of assets transferring from traditional insurance companies as they look to de-risk, exit non-core lines of business and ultimately free up capital.

All right. Let me shift to growth. One of the things that I opened up with is we see a clear path to double from here. So let me talk a little bit about the conviction that we've got. We entered into the KKR transaction originally, we stood at \$72 billion. That was the time that deal was ultimately announced. And when we closed 98 billion. Today we're north of \$170 billion. I've always thought about growth the same way through a strategic lens and then a highly methodical lens. And we spent a little bit of time how we segment our opportunities. Think about things first from a franchise perspective. These are businesses we're already top three or top five in, we already have a leading position. Think about that as our block business or our individual markets annuity business. Second piece is in our maturing businesses. These are businesses that we've entered recently over the last couple of years, but we believe we have the ability to get to top three or top five. And lastly, emerging opportunities. These are the newest markets that we've entered where we believe strong fundamentals and our industry positioning will give us potential opportunities for growth. And then lastly, underlying all of this, if we do all of this really well and we can continue to

drive third party fundraising, I'll talk a little about how we're thinking about insurance as an asset class. We can see a clear path to double from where we are.

Let me walk through these individually. So let me start with our franchise and maturing businesses. Start with the table on the left. We view these businesses as markets that we compete in every single day. We are selling to our clients driving growth and in markets. We've already had meaningful success here. Compounded annual growth rate of 32%. A lot of this driven by our retail annuity business and our flow reinsurance business. We believe we can continue this growth trajectory because we can continue to add new distribution partners, add new products, and increase our market share with our existing clients. Give me one metric that I'm incredibly focused on here. The gap between Global Atlantic and our number one competitor just in the retail annuity space alone is \$20 billion a year. The high level of conviction between now and the next time we're all together for investor day, we are going to close that gap. I'm willing to talk about the block business.

A lot of people view this business as opportunistic or episodic in some ways, but we have a totally different model. We've been at this for 20 years. We've entered into more transactions with more clients, we've got the deepest relationships and this is a highly customized business. And as a result, we've been able to average \$15 billion a year in block transactions. So, what we do is truly unique from what anyone else is doing in the market right now. And our pipeline remains incredibly strong. So, as I think about our first area for growth, very strong momentum from an organic perspective given our current industry leadership and a deep pipeline on the block side to be able to grow and drive. Now let me shift to the emerging opportunity. Joe mentioned Asia and the opportunity that we see collectively here.

We talked about the U.S. market that we're in today, \$4 trillion. If you just look at Japan, Singapore, Hong Kong and Korea, those markets combined are bigger than the U.S. market today and there's no one better positioned to be able to take advantage of that opportunity to

collectively serve our clients in these regions is Global Atlantic and KKR. On the Global Atlantic side, we already have clients that we've entered into transactions with who are global in nature, who have needs in the region. We've already been building up a deep pipeline of relationships and we have a playbook for how to execute in country, capabilities that we've got today. And we've had success that includes entering into one of the largest transactions in Hong Kong and in Japan recently. And on the KKR side, this will get covered over the course of the day. They already have the leading franchise in Asia, over 500 professionals on the ground. This is a unique combination to be able to take advantage of this very large and growing opportunity set. And what highlighted that was the joint venture we entered into a strategic partnership we entered with Japan Post that brought the best of both what is capable but between Global Atlantic and KKR.

I'm going to spend a little bit more time on Japan. Second largest developed market in the world. It's interesting to do a side by side and think about what we saw many years ago in the U.S. and how it compares to what we see in Japan today. \$3 billion addressable market versus \$4 trillion in the U.S. Same trends as we see growing demand for retirement products in the aging population. Interest rates that have been low for a sustained period of time that are finally rising. And public companies trading well below book value now looking to figure out how to optimize capital, exit non-core lines of business and really start to think about growth. No one is better positioned to be able to help our clients and expand in scale than Global Atlantic and KKR. Here's another thing that I spent a lot of time thinking about. Size of markets. We talked about \$3 trillion versus \$4 trillion. Remember in the U.S. market we discussed \$300 billion of block transactions and \$300 billion a year in annuity sales. In the Japanese market today it's only \$100 billion or less than in annuity sales and less than \$25 billion in block transactions that have been done. There is a lot of room to run in Japan alone for us to be able to collectively scale and grow our businesses.

Let me wrap up with fundraising and this concept of insurance as an asset class. Remember I talked about our straightforward business model. If we do a really good job and we source stable low-cost liabilities, we match them up against assets originated by KKR and we earn a positive

net spread we can generate consistent stable earnings and dividend capacity. That is what investors have chosen to do when they invest behind our Ivy franchise. Investors receive uncorrelated high returns and as a result they've been willing to put a billion dollars into our Ivy I franchise that we raised in 2020, \$2.4 billion in Ivy II. We'll be back in the market again for future Ivy raise. This is a unique franchise where we develop the unique track record. This benefits our clients as well. It gives us the opportunity to have more capital, to solve more of their needs, and at the same time gives us the opportunity to be more meaningful and as noted, 75% of the capital that backed our last two reinsurance deals came from third parties, either through our Ivy franchise or through co-invest. This starts to look like a lot of the other KKR Asset Management businesses over time. Think about the growth that we talked about earlier in products like infrastructure. Insurance has the opportunity to be same kind of vertical. And if we do this really well, how does it help Global Atlantic and KKR?

It gives us the opportunity to generate more fees and ultimately care if we perform for our clients. Let me conclude where I started. And as you'll hear from my remarks, from Scott and Joe's remarks, we have meaningful confidence in our ability to continue to scale and double Global Atlantic from here. We have that conviction for these four points. Number one, we already operate a leading insurance franchise. Top three or top five in many businesses. Two, what has the past three years shown us? We've already developed an incredible track record of working closely together and having shared success. We had so much conviction in fact that we believe that 100% we can unlock further value. The market fundamentals remain incredibly compelling, especially in the U.S. and in Japan in particular. And lastly, we've got a methodical and strategic approach to grow. We've got multiple ways to grow from here. And look, if we do all of this well, if we executed a very, very high level, we can generate strong assets and earnings growth, can remain focused on protecting our policyholders, provide an incredible employee experience, truly be an employer of choice and provide more value to more clients. With that, thank you for your time and I'll turn it over to my partner Chris Sheldon.

Christopher Sheldon: Good morning, everyone. It's really nice to be here. As Allan mentioned, I'm Chris Sheldon, a partner with the firm based in San Francisco and I co-head our credit and capital markets business for KKR. I co-head that business with Adam Smith who you'll hear from later this afternoon. He'll talk about the capital markets business. And I'm here to talk about our credit business. Some of you may not know, but we're coming on our 20th year anniversary of credit. I'm also coming on my 20th anniversary of KKR and we've seen a lot of different cycles, a lot of different market volatility, and we've had a lot of adventures. Maybe not as much as Indiana Jones based on the theme song, but nonetheless, it's been a great two decades.

My goal for the next 20 minutes is for all of you to walk away with the following four things. One, we're large and scaled. We're diversified, we're global, and we're still growing. We're growing across our public business. We're growing across our private business. We're growing across our corporate and our asset-based finance business. As a result of that scale, we're also delivered differentiated origination. Coupled with that origination and the one from culture, we've delivered distinguished outcomes. We leverage that large capital base, we lean into the one firm model and we have a leading capital markets business that coincides with our credit business and coincides with all the different businesses at KKR.

One of the more important things is number three, now is the opportunity for credit, not just for our investors, but for the asset managers and more specifically for KKR credit. We are positioned to win right now, significant amount of growth coming from the expansion of some of our complimentary strategies and our younger vintages, in addition to just the compounding of interest and taking more share and taking advantage of some of the technical tailwinds in our maturing businesses. So where are we today? We're \$220 billion of AUM. That's the largest business within KKR. It represents 40%, just about 40% of KKR's total AUM. And we think about our business in three different segments. First, our leveraged credit business. Think of that as anything traded, corporate bonds, leveraged loans, high yield bonds, multi-asset class products in

addition to anything traded in the structured credit space, both from a CUSIP ABS standpoint to structures that we manage, like CLOs.

What you'll see later is we're really proud of our track record here. It's exceptional performance and a lot of investors are noticing this, and growth is, is coming even more. Second is our private credit business, and I think of that as two different businesses within that first, our corporate private credit business. So, I think about that as like direct lending or junior debt, which is about \$40 billion. And the remaining is in our asset-based finance. So, anything about against collateral back cash flows or financing hard assets. Both of those businesses have material tailwinds, which I'll go into in a little bit. And our third business, which is our youngest business, we started in 2020, the beginning of 2020 is our strategic investment group. Think about that as what we did is we took a team, we put them in the center of KKR to trap all the origination we were seeing, all that proprietary deal flow that we're seeing that didn't necessarily fit the traditional flagship funds.

So, what we've been doing there is actually a lot of bespoke capital solutions for our partners. And as you can see within this market where valuations are low uncertainty, the capital markets are a little bit finicky, that team has been extremely busy and a lot of interesting risk reward. List the capital markets business here. We run those things together, as I mentioned, super important to show that. I won't steal Adam's thunder, but we do think of that as one cohesive unit. It makes us stronger; it makes us better.

Similar to what you saw from Nate and Pete, we've grown a lot since the last two investor days up nearly 250% or 3.7x. Exciting thing about this is we're still growing, lot of opportunity, both market tailwinds and KKR specific situations. When you're a scaled player and you're in the market all day every day, this is what it looks like, \$445 billion of origination over the last handful of years. \$100 billion of deployment in our leverage credit business. \$43 billion in asset-based finance. I bring that up because Scott mentioned it. We're scale there and it's growing into some market technical. \$81 billion of additional origination coming out of GA. This works because of our

collaboration, because we lean into that integrated origination machine and engine. We mine 1,900 of our existing issuers, relationships we already have with those companies or management teams or owners. We've evaluated 15,000 investments that just go through our screening process, don't even get to our ICs. And there's about 500 or 5,500 investments that actually hit our ICs just in our more mature strategies. We also partner a lot with our different counterparties. We participated in 800 new issues. We trade \$25 billion annually with the street. We leverage the one firm to get real relevancy. It's powerful.

Not only are we scaled, we're global. We've been growing, but we're also diversified and we're active. This is what a full weatherproof diversification business looks like. We're diversified by investment strategy and more importantly, we're diversified by source of capital. What's exciting is if you look at the source of capital, a lot of it is permanent, perpetual or sticky in nature. Think about an insurance company. Think about our CLOs, which are perpetual structures and long dated. Think about our listed BDC, which is permanent. Actually, let's focus on the only 6% of our business is in drawdown LP/GP structures that have fun lives or maturities. This enables us to weather multiple different cycles through multiple different periods of time in the future. What's also exciting, I'm very proud to be partnered with 650 of our partners across 47 countries. If any of you are here today, I just want to say thank you. We don't take that trust for granted.

So, what enables us to get large, diversified and scale is delivering for our clients. And we have done that and we will continue to do that. And a big part of it is leaning into our culture and our collaboration and tapping into all the tools we have in our toolkit. You know, if I go back years and years before KKR and I think about my first job in credit, my first boss said to me, Chris, if you want to stay in credit, you have to be right 99% of the time. It's pretty intimidating as a 23-year-old. The reality is, if you think about it, it's right. You invest in credit, your upside is get your money back, you get some coupon along the way and your downside zero. On a loss adjusted basis you need to be right 99% of the time.

This allows us to maximize the impact of our model, find better investments and more importantly, avoid the ones that we shouldn't be in, and the results speak for themselves. This is our leveraged credit business. We are ranked number one in our opportunistic strategy across all below investment grade manager., Not only one in below investment grade managers, we're number one in that period across all global fixed income managers. We produced 24,000 basis points of cumulative outperformance since that period of time, 24,000, not 2,400. We did almost 800 last year. We take that framework and you look at the rest of the leveraged credit composites and strategies, top five percentile in our multi-asset class, more diversified product for 15 plus years. In all or more single asset class leveraged credit composites we are top quartile over those periods. If I go back to the 99% stat, of the large-scale CLO managers, we have the lowest default rate.

And if you look at our alternative credit, you've seen the slide already a couple times. I think Joe mentioned you stole it from Craig. I think you guys stole this one from me. But in all seriousness, no double-digit teens types returns relative to the benchmarks. Super proud of this. Exciting thing about this and similar to what Nate said about the PE business, a lot of this to carry is yet to come. These are higher yielding carry performance fee strategies that is on the come and should come over the future years.

So, if I shift a little bit from KKR centric and focus a little bit on the market, now is the time for credit. There's a ton of market tailwinds that are increasing asset allocations to credit. The first one, elevated rates for longer. We're just at a higher resting heart rate. Henry McVey says that a lot, but we're also not going to have a big spike in defaults is our view. There's a growing consensus around a softer landing for a credit geek like myself that is nirvana, particularly if you can pick the right credits. Compounding that interest, most of the mandates we have, we reinvest that income. You compound that at a higher rate, business grows. I think it was Albert Einstein who said that the eighth wonder of the world is interest compounding. I like that investors are noticing allocations are coming back into the market.



So, we're getting the double whammy. We're growing and compounding, but we're also getting increased allocations. Two, Scott touched on this a little bit, ongoing bank deleveraging and a lot of pullback on non-core lending. This is fueling our asset-based finance business. We're seeing more and more activity. We're seeing more and more portfolios coming for sale. We're seeing it shift. We're positioned well for this. This slide shows and this chart just shows the number of U.S. banks and how they've been declining. Three, there's just record levels of dry powder private equity out there. Last I checked, I do not think they're going to give that money back. So, what does that mean? They need to buy things; M&A is going to increase. When they buy things they need to – they need financings. We're here to finance that. We have a leveraged credit business.

We have a private credit business; we have a strategic investment. They're going to come to us. Financing's going to be in high demand. And finally, Joe's touched us a little bit. The developing Asia Pacific capital markets are just at the infancy. There's a huge amount of resources we're putting into Asia Pacific. If you look at just the market now, there's just not enough flexible capital and demand – and the demand is there. If you just look at this chart, 80% of the financing is trapped in the banks. That compares to 50% in Europe and 30% in the U.S. That's a decade plus trend that's going to continue to be a tailwind for us.

There is so much untapped potential as this market is growing and the market is big today at \$40 trillion and we're big today at \$220 billion. But credit is there, there's going to be continued growth and demand for credit just as there was from since the dawn of civilization. In addition, it's evolving, it's evolved post GFC, you saw it with a direct lending market. You're now seeing that shift in the asset-based finance market. Third, investors are just getting more and more access to diversified pools of credit portfolios across the public space, across the corporate space, across asset-based finance space. A decade ago, a lot of investors could not build a diversified portfolio across multiple different asset types in scale. You can now, which is all resulting in increased

portfolio allocations to credit in a diversified way and on a scaled way. And that was just not available.

And that's the power of what's happening in this evolution of the market is we're going to benefit from that. So how do we go do this? This is our recipe for success. Four things. One, continue to do what we're doing, continue to grow our scaled strategies and continue to watch our younger strategies that we put into the ground to continue to monetize, to continue to perform, continue to realize performance fees. Two, lean into insurance as an asset class, lean into the partnership with Global Atlantic. I'll touch on it a little later, but there's a huge opportunity there. Three, capitalize on where we have first mover advantages. Two of those. One is asset-based finance; the second one is Asia Credit. And then three, I'll talk about all our investment, what we've been doing in distribution. I won't steal too much of Eric's thunder, but I'll focus more on what we've been seeing and what we've been doing in the credit distribution space. You do that, you couple that together with our culture and our KKR brand and our brain and we're positioned to win.

So, first of those we're growing. You look at our mature strategies, leveraged credit and direct lending up 3x and 2x, continue to compound that interest, continue to deliver results, continue to take advantage of those market tailwinds. They're going to continue to grow. And then our newer strategies sig, which is strategic investments, is our youngest of 14% over those few years, continue to grow as we get later and later vintages and start realizing real performance income there. Asset-based finance we've talked a little bit about; I'll dig in a little bit deeper. And Asia Pacific, although small today, huge opportunity over the coming decades.

You heard Allan talk about Global Atlantic and how excited he is about Global Atlantic and KKR. Now you get to hear about how excited I am. As Scott alluded, Global Atlantic is an economic multiplier. The increased origination and scale that it brings along with being able to speak for up and down the capital structure just unlocks so much incremental origination, origination begets origination. So, when you put those together and you are increasing origination for GA on the

high-grade ABF side and you're increasing origination for our third party capital, whether it be our flagship funds, our K-Series, our BDC, or even all our strategic partners, it's powerful. And what it leads to is increased insurance operating income for that segment, increasing performance income for our flagship funds and our partnerships. And this is where it gets fun, double 2x the Fee Related Earnings, the multiplier effect, and then double on the capital market spec. I won't jump too much into the capital markets because I know Adam's going to spend some time there. Super powerful and we're leaning into it and super excited about that partnership.

We've talked about asset-based finance with the market tailwinds. We've talked about asset-based finances in terms of how it's grown for us. We talked about asset-based finance, both high grade and with regards to our Global Atlantic. Think it's worth sort of digging in, in why we think we have a differentiated asset-based finance platform and why we think we have a little bit of our first mover advantage here. One, we're scaled, \$48 billion of AUM, a 50-person team that's seasoned with 22 years of experience. It's a growing market, \$5 to \$7 plus billion. The fourth one is pretty interesting. It offers 350 basis points on our high-grade ABF strategy over IG corporates. That's getting noticed by insurance companies in addition to public pension plans. It's a great way to diversify their corporate macro exposure, particularly as we're going into a slowing economy. And we can do it in a diversified multi-asset type approach.

From aircraft leasing to auto lending, all the way to resi. Having a global diversified platform, offering attractive income with a lost downside protection of which that downside protection and income is often not correlated to corporate macro risk in this economy is super compelling for investors. But it's not just us that are originating all these ideas. We have 19 captive platforms, 6,700 employees there adding an incremental \$20 billion of origination a year for us. Super powerful. It's a global platform. You can see the map. It's also very diversified by asset type leading to our first mover advantage.

Second first mover advantage is building on what we have in Asia. And you hear from David later and Gaurav. We have a true competitive advantage and platform there. You heard from Joe just how the region's growing based on percentage of growth of GDP or how much that region represents of global GDP. But right now, the demand for credit outstrips supply and given all the market inefficiencies there, given it's still developing and changing and involving. If you can have fundamental credit expertise, you couple that with local knowledge, a large team that's broad based across those offices with a lot of relationships, you can actually perform really, really well. And you just look at the market here, it's pretty powerful. It's right now, if you just look at the European market, 28% of credit, but relative to private equities and private credit. Right now in Asia, it's 3%. If you just get the equilibrium of where Europe is, that's almost a \$700 billion need and growth opportunity and I think we're the right one to do it. Almost \$14 billion of transaction volume, \$4.5 billion deployed in Asia private credit. And we're delivering results at 18% gross IRRs.

Now let's focus on our distribution. You'll hear from Eric and you've seen this slide that we've grown distribution as a global basis just about 3.5x. However, we've evolved the credit model. We used to fundraise based on generalists, that distribution team is selling everything across KKR. Few years ago, we made a change. Real estate did the same where we have dedicated credit fundraising people, boots on the ground to talk about credit. We supplement those teams with credit product specialists that can talk the talk, let the investment professionals invest, get progress. You put all of that together, it equals increased growth and more prospects.

Bottom right plus 200% increase in dedicated credit people, credit salespeople, 160% increase in product people, the people that can talk the talk. What that's resulted in is 80% increase in meetings and 5.5x increase in prospects. Fun fact, we had more prospect meetings in the first half of 2023 for our credit business than we did in all of 18, 19 and 20. It's working. The team's seasoning. We're going to see more and more results. So, I hope what's come across is I've never felt better about the credit business today than I have ever in my 20 years here. We're

large, we're scaled, we're growing, we have the right products, we have the right team, we have the right younger strategies with the roots in the ground to grow and we're going to continue to grow and mature as we see it. And you're getting that compounding of interest.

Second, we have the insurance and we have Global Atlantic. That's the economic multiplier, which is super powerful. Third, we're going to capitalize on first mover advantages, whether it be ABF for Asia or in structures that are first mover, like our evergreen direct lending structures as direct lending's becoming and private credit is becoming a more permanent in the asset allocation. And finally, the investment we've made in distribution is working and we'll see a lot of benefits as a result of that. So, I'll be around at lunch. I want to thank you for your time and I'm going to pass it to my colleague and partner Raj Agrawal.

Raj Agrawal: Thank you, Chris. Morning everybody. Raj Agrawal. I joined the firm in 2006 in the Menlo Park, California office and I run our global infrastructure business. I wanted to talk about two things today. First is that we've built a leading platform and infrastructure really with performance as the bedrock of that growth. Today we have nearly \$60 billion of AUM across three distinct strategies, Global Infrastructure, Asia Infrastructure and Core. That \$60 billion makes each of these strategies, number 1, number 2, or number 3, in its respective market, and we've got to that position from performance. Clearly, and the easy thing to say is everything that we've done, we've exceeded our target returns by 200 to 400 basis points. In the infrastructure business, that's a country mile, right? But that's not the only factor. Equally important, while we've over delivered on our returns, equally important, we've protected capital in every point in the cycle and every time. This is a sector where people flock to protect capital, and we've done so better than our peers. That combination of delivering returns, plus protecting capital in all environments, that is what is at the heart of our growth.

The second key point is that infrastructure remains very much a growth engine at KKR, in a few different ways. First and foremost, right, our most mature business, Global Infrastructure, very

much still has multiple revenue drivers built in it, we'll talk through those. Most of our business is very much in the early innings. Asia Infrastructure, Core Infrastructure, where we have global leadership positions, we're still very early in our life cycle. Clearly, a lot of growth ahead in these, we'll talk through that as well. I'll spend some time on our pattern of growth and infrastructure. Time and again, in Asia, Core, in our Global business, we put together leading teams in a market opportunity that was right. We had earned the right to grow that business or to go into that market, we earned the right through performance, and we launched a business that grew. That pattern is very relevant and we'll spend time on it because today we're laying the seeds for the next big things. We're following the same pattern. We're entering two new businesses, our climate strategy and of course wealth, serving infrastructure to wealth. These are massive opportunities and we think we can similarly be market leaders in the two of these.

We'll start on the leading platform. Very basic, Joe started with this so, I won't spend much time, but infrastructure essentially covers everything you need to go about daily life as we know it. So, clearly there's some, whether it's utilities, water, power, and traditional sectors, but it's hard to imagine having more exciting growth sectors than digital, data centers, fiber, then energy transition, massive amounts of growth in these sectors. Across it all, hard assets, contracts, great counterparties, critical assets, really, it's what you need to make everyday life, it's what gives you security and protection of capital in this sector and it's a big growth area, \$100 trillion dollars over the next 20 years. Why does it have so much focus from an investing perspective? Just to give you some context, 20 years ago, if you put all of alts together, infrastructure, private equity, real estate, alternatives, and credit, you put it all together, infrastructure 20 years ago was less than 1% of that combined. Today infrastructure is 15% of alts and growing. Alts as a sector, you've seen the tremendous growth within that infrastructure is the fastest growing sector. Why is that? Fundamentally, it starts with these two points, downside protection and upside potential. Let's take an example. If you can invest today in the data center business, hard assets, 30, 40-year lives. If you can invest in that business and protect your capital through contracts, ten, 15, 20-year contracts with hyperscalers, invest in data centers, protect your capital, but you have a

chance to participate in all the growth the data centers promise to bring, that's exceptional risk return profile.

And that fundamentally is why the sector has garnered so much attraction, right? I could be wrong about the equity markets, I'm putting capital in the equity markets, but I can do so in a downside protected way and I can still participate on the upside. That's what's made it so compelling. That's why it's 15% of allocation today. And by the way, along the way, you can collect a consistent cash coupon, typically 4% to 5% dividend yield, and you get inflation protection. Before the last couple years, I used to say 4% to 5% dividend yield and people's eyes would light up and I'd say inflation protection and they'd yawn. Now it's flipped, 4% to 5% cash, dividend yield, ho-hum, but inflation protection's exciting, depending on the time one matters more than the other, in infrastructure you give both. And then there's inherent diversification. The idea that you have correlation between exporting natural gas to Europe, global data centers, private aircraft, aviation terminals. These are vastly different geographies, sectors, key demand drivers, and so inherently diversified within infrastructure. We've delivered on the two key promises of infrastructure. We've delivered more than expectations, both on downside protection and on value creation and on return. From a downside protection perspective, our realized multiple on deals, deals that we've exited, is 2.2x across everything. In the small type, we've made over 80 investments, we've realized over 20, our single worst performing investment, we still got 90% of our money back. That's capital protection at work.

The biggest stress that we've had since our inception was during the COVID crisis. In the first quarter of 2020, broad markets were down 20 to 30%. Even the listed infrastructure index was down 20%. KKR infrastructure was up 6.7% in the first quarter of 2020, downside protection working. We actually got a call. I got a call from one of our longtime clients. First quarter of 2020 was a tough time if you were a capital manager. And he called and he said, "Thank you. Thank you for paying the distributions this quarter. Across all of our asset classes you're the only fund, the only firm that gave us a distribution this quarter." It was that unique, in that first, that short-

lived distress, but that massive distress that you felt in the first quarter. And we're positioning our portfolio to continue to be low risk. We're on average leveraged 42% that tends to be investment grade or just below investment grade. Preserving capital, but also delivering on returns. So, I'll walk through, in our Global Infrastructure strategy, our funds to date. Our first fund is complete at a 17.6% gross IRR, and you can see the return evolution over the years and they tend to increase until you have final exits.

Our second fund is still live, but it's almost complete, and it's running higher than 17.6%. It's at 19.7%. Mind you, the target IRR in this strategy is a mid-teens IRR. So, you can see the over performance, 200 to 400 basis points or greater. Now, we're getting into the more recent funds. So, still a long way to play out in Fund III, but the performance today at 16%, it's trending to be somewhere right in the ballpark of where Fund II and Fund I were. So, again, over-performance, and the most remarkable thing, given the increased scale if you look at our most recent vintage super early here, but you look at what we can measure, our one-year return in the most recent vintage 7.8%, that is higher than the first year return in any of our prior funds. At this point in time, while it's way too early to call it, it's our highest performing fund to date, so again, consistency on returns, consistency on capital preservation. This performance is the key to growth, and we've seen that growth. So, this just maps out our four funds that have been active in Global Infrastructure land with the top bullet across all of them, a \$1 billion dollar first fund. That's what led the performance, the growth of capital protection leading the \$17 billion Fund IV. That fund today is nearly complete in terms of investing.

The interesting thing is, if you look at our new seeds, we see some similar phenomenon. So, Asia Pacific Fund I, 2020 vintage, still very early in its lifecycle, at this point in its lifecycle, delivering a 14.4% gross IRR, and protecting capital every bit as well as we've done in the Global Infrastructure series. This bodes well, right? If we can over deliver on returns and protect capital in the Asia series like we did in the Global series, that bodes well. We've seen that play out. Same in our Core infrastructure business, this is our only open-ended fund, always available for



capital to come in, always available for redemption, we haven't seen any yet. It's a \$14 billion strategy. It's targeting 8% to 10%. Gross returns today is delivering 11%, and protecting capital well. Again, over-performance, protecting capital well leads to growth, early in its lifecycle, but it's promising. How do we do it? The truth is we could not do it as an infrastructure team, no way. We have tools and culture and together there, they're our secret sauce. When we talk to the tools, briefly, just to give you an example, with Telecom Italia in Italy, we own the leading fiber to the home business. If you want high-speed internet access in Italy, you go through Telecom Italia most likely, and we own it. We own that business with them in a joint venture. We had to raise \$4 billion of debt and equity in 2020 in Italy when Italy was the hardest hit country by COVID. That doesn't happen by us as an infrastructure team. That happens with Adam and his capital markets team, and our capital solutions team raising the debt and equity to get us that. It was highly differentiated. Frankly, we didn't think we could do it, but our brethren in the firm did.

This was a critical asset to the country. It literally needed government and legislative approval in Italy. We had no hope as an infrastructure team to get that approval, but working with our colleagues at the Global Institute, Public Policy and Stakeholder Group, we got the support of the deal from the president of Italy, from both leading political parties, from the Treasury Department of Italy. We even had the U.S. Ambassador to Italy working on our behalf to get this approved. That doesn't happen as an infrastructure team, I could go on and on. KKR Capstone, our operations team, Telecom Italia had never done a carve out. Our Capstone operations team actually went into the offices in Rome and helped identify where does all their cables sit today. It didn't have it accurately mapped. If we're doing a carve out, we need to figure that out. We have incredible tools. It's an unfair advantage, but it's not just the tools. We're not the only ones on the street with the tools. The culture that Scott referred to, the "we" culture, not the "I" culture; you got to use the tools. Your colleagues in the firm have to want to help out. You need the culture and the tools, when they come together, it can't be matched. That's a huge barrier. We're resting on the shoulders of Henry and George and Joe and Scott and 50 years of history for that

culture. It's a huge barrier to entry, very difficult to pull off and we couldn't pull it off without it. Joe's covered this, so I'll skip over.

Second key point, we're still a growth engine. Two key drivers of future revenue growth in the Global Infrastructure strategy. You can see historical fund commitments as they've marched up, and the beauty about being in such a fast growing business, even if you believe – I don't believe this, but even if you believed that future funds in this strategy were of the same size of the current fund, those new funds are coming on as your billion-dollar fund. Your \$3 billion funds are rolling off. There's a structural – even if we stop growing from here again, which I don't believe, there's a structural wind at our backs that provides future revenue growth. And then if you look at revenue composition, as we raise larger funds, the purple here shows management fees. As we raise larger funds, the management fees, that's really the only contemporaneous revenue that we get. As we raise the dollar, we turn the fund on, we get paid on that dollar. The other revenue lines come with some delay. So, capital markets fees, those are based on transactions. It takes us a couple years. Within a couple years, we hit our stride with a larger pool of capital in generating capital markets fees. It comes with a delay, but not a big delay. The rest of the revenues come with a big delay. Our average realized carried interest, realized investment income dollar that we're generating, that might be five, six, seven years after we raise the first dollar capital in the fund. And so the realized carried interest in investment income today, we're generating on the back, frankly, of a \$3 billion fund, another big structural tailwind for growth in this business. The Global Infrastructure strategy is not done growing.

Now let me spend a minute on the new businesses and importantly our pattern of growing those businesses. In our first ten years of existence, we were really just trying to establish ourselves. Fund I put us on the map, I believe in the top 100, or top 50 asset managers in infrastructure. By the time we got around to Fund III, we were protecting capital. We were over performing. I think we had made the top 10 to 20 list in terms of asset managers. We had a team that was performing, stuck together. We had earned the right to grow. And so what did we do? This was

our Global Infrastructure fund, but really it was just investing in Europe and North America. It's a misnomer. So, we took what we had and we just extended it into Asia with a terrific management team. David Luboff, who we hired to start our Asia infrastructure fund, and from the get go – we started in 2019, by the time 2020 rolled around, we had the largest Asia dedicated fund in the business. And we didn't stop there. Again, with the momentum from our Global business, the performance, the investor support, we also launched a Core infrastructure fund going at the low end of the risk return. It was our first open-ended fund. Always taking capital, redeeming capital. We did that on the heels. We had great leadership. We found an internal leader, Tara Davies, one of my partners, and that business very quickly, by 2021, became the number 3 player in that business.

So now we go back. We're in 2020, we've launched these two businesses very successfully, and the COVID crisis hits, and recall in the COVID crisis, our performance was even more differentiated, right? We posted 6.7% returns, first quarter of 2020, nobody else did. Our team was together, results looked strong. We leaned into that and we raised our fourth fund in Global Infrastructure, massively outgrew the industry. The other, our top two competitors who had roughly \$7 billion funds in 2018, they grew their next vintage series to roughly \$11, \$12, \$13 billion. We were clearly grabbing share in the industry and it was because of that performance, the growth, the cohesion. And then of course we've come back and continued to scale our Asia business. Two points important to take away, number 1, really frankly in all these series, these are still scaling growing businesses. A lot of room to run, in particular in Asia and in the Core infrastructure business, but the second key takeaway is the pattern, the pattern of leaning into strength, performance, timing, events, leaning into strength to launch new businesses because that's what we're doing again right now. Today we come from a position of strength. Each one of these businesses is outperforming and protecting capital well, and so what are we doing with it? We're launching our climate business. Massive market opportunity, Joe talked to that. We think it's underserved.

We think that most capital and climate is at the low end of the risk return spectrum, focusing on operating assets or it's at the high end, venture capital, breakthrough technologies. We're planning to attack the middle. We've earned the right; these are all sectors we've invested in quite a bit. We come from strong performance. We're attacking the middle with an infrastructure led mindset, massive market, and we think we can be a market leader here, much following the same pattern that we did with Asia and Core infrastructure. My partner Alisa will be talking a little bit later, our second key growth initiative where we think the market is huge and where we can be a leader, is bringing infrastructure to the individual investor. With that, I'll wrap up. We clearly have come a long way in this business, very grateful for the support of the firm, for all the support of the different functions in the firm. I do think Scott said it best. I think in this business we are just getting started. That's true with respect to our existing businesses and the scale that I expect, and it's certainly true as well with the new businesses that we have that are attacking what I think are tremendous markets. With that, thank you and I'll hand it over to my partner Ralph Rosenberg.

Ralph Rosenberg: So, if you don't like the song, you can call my wife or I'll give you her cell phone. You can text her. I'm Ralph Rosenberg, and I run our Global Real Estate business here at KKR. I joined KKR in 2011 when senior leadership wanted to create a global real estate franchise. So today, I'm going to tell you a little bit about from where we've come, and I'm going to tell you a lot about where we're going. So, let's start with the key takeaways. You've seen similar slides from my partners earlier this morning. Importantly, we have built a global scaled real estate franchise that is really hard to replicate. That franchise not only spans all three regions of the world, but also is relevant across real estate credit and real estate equity, and that combined integrated approach in both credit and equity is a very, very meaningful competitive advantage for us. Second takeaway is really that we're at an inflection point in my opinion, in the global real estate markets. There's going to be a massive de-leveraging cycle here, and we are incredibly well-positioned to take advantage of that deleveraging cycle, which I'll touch on in more detail in a couple of minutes. Third takeaway is that we have lots of ways to win. I'm going to walk you

through four different levers that are easily actionable for us to really create significant scale here from where we've come.

And then lastly I do want to just touch on upfront, there's a lot of press and discussion around real estate valuations and the disruption of technology, particularly in the office sector, and the retail sectors globally, and importantly, we have very, very little exposure to collectively these two property types. In fact, if you look at total KKR AUM, I think about 1.7% of all of our AUM is exposed to retail and office, and the office exposure is predominantly in senior secured mortgages that have 35 to 40 points on average of subordination behind them. So, let's get into it. From where we've come, we currently control \$69 billion of third party AUM. Importantly, that controls about \$251 billion of underlying real estate. Why does that matter? There's a lot of pattern recognition that you see in terms of what the behavior is across real estate of all different property types across the globe, and you can use that pattern recognition to either be nimble in terms of what to exit or aggressive in terms of what to lean into. Importantly, we have 150 professionals directly on the real estate headcount inside of KKR, in 16 offices in 11 countries. Nate Taylor made the point earlier about the private equity franchise being able to take our existing headcount and create significant scale without adding a lot of heads. The same is absolutely true in our real estate strategies as well. These 150 professionals are really the engine room of the system that we have in place to continue to significantly scale our AUM. I'm going to touch on something that Joe mentioned earlier in a couple of minutes, around these operating platforms that we also control, which give us off balance sheet capabilities that support the real estate franchise as well. So, the circles in the center of this slide really touch on like what the winning formula is for us in real estate at KKR and why we really matter and why we're relevant in a very mature sector of the alternative space globally.

Number 1, we've got this global platform. It's not only important because we can touch real estate markets all over the world, but we also are deeply integrated with the other parts of KKR in each of these locations globally. And that's very; very important for our ability to identify themes

to create sourcing channels, intermediary relationships, and of course capture value creation once we own properties or platforms. This one firm approach is really meaningful. This theme identification comment I made comes from private equity, comes from credit, comes from global macro, comes from our capital markets franchise in each of these parts of the world. The transaction capabilities come from this scaled approach that we have to these markets controlling this \$251 billion of underlying real estate. We're constantly in the market transacting in both real estate credit and real estate equity. And this operating expertise circle on the end of the page, it's really twofold. Number 1, we control our own operating and management capabilities in lots of different parts of the real estate market. And also our relationship with KKR Capstone allows us to not only use that expertise to enhance this real estate dedicated operating platforms, but also to be really, really nimble in terms of doing everything from the benign single asset purchase all the way up to the complicated platform creation or take private of a public to private. So, collectively this slide sort of captures the scale and the power of the KKR Real Estate franchise.

This is a more detailed version of the slide that Joe put up earlier today, but I think it's super important to understand like the journey that we've been on in real estate. So, as I mentioned I came here to start and build a real estate business. 2013 we raised our first real estate strategy with external capital. It was in our highest margin product in the United States, which is a closed-end opportunistic strategy. And then we approached the scaling of the real estate franchise, almost like moving chess pieces across a chessboard where we systematically set up a real estate credit business. Then we systematically built a high margin business in Europe. Then we built a high margin business in Asia, and then as we started to organically grow each of these parts of the puzzle, we tucked in adjacent products, the safer return, lower risk strategies that are oftentimes the product of choice to institutional investors. And then we partnered with our balance sheet team to identify two really significant ways to capture real estate market share. One is of course the relationship that Allan mentioned with Global Atlantic. And then secondly, as was mentioned by Joe and also by Allan, this acquisition of one of the largest real estate asset management platforms in Japan, allowed us to capture permanent AUM and also give the firm a

strategic valve to create more asset identification, and capture that AUM in Japan. I'm going to talk more about that in a couple of minutes.

So, this is from where we've come and now we're going to talk a little bit about where we're heading. So, this mosaic is a visual of all the independent real estate strategies that we run. There are really two takeaways here. Number 1: we're across the capital structure in both credit and in equity, and secondly, the way we constructed our business with these independent products gives all of our LPs the agency to think about where we can be the most effective thought partner in the real estate investment space, to fulfill their portfolio allocation needs. So we can be a partner of choice to somebody who wants senior secured credit exposure or real estate securities exposure, or the partner of choice who's looking for higher-octane exposure to the opportunistic equity space, and we can do this globally. That is a very, very powerful engine room or suite of products that we can offer our LP community. And then the last takeaway on this slide is because we have the capability to do all the things that I just mentioned, we are really, really relevant to all the financial intermediaries in the world that are responsible for connecting real estate capital to solve real estate problems. Joe mentioned this very briefly, but it's super important to just dig into it in a little bit more detail. In addition to the 150 professionals that are effectively on my team globally with a KKR business card, we have all of these operating platforms around the world, that are set up by property type and by region to effectively make us better acquirers of product and identifiers of opportunities in each of these marketplaces. So, what's a simple example of that? We built a student housing platform here in the United States. That student-housing platform owns and operates about 13,000 beds in student housing. Those people in that platform do not sit on the KKR headcount. They are sitting inside of an operating subsidiary that is owned by one of our opportunistic funds. And the way our funds are set up is we transfer each of these operating platforms from fund to fund as the investment periods expire. So, if you extrapolate off of that example on this slide, in each region of the world, we have this type of expertise in lots and lots of different property types, and what does that mean? It means

we can continue to grow our AUM and our investing acumen around the world without adding really much meaningful headcount to the KKR team.

On the bottom of this slide, I want to point out two things. First on the very bottom, K-Star is our fully owned on balance sheet credit asset management and loan servicing platform that we built in Dallas, Texas. Why did we do that? Number 1: we control a lot of real estate securities. In controlling those securities, oftentimes you have the right to control the special servicing of CMBS structures. K-Star is a certified special servicer, so we can capture those fees for KKR. Secondly, by building out asset management team in Dallas, we can effectively migrate out of high cost of living, high cost of doing business centers, like San Francisco and New York, with respect to asset managing and servicing a very, very large credit portfolio, and put all those activities down in Dallas where a lower cost of living, highly educated workforce, high quality of lifestyle, can attract real talent at a fraction of the cost that would be required if we were to build that here in New York. And to put an asterisk on that, as we continue to scale our credit business in real estate in Europe, we're going to migrate that K-Star franchise actually to Dublin and effectively rinse and repeat that formula.

KJRM, hold off on that for one minute because we're going to get to that in more detail in a second. Punch line here, we can scale very efficiently with dedicated captive resources without adding a lot of head count at the KKR level. So, why are we super pumped about the runway here for our real estate franchise? We're \$69 billion today. That's pretty big, but we can double that pretty easily in my opinion. Why is that? Number 1, the investible marketplace is very, very large. It's a \$28 trillion industry. It's one of the biggest industries in the world. Secondly, we've got this moment in time that Joe actually referred to where the world is under allocated to alternatives generally, and then of course, within alternatives, one can extrapolate on that observation that the world is under allocated to commercial real estate. We have an incredibly interesting opportunity to capitalize on both the institutional and the individual investors under allocation to the sector. As I've mentioned, we've got a global scale platform, very tough to



replicate, puts us in a position to win, and then lastly, to reiterate what I mentioned at the beginning of the presentation, we're really on our front foot. We really are spending most of our time being intellectually honest and curious about where to take advantage of real estate opportunities that are presenting themselves.

So, let's go into these four levers that we can pull. Opportunistic equity, which is basically the code words for our high margined, high fee and carry paying, closed-end products. Secondly is this real estate credit franchise that I've touched on in this relationship with Global Atlantic. Thirdly, we're going to talk about Asia. I'm not going to repeat Joe's comments around the scale of the opportunity, but I really want to peel back the onion on how we're set up there and the relationship with KJRM. And then lastly it's important to understand this opportunity set that really we've not even tapped in to any real extent around perpetual open-ended products that are lower risk, lower returning products that are very much the comfort zone of lots and lots of institutional and individual investors around the world. So, let's hit each one of these briefly. This is a visual of each of our opportunistic flagship closed-end fund strategies by region. Two important takeaways and others have mentioned similar observations earlier today, Raj, most recently, that every time we raise a closed-end fund, the successor fund happens to be bigger, and we happen to be able to do that without adding more resources to our team. So the expectation is, in a business that is relatively young, we've only been raising third party capital for ten years, that we will be able to continue to raise successor strategies that are larger than the predecessor strategies. And as Joe pointed out, our performance has been very, very strong relative to any relevant benchmark. The second really important takeaway on this slide is the light blue bar. At the end of each of these sections, it just shows you a snapshot of the largest competitor in each of these markets, in the same similar type strategy, similar type structure, and the scale that that competitor is currently running relative to our scale.

It goes back to a comment that Allan made when he made a similar observation. Like there is a lot of room for us to compress the multiple at which we are subscale relative to the largest player

in each of these markets. I wanted to make a comment around the connectivity of our real estate franchise to the rest of the firm, just to bring it a little bit to life. On the left-hand side of this slide, in one of the largest public to private transactions that has ever been created in anything that touches commercial real estate, really Raj and the infra team and my team partnered to take private CyrusOne, which is one of the largest data center operators in the world. Why is that significant? It demonstrates this ability to connect the dots across the firm, to leverage expertise and to find a convergence of where this expertise can create real value for our LPs, and also it demonstrates the ability to do very, very large deals that touch commercial real estate. In the center of this slide, this logo has shown up in a couple of the other presentations, but I think the team left it for me to bring it a little bit to light. In Japan, one of our private equity companies called LOGISTEED, which was a spin out of Hitachi Transport, basically had significant ownership of logistics facilities. The private equity team and the real estate team collaborated, and about a month ago we spun out of the private equity company, all of the logistics assets subject to a sale-leaseback with the private equity company and captured the value of the real estate inside of one of the two publicly traded REITs that we control in Japan.

The day this happened, the equity community that supports our REITs was incredibly excited about the fact that it could capture and scale access to very, very high quality logistics assets subject to a lease covenant that was very strong with our PE company. And in the same day that that happened, we unlocked a lot of value from our PE investment and took a significant markup on that investment. Very, very hard to replicate. It really was the convergence between PE and real estate and this relationship with this asset management platform that we control in Japan called KJRM. And then lastly, very simple example, so it might be a little boring, but I think it's important, identified a single asset opportunity in Seoul, Korea, which happens to be the strongest office market in the world, 100% occupied building by SK Telecom with two years of lease term remaining. We put the deal under exclusivity, teamed up with our private equity team in Seoul, went right to the parent company. Before we even went hard, we had a LOI in place to extend that lease term by ten years, and effectively to capture a lot of value by extending the

duration of a lease with investment grade credit in Seoul. It sounds simple, it's connecting the dots, but it comes back to what Scott and Joe mentioned earlier, it's all about culture, it's all about a shared vision to be intellectually honest, to theme identify and to capture really interesting opportunities that are not on offer to a regular way standalone real estate investor.

Want to touch on this Global Atlantic relationship in a little bit more detail. Number 1, as Chris Sheldon mentioned, scale begets scale. The credit relationship we have with Global Atlantic makes us an incredibly relevant player in the real estate capital markets, and importantly, fills a strategic need for Global Atlantic to get exposure to the real estate credit industry where the NIM is actually quite compelling, relative to the cost of liabilities inside Global Atlantic. I mentioned this in particular to loop back to what I said about where we are in the real estate markets currently. We're entering into, by any measurement, a massive de-leveraging cycle. During that de-leveraging cycle, lots and lots of capital structures are going to need to be recast. It's going to create lots and lots of opportunities, not only for our equity franchise, but also for our credit franchise. When you layer on top of that observation that the money center banks have significantly pulled back and the regional banks in the United States are basically out of the market, collectively the banking sector in the U.S. is about 40% historically of all the mortgage originations in the United States in the real estate sector. So, why does that matter? When you have the relationship with Global Atlantic and when you have access to the liabilities that Global Atlantic is creating and you can complement that relationship with exposure to a very, very investible and scalable market opportunity, that's a winning formula.

KJRM. We purchased one of the largest real estate asset managers in Japan. There are 150 people inside of this platform. Why does that matter? Japan is the third largest real estate market in the world, and it is a very, very hard market to penetrate if you're a foreigner. Overnight, we became one of the largest most important players in that marketplace with the scale that we captured, not only in terms of personnel, but as I mentioned, we captured permanent AUM in scale, collectively about U.S. \$12 billion equivalent in two publicly traded J-

REITs that are listed on the Nikkei. When you combine that scale with the size of the market and this relationship with our private equity franchise that I brought to light with this LOGISTEED example, it puts us in an incredible position to capture huge opportunities in Japan, not just for the private equity team, our infrastructure team, and these two publicly traded J-REITs, but also importantly for our Pan-Asian real estate products that are, the Core+ lower risk product, as well as the higher octane closed-end opportunity fund product. In addition to that, it gives us the ability to create AUM, new AUM in market in Japan that is Yen denominated. That unto itself is a huge breakout opportunity that quite honestly we don't even model internally in my projections.

The last leg of this scale of the stool to scale is really this optionality around capturing AUM that's more permanent in the institutional and the wealth channels. So, in the last four years, we set up in each of Europe, the U.S. and the Americas, open-ended Core+ strategy that is really designed for institutional investors who want a substitute, for those of you who understand what the Odyssey Fund is, who want a substitute, like a 2.0 version of the Odyssey Fund product. The Odyssey Fund product is the historic incumbent product that's institutional open-ended exposure to real estate. As all of you might expect, all of those managers have massive over exposure to retail and office, which isn't probably a great thing to have exposure to. As I mentioned earlier, we in this 2.0 version have literally no exposure to these sectors and therefore, if they can migrate their positioning out of those incumbent vehicles into our vehicles, that is a very, very important strategic initiative in the institutional context, and the scalability is incredible. Just to give you context, the Odyssey Fund in aggregate is about a \$280 billion industry. The second comment I'd make is that we set up, two and a half years ago, three years ago, a private REIT that is part of the K-suite Series that Alisa's going to touch on later this afternoon. That product, which is called KREST, is very, very small relative to the largest player in the marketplace that I'm sure you all know is B-REIT. This puts us in a position when that market reopens in terms of retail high net worth capital flows to capture more than our fair share of a market that is very nascent. Importantly, collectively, each of these strategies is thematically associated with the same concept that the world is under allocated to commercial real estate exposure, but

importantly, each of these functions are a little bit independently of one another, by region and between institutional and wealth. When we get this right it's going to give us massive diversification in terms of our fee streams in the real estate business unit.

So, let me sum this up. We have a huge market opportunity on offer for us. We have an incredible market opportunity in the coming years to take advantage of dislocation in the real estate capital markets, and the de-leveraging of the industry, and we've got multiple ways to win between our high margin products in real estate equity, our credit franchise, in conjunction with Global Atlantic, the Asia franchise in conjunction with KJRM, and this optionality that I mentioned embedded in these perpetual open-ended funds. If you believe, as strongly as I believe that the footprint that we've established, that's global, that's across the capital structure and it's relevant across the real estate risk return spectrum, is collectively valuable to the marketplace in terms of LP partnership interests with KKR, then you have to believe that this business is imminently scalable in multiples of where we are today. So, with that, I'm going to pause and offer you guys the opportunity to take a 15-minute break. Thank you for your time.

Speaker: Please welcome Co-Founder and Co-Executive Chairman Henry Kravis and Partner, Head of Global Macro, Balance Sheet and Risk, and CIO of KKR Balance Sheet, Henry McVey.

Henry McVey: Okay, thanks everybody. So, I know this is supposed to be a Henry and Henry conversation, but when you talk about KKR, there's really only one Henry. So, why don't I start off with roasting you a bit and then we can have some response after that. How's that sound?

Henry Kravis: That's all right. We'll go back and forth because I get to pick on you too. That's fine.

Henry McVey: All right, good, okay. Look, you ultimately, you founded this industry of private equity. It's had tremendous growth. You talked a lot today as a partnership about the potential out there.

Why don't you level set just about the growth and evolution of the industry, where we've been, where we are, and where are we going, where are we headed?

Henry Kravis: Well, people have asked me in the past, "Did you think you'd ever be as big as you are?"

And you got to be kidding me. First of all, you have to understand, when we got started, there were three guys and a broom. There was Jerry Kohlberg, George Roberts, and myself. We could not raise a \$25 million fund on terms that made any sense to us. So, we had to do deal by deal to get started. There was nobody doing what we were doing at the time. We started buying companies before starting KKR back in 1969 at Bear Stearns till '76. And so the world has changed tremendously. You think about it, for years, Henry, it was only private equity. We used to call it bootstrap acquisitions, and then they became leveraged buyouts, management buyouts, etcetera, you name it, and then finally, it's now alternative investments. What started out as a focus on, and why we got started was we thought we could improve businesses. We thought we could bring something, and we saw a dislocation in the market where companies were not particularly, well managed, that there was not an owner's mentality. And there was really only, there was companies just ran the way their management wanted to run, but shareholders had basically no say, and we thought we can make companies better. So, fast forward to today, there's probably not a country that doesn't have a bank at least that does alternative investment financing. There's what started out as a handful of banks that would finance in the U.S. on an unsecured basis, you had First Chicago, you had Continental Illinois, you had Bankers Trust, and you had Continental manufacturing. So, you had four banks, and those four banks as it turned out are all gone, but others have now taken over.

There was no high yield market. Drexel hadn't come up with a high yield idea. So people that are going into the business today just think all this stuff has just been here. Well, it hasn't. And so today, here's what's changed. First of all, much more competition than we ever had before. I sort of liked the old days, it wasn't any competition. It was just us and it was okay. Second, you had very few sources of financing. In fact, the financing that we had to do, we actually – George

and I would back into a capital structure, depending upon availability of capital. So, I remember when we bought Houdaille Industries in 1979, for \$355 million, we sat down and we said, "Well, first of all, we have to get the Prudential Insurance Company to give us a big commitment." Because if they don't, and they were one of the very few that would make large commitments, senior debt and subordinated debt, if we didn't get them, you couldn't do a deal of any size. So, we backed into the capital structure, how much bank debt is there, how much long term senior debt, subordinated debt, preferred stock, and then some common equity, because Bear Stearns, where we came from, never put any money in any deal we ever did. They were a sales and trading firm and that was their interest, not what we were doing.

So you have first of all competition. You have much more financing today. It's very broad today, and it's almost everywhere. Individuals had no role in being able to even participate. You had a handful of insurance companies, couple banks, as I'd mentioned, and that was it. Today what you have is you've got practically every institution is now saying, we need to have more of our capital in the alternative space. Why? Because they have to meet certain hurdle rates and they can't meet the hurdle rates if they're just going to buy stocks in the market and bonds. So they moved into the alternative space, and some institutions, as all of you in this room know much better than I, it's 30%, 40% of their assets under management. The thing that has really changed though is the ability for family offices, for individuals to now participate. Our democratized product as we call it which is open-ended funds, enables people to participate just like the institutions have been participating with us since we started the firm. So, and the last thing I would say that has really changed is firms have gotten obviously much, much bigger. I said, we started with three of us, and then today you saw what we have 2,750 people plus what we just brought in from all the people from Global Atlantic, and so today, our focus is making sure in our companies—and I thought Pete and Nate talked about it very well and showcased it very well—something extremely important to us is the whole idea of employee ownership.

Not just a handful of executives, but everyone in the company today has an opportunity to participate, and we're putting it into every single company as they talked about as standard procedure. And I'm going to give you just one very quick example of that, CHI, which is an overhead garage door business we had owned. We owned it for about seven years. We told everybody when we bought it that we would have the ability, they would have the ability to maybe get \$15,000 if they stayed with the company over and above what they were paid in salary and bonus. Fast-forward seven years, we called them in. We said, well, if you were with the company just from January to May of a year or so ago, so five months, you're getting \$20,000, but if you were with a company at the beginning, so seven years before you're getting \$800,000. Now think about what that does to families, to a community and so forth. That average, if I correct, I think around \$175,000 per employee there, of extra income that they didn't have before. So, this is critical.

Henry McVey: Yeah, so, had a hot CPI print today, people were worried about rates being higher. When you started in the industry rates were extraordinarily high. How do you think about that as a potential headwind to the alternative space?

Henry Kravis: Well, first of all I'd love to have just \$5, that's all I need, \$5 for every article I've read or for every time somebody has said on the news private equity's dead, interest rates go up, you can't buy anything. Let me tell you, I don't know how many of you were in this room when inflation was really high. Inflation in the period 1978, '79 period to about '81, you had 13.5% inflation, you had a prime rate, which we don't have anymore, but prime rate of 21%, worse than that, Paul Volcker put on credit controls, which meant, which said no more non-purpose lending, which meant anything other than working capital, you couldn't borrow any money. And we've only done, only had one deal we announced that we could not close because we couldn't get the financing, and that was because the Fed basically shut us down. Today, you've got inflation is at a high of 8%, you're, I don't know what it is Henry now, 3.5% plus today? People forget that there's always opportunity. We always tell the people when we got into global financial crisis, and none of us,



including George and myself, and we'd been investing 55 years, but George and I said very clearly to everybody at the firm, "Focus on what you can control. Don't worry about all the noise in the system, there's a lot of noise in the system, you can't do a darn thing about that, but you can do something about your companies and focus on them. As soon as the markets open again, get the debt paid down," etcetera, and that's the message we give all the time.

Second message we give all the time, everybody, all the leadership at the firm gives, is get out and spend time with people because during the time that inflation's high and, or you're in a global financial crisis period, CEOs want to hear from you. And you'd be amazed what you can find out in just showing up, the fact that you got on a plane and you went out to visit with them. That means for a ton to them. And then when they think about, "Well, I want to refinance my balance sheet" or "I want to make an acquisition that I can't do on my own," they're going to call us. And so even though we're in a period of inflation right now, we're putting a lot of money to work. We're exactly on target for this year and where we thought we would be at the beginning of the year. There's a lot of places, because we're investing around the world. We're not just stuck in the U.S., and so we've got the whole world to go after. We're a solutions provider too in addition to being an investor. We want to help any company. Where can we? We can invest today up and down the capital structure. That wasn't possible before, but because of how we're integrated today, that's how it works.

So look, you're the economist, Henry, so I want to ask you something. So, several years ago we asked you to become the CIO of our balance sheet, and you've done a superb job of repositioning the balance sheet at KKR, so, all of us as shareholders have certainly benefited from that. Can you talk about the evolution and how is our balance sheet, positioned today? And a lot of people don't understand the importance of our balance sheet. So, I'd like you to also talk about the advantage that we have by having the balance sheet and having this perpetual capital, what does that mean?

Henry McVey: Okay, so I think about the balance sheet in three different phases. Phase 1, was when we went public, reverse merger. We got assets at cheap prices. Phase 2 was when we cut the dividend at the end of 2015, we started to compound our capital, and we had four objectives. We wanted to build a moat around Asia. We wanted to build real assets into a scalable business. We wanted to establish Core around permanent successful companies. And then ultimately, we wanted to be dominant in retirement savings, and we found a crown jewel in Global Atlantic. Those four things are now done, and we compounded the balance sheet at about 15% and created a multiplier effect. Now, I think we're moving from strategic asset allocation to capital allocation, and those are really our tools. I think Rob Lewin's going to talk more about that, so I won't steal his thunder. What I would say from my day to day is it infiltrates everything we do, from acquisitions—KJRM, right? Huge advantage we've created for ourselves in Japan to Global Atlantic, to the K-Series, to what we do with Adam and KCM. So every single thing that we do has done that, but we're now at a point where we have less earnings volatility, we have more free cash flow, and we can be more in the capital allocation business. And that's an important change.

Henry Kravis: So, maybe let me add on to that for just a minute. You're constantly thinking about themes that we should be thinking about where we should be putting capital. Where are we putting capital? Can you talk about that today? Where are we putting money to work?

Henry McVey: So, let me spend a second on what I think we're – I think there are a couple things that are jumping out. One is, you'll hear from David Luboff in a second, intra-Asia trade is starting to ratchet up. It went from 48% intra-Asia trade in 1990 to now 59%, that's probably going to 70%. That's wildly bullish for what we're doing in Asia Infrastructure, point number 1. Point number 2 is, you heard this from Ralph, you heard this from Pete, you heard this from Raj, buying complexity, selling simplicity. Telecom, Italia, Hitachi Logistics, S&P Global, when you go and you look at our PE returns over the 48-year history, our best performing deals are actually when we do corporate carve outs. And so, yeah, maybe rates aren't low and you can't lock in that

spread, but that's actually an incredible opportunity set for what we do as a firm, if we really believe what you said about operational improvement, and I do. And then I would say the final thing is this thing what I call the security of everything. Started with COVID, then you had Russian invasion of Ukraine, then you had the Gaza issues, and what that's made every CEO think about is their global footprint. And it's not just the security of energy, security of data, water, transportation and that's leading to – it's one of the reasons the economy's running higher. It's leading to a bigger global CapEx cycle. And so those are things where I think we've got to get the price right and we got to make the company better, but those are all mega themes that we're investing behind.

Henry Kravis: Well, while we're on, I just want to mention one thing that a big difference at KKR, literally in the last, you've now been with us 11, 12 years now?

Henry McVey: 14. It feels like 28, but it's only 14.

Henry Kravis: 14, wow.

Henry McVey: You're the one that made me have the 36 interviews.

Henry Kravis: I lost track after those 36 interviews we had of you. Okay. I'll tell you the mistakes we made and I don't want us all standing up here and saying, well, we haven't made any mistakes. We made a lot of mistakes over the years, and fortunately we've learned from those mistakes, but one of the mistakes that we had made over the years was not focusing it off on the macro side. We were too micro-focused, focused on the company, and that was the reason we brought Henry over from Morgan Stanley where he'd been doing the same thing for them. I think you came with seven people in total, and now you've got what? 43 or so people in your group. This is a really important piece and you all need to understand that, just like ESG and regulatory issues and our

global, KKR Global Institute, these are all very important pieces, and not to be minimized as to why we've been successful as we have across all of our assets.

Henry McVey: Yeah so, I'm going to switch a little bit to culture. I felt pretty good this morning until saw some of this rogue slide stealing that took place between our IR department, our CEOs, and then all the way to the management committee. But generally, it feels like things are functioning pretty well. We're growing fast. When I got to the firm, I covered financial services companies for a decade, I was shocked by how strong the culture is. How do you feel about our culture today, particularly in light of the growth that we've had?

Henry Kravis: Well, you've just hit on something Henry that I think all of us in leadership at KKR would say is the most important thing. That's our DNA. It's our culture, our value system that we have at KKR. So, let me just take you back a minute. What got us to where we are today? Well, the second conversation that Jerry Kohlberg, George Roberts and I had was when we got started, what kind of culture did we want to have? We came out of Bear Stearns, and for better or for worse, Bear Stearns was an eat what you kill culture. Everybody ran around and said, I did this, I did that, we did not want an "I" firm, we wanted a "we" firm where everybody at the firm participated in absolutely everything that we did, and this was critical. And one of the reasons that we actually left Bear Stearns was we didn't agree with their culture. So, if you think about it, if everybody on the team gets compensated on how well the firm does, whether you're a partner at the firm or you're not a partner at the firm in those days, we started, we only had two offices. George was in San Francisco, Jerry and I were in New York. Today, we've got, you saw 25 offices around the world, different countries, etcetera. We've got over 45 different products that we have at KKR. Everybody is compensated on how well the firm does, and it's paid off the balance sheet. And there's a reason for that. It's a very important reason there, and that is that everybody will help each other.

If you think about a football team, an American football team yeah, you've got a quarterback and you've got other players, but if everybody plays their position and works together, the team's going to score. And so that's sort of how we think at KKR. We are very well integrated. We talk about the culture all the time. I'm often asked, "Well, as you grow, can your culture stay the same?" It can. How do we do that? What is it that we do to make sure our culture actually continues? Well, one of the things we do is we talk about it constantly. It's on our website. Internally, we talk about it. The two, 360 degree reviews that we do midyear and at the end of the year, one of the four areas that we interview people on is culture and values. Now, we've had people at the firm, Henry, that made us a lot of money. We had to let them go because they could not live by our culture, a culture of helping each other, working together, and so I hope what's coming through from the presentations you've seen today so far, is we work really, really well together. And it's something that we're going to do everything we can to preserve. It's our DNA. If we ever lose that, the DNA of this firm, KKR will not be the same.

Henry McVey: Can I push you on that a little bit? One of the things that has struck me as you look at Pete and Nate following each other, and you and George and Joe and Scott, most of the times when you look at financial services companies, co-heads, it usually means there's going to be a tussle and somebody's going to leave. That hasn't happened here. What are we doing differently?

Henry Kravis: Well, before we get to the co-head thing, I want to just, add one thing on this, on the culture. It's a culture of innovation too. One of the things that George and I have always done, and to this day, I think some people at the firm, particularly younger ones are tired of hearing us say it all the time, but we'll push them really hard to innovate. As George and I have always said, throw enough stuff up, something will stick, and so let's try new things. And you'd be surprised how much of it actually will work and will stick. And you have to understand what's a corporation? A corporation is an evolving entity. We always say our job begins the day we make the investment, whether it's in credit or in infrastructure, real estate, private equity, whatever it is.

What can we do to make that project or that company a better company than what it was when we found it? And that's our whole focus. So we tell everybody at the firm, you have to innovate. You've got to be willing to take risks. Why we're where we are today is we're getting better at it, at taking risk, be willing to speak up. That's the culture. Now, to lead into the co-head situation, one of the most important things that George and I emphasize is the culture. One of the most important things that we factored in when we decided that Joe and Scott in 2017 should become Co-Chief Operating Officers and at that point, they were at the firm about maybe 22 years, 21 years at the firm, and was how well they worked together.

Very few co-heads actually work. We know other firms in the private equity industry that have tried it and it blows apart. But if people have been working together for so long, have grown up at the firm together as Joe and Scott have, they came in together, their families are extremely close friends, they travel together, and yes, they're not cousins like George and I are, where we grew up knowing each other from age two, they work exceptionally well together. And this was a very important part. They each bring strength. As we've gotten bigger and more complicated, there's a huge advantage by having co-heads. Joe was the one that went out to Asia in 2005, and he set up our Asia business and it was a home run, and you've got to understand, Joe wasn't even a partner at the time. I actually said to Joe after spending three weeks with him out there trying to figure out should we open in Asia or not? And we concluded we should. I said, "Joe, keep in mind you've never managed anything. I'm not even sure you managed your children yet." So and that was true, but Joe went out there and just did a phenomenal job. We picked really good people, of which he oversaw, and pulled them together and brought that culture and that way of investing that we did in the States. Scott on the other hand, brought enormous creativity. He brought the idea of our credit business and our capital markets business, and the balance sheet and so on. And so they had complimentary skills that they brought together. So, in our case, I will say two is much better than one. I think the same. I would say the same thing for Nate Taylor and Pete Stavros. They're co-heads and they're really working well together. They've been friends for a long time. One's on the west coast, one's on the east coast, they can just

cover much more ground. Nate had been out in Asia for a while, for a number of years working in India, and so he brings that experience. So, we're trying to bring what we can of the firm together, and we just think we can cover more ground having two people rather than one, as long as they're complimentary. So, I want to ask you, you have seen enormous growth at KKR. Our macro positioning has played a really important role.

Talk a little bit about how your team integrates with the deal teams, the credit business, the infrastructure, real estate business, etcetera, our capital markets business. What role do you play?

Henry McVey: So I think there are four things if I was an investor, I'd want to know. If you go through our 48 years of data, not that we're an AI firm, but we use technology pretty effectively, you'd know that one, linear pacing works, Pete talked about that. The worst thing we can do is make a macro bet, either be bullish or too bearish and it's totally different than the sell side. It's the exact opposite where you're trying to pinpoint something. Second, is around sizing of positions. The third is around leverage and the fourth is around correlations. And if you go through our data, you can build portfolios that – you saw that with the PE team, but it's true across the rest of the franchise, that stuff works. And what we've seen over time is about, somewhere between 1/3 to 2/3 decline in our loss ratios. It's pretty meaningful because what – the papers talk about all the winners, what they don't talk about is the losers. And if you actually, the eighth wonder of the world, you compound your capital at a higher rate, it works. That's one part of it. The second part is around the power of the firm. If you take everything that Adam Smith's doing on capital markets and our fees that we're paying the street, we can create competitive advantage through financing, right? And that's across interest rates, that's across sub lines, leverage as well as the way we think about FX. All the things we're talking about today are a globally integrated firm. That doesn't work unless you're truly globally integrated. And so that's something over the last 13 or 14 years where I think we've created a core competency and you can measure the alpha that

you can deliver. And so that doesn't make the headlines a lot, but when you do it in concert and you believe in what we're doing together, it works quite effectively.

Henry Kravis: So, now I'm going to go back to my last question to you, Henry. I'm going to have you put on your old uniform when you were at Morgan Stanley, and as I remember well from our interviews and before you came over, that before you did macro and asset allocation, you actually were an analyst and you were an analyst in the financial services will. Now, if you're sitting in this audience today and you're listening to what you saw presented, would you short the stock or would you go long in stock?

Henry McVey: I'll tell you, a couple things have jumped out to me. One is, I'd spend more time in Japan, we're exiting deflation. I don't say that lightly, that's a 30-year trend, and if you look at the mousetrap we built there, the example on the Hitachi Logistics, that's a big deal, put a marker on it. Second is what Raj talked about, all our client surveys are telling us that people want to increase their infrastructure, and so understanding that and just generally real assets, across real estate credit, across asset-based finance. If I'm right that we're in this higher resting heart rate of inflation and this regime change, that business is going to have really successful growth. I think the third thing I would highlight is what Pete talked about. We have a massive global funnel for deal flow, and if you think about Core or you think about Ascendant, those are incredibly profitable businesses that we're adding by putting very few resources. And we just told you that we're not going to add anybody to Strategic Holdings. That's pretty powerful. And I think that the last thing I'd close on is, you talked about culture. I spent a lot of time doing initiation reports and I always spend the time looking at the models, and I see everybody typing in their computers. Culture and alignment is what drives success, and we went to our management committee offsite out, we all got – we got up, we worked out in the morning, we worked all day, we played all night washed, rinsed, and repeat the next day. Watch the management team around here and whether they get along, see whether they're economically incented, see if they're following your cultures and values. If we do that right, I'm definitely not on the short side of the stock, so.



Henry Kravis: Henry, thanks very much. Terrific, thanks.

Henry McVey: Okay, thank you very much. Great to be with you, thanks.

Gaurav Trehan: Good morning everyone, I'm Gaurav Trehan, head of our Asia Private Equity Business and Co-Head of Asia. I've been at KKR since 2020, and I'm based in Mumbai.

David Luboff: Good morning everyone, my name is David Luboff. I'm the Co-Head of Asia, I'm the head of our Asia Infrastructure business. I joined KKR five years ago. Before that I was at the Macquarie Group for 18 years, most recently running Macquarie's funds businesses in Asia.

Gaurav Trehan: David and I are partners in Asia. We are very close friends, we both love cricket and we both are really excited to talk to you about Asia today so, let's start. Before we take you through the journey of Asia, there are some key messages we want to share with you. First, we are the largest and the most diversified alternative manager in Asia. Asia is growing and within Asia, each of our countries, then our industry is growing. So, when you bring it all together we believe we are uniquely positioned to really tap on this market opportunity and continue to scale up our business. So, as we go through the next 15, 20 minutes, we want to talk to you about what we are in Asia, how did we get here, and where are we headed. So what are we? We started the business in 2005, and Joe Bae moved to Hong Kong. Since then, we built a very large scalable business at \$65 billion of AUM. We have four different strategies. We started with private equity and the last few years we have added infrastructure, real estate and credit, and each one of those is scaling up. We are in every major economy of Asia. We have local presence; we have local teams in all the key countries. We have nine offices and close to 600 people on the ground more than anybody else. When we started the business in 2005, we were largely private equity. It took us 13 years to go from zero to \$18 billion of AUM. And the last five years we have quadrupled the business to \$65. Our private equity business, which has been around for two

decades in Asia, has doubled in the last five years, but we've added infrastructure, credit and real estate, and we are just starting out.

David Luboff: So, there's been tremendous growth, you've heard about that. We attribute this growth to our Pan-Asian presence, depth, and breadth, our global connectivity. This has allowed us to expand into new strategies driving AUM growth. Importantly, this has all been made possible by our wonderful secret sauce, our culture, one firm, collaborative. Let's go into each one of these in a little bit more detail. This is a huge competitive advantage. This cannot be taken for granted. Our highly localized boots on the ground approach. We have 570 employees across the region. We have nine offices, each of which is multi-strategy. Importantly, for each of our strategies, they are amongst the market leaders in each country in which we operate, truly differentiated from our competition. We've spoken a lot today about the KKR toolkit that is fully embedded into our operations. So, having this flexible approach, flexibility by geography, flexibility by strategy, that gives us so much optionality, it allows us to dynamically allocate capital where the risk return tradeoff is best. That is incredibly valuable in such a big fast-growing region like Asia and particularly valuable in times of volatility. So, I'll just go back. We've invested \$40 billion of capital across the region. Importantly, we've had the ability by dense of this Pan-Asian presence to build balanced portfolios, balance between developing Asia and developed Asia.

This is something that our LP partners really value. We are very proud of our track record. You've heard tenets of that today. We've been investing in the region for 20 years. Over that period, we've learned valuable lessons. We've established very deep relationships and we've built world-class investment teams, teams that know their local markets intimately. This sets us up so well for even further growth. So our Pan-Asian footprint, our depth and our breadth, our connectivity to our global headquarters to global KKR. This has given us the license and the mandate to scale into new strategies. Our Asia private equity business, I won't go into too much detail here, Gaurav is going to go through it in a few moments, but notice the scaling. What's really interesting is the inflection point after our second fund. This is something that we speak about a lot at KKR. It's

something that we've seen globally. Once a track record is established, you do see that inflection point. That's really, really exciting for us when we think about the newer strategies. Asia Infrastructure, I'm going to give a case study on the next slide, but again, we are at that point of inflection. Our second fund, \$6.4 billion, we are preparing for the next series, the next fund will come back that inflection point, Asia Credit, Chris Sheldon spoke about this.

What an exciting strategy to have in Asia. We feel that the demand for private credit far outstrips the supply. We have one of the leading teams in the region. We are one of the largest managers of private credit and there's been great scaling. We launched our first fund in 2021. That fund has established a great track record and again, we start thinking about that inflection point. And Asia real estate you heard from Ralph, how strategic, you can see that step up. KJRM has been perpetual capital in a market that we keep hearing about, Japan, how strategic it is for us. Importantly, we are active across Core, Core+ and opportunistic strategies across Asia. So with this increase in strategies, increase in AUM, there's obviously been an increase in capital investment. You can see roughly 2x relative to the same period, relative to five years prior. That's driven an increase in management fees and an associated increase in capital markets fees. What is not captured on the slide is the composition, the breakdown underpinning these revenue lines that is far more diversified than before. We also increasingly manage longer duration pools of capital. Again, KJRM, that is perpetual. Infrastructure, this is a longer dated strategy that we did not have five years ago. So not only has the absolute value of fees stepped up significantly, the diversification, the composition of such fees has become more diverse and the quality of earnings I believe is far greater given this duration point.

So let me just spend a few minutes talking about Asia infrastructure. We launched this business on the back of our success of our Global Infrastructure business. Raj spoke about this. We also had the Pan-Asian footprint that we've been highlighting. We started this business five years ago. Today we have \$14 billion of AUM, equity under management. That has all been built organically. Our first fund closed at \$3.8 billion. Back then it was the largest ever fund. Our second fund, we

closed earlier this year at \$6.4 billion. That is by far the largest fund ever raised in the region. Now what's interesting is we are today 60% committed. So we are now preparing for the next iteration of this vehicle, of these series of funds. We've made 24 investments, 21 have been sourced bilaterally. Joe spoke about the power of origination this morning. That is not to say we're not active in auctions. We look at everything. We've got a highly motivated and hungry team, but we are losing on auctions. We are finding the best value is in our bilateral and proprietary relationships and how they unlock more complex transactions for us.

We've built a balanced portfolio between developing and developed Asia. Again, this is a big point because not many others can do this. We can do this because of our presence and our on-the-ground presence in the regions. We diversified by countries, we also diversified by sectors. Some of the big themes that Raj spoke about, digital infrastructure has been a big, big market for us. Energy, including energy transition and transportation. Some, just to give some examples, we are the owner of the largest independent telecommunications towers portfolio in the Philippines. Super exciting business given the requirement for greater connectivity in that country, fast growing. We are the owner of the largest environmental waste management business in Korea. This is a transaction that was formed by merging two companies in Korea. This would not have been done without our Capstone team. There is no way a traditional infrastructure manager without the toolkit could have done this transaction in Korea. We have 22 dedicated investment professionals, 22 infrastructure specialists. This does not do justice to the network effect, the power of the KKR platform, the synergies, the benefits, the leverage that we get. That is how this team has been able to grow.

And finally, we're super humbled by the industry recognition. We've been voted Infrastructure Fund Manager here in Asia for the last four years. So we believe the capital support is there. The capital support is growing. I've been investing in the Asia infrastructure market for many years. I have never been as optimistic as I am today about the supply of transactions, primary transactions, government privatization, secondary transactions. We look ahead the supply of

transactions is growing. We think the supply of capital so long as we continue to perform. Joe used the expression this morning, "Your track record, it's your license to grow." We've got to make sure we're performing well. We are performing well. There's tremendous growth ahead of us.

Gaurav Trehan: Thanks David. We talk about our Asia private equity business. This is a business we first ventured into Asia with Joe moved there in 2005. We launched our first Asia fund with a \$4 billion fund and now we are investing out of our \$15 billion fund. We are very Pan-Asia. We are in every major economy. We have local teams, advisors, senior advisors, country advisors, operating professionals who work very closely with each of our investment teams to make deals happen and we are just starting out, but that's not the most important thing on this slide. If you look at the middle part of this slide, since 2005, we've invested \$26 billion in more than a hundred companies. And if you look at everything that we've monetized so far, we've monetized a 2.2x dollars MOM and a 21% IRR. Now if you just think about the complexity of what we are doing, we are investing in Philippines, Japan, Korea, China, across different economic cycles, India, political instability in different countries, macro shocks and through all of that, over two decades, nearly two decades, these are returns and the industries recognizing us. And for the eighth year running, we've been voted the private equity firm of the year, but like I said, we are still in the early stages of private equity Asia. This is a slide you've seen probably every KKR deck that you'll ever come across, but this is truly what makes us tick. Teamwork, collaboration, one firm culture, a like and trust. Whether it's working with Eric Mogelof or Henry McVey or Ralph Rosenberg or Raj Agrawal. We are all friends, we are all partners, we spend time with each other, we get to know each other, we get to learn about our businesses and really help each other out. And that's why we are able to take a lot of our learnings from the U.S., from Europe into Asia and vice versa and that's how it makes us successful.

Just a couple examples of our culture in the collaboration. My partner Ralph spoke about LOGISTEED and KJRM. We can't stress enough how unique we are in this. By the way, this is

just a first of many to come. We will do many more of these over the next few years and really keep differentiating ourselves. The one on the bottom right, Max Healthcare, one of the largest exits ever done in the capital markets in India. We exited a \$2 billion block in the Indian capital markets in nine months, in three tranches at a sub-5% discount, never done. And the reason we were able to do it was with Chris and Adam's team, the capital markets team on the ground focused efforts with specialists who specialize in how to monetize assets in the capital markets.

David Luboff: Bushu Pharma, this was a name, it was an example on Nate's slide earlier this morning. So Nate was talking about the collaboration with our American health care private equity team and our infrastructure team on the ground in Asia. Our Japan team was super helpful, our Capstone team. This again is a transaction that I don't believe many infrastructure managers would've been able to execute. We only executed on this transaction because of the KKR toolkit, the connecting the dots, the collaboration that GT has highlighted. Reliance Industry a few weeks ago, our credit team, our infrastructure teams and GA works together to invest with the Reliance group, the largest corporate in India. Highly contracted long duration investment. Importantly, this was bilateral and it was formed on the back of an existing relationship, a relationship that our firm, our PE colleagues established as early as 2020 with the first investment with the group.

Gaurav Trehan So where are we going? What's our vision for Asia? Let's look at what's exciting about Asia first. We work with Henry McVey and the macro team to have a very nuanced view on each country that we invest in. But when you bring it all together in Asia where this urbanization, digitalization, consumerism, everything is growing in Asia, and Asia is going to be the big driver of global growth. Our industry is growing as well. In each of the countries where we operate, our industry is going to grow, it'll keep growing and when you have the multiplier effect of growth in the economy and our industry in each country, you can just imagine the kind of opportunity it presents us. It says you can see it's a \$9 trillion opportunity to deploy. Even if you get our normative market share that's a huge runway for growth. We think we have the right to win to get more than our normative market share given the presence on the ground. Japan, just double-

clicking into private equity Japan for a second. Henry Kravis has a great story. About ten years ago he went into a CEO meeting in Tokyo and asked the CEO, how many subsidiaries and affiliates do you have? They said 2,000. His next question was, okay, how many of these are core to you? And his next answer was 2,000. That just tells you about the mindset of corporate Japan ten years ago. Well, it's changing. We've done more carve outs than anybody else in Japan. And if you look at the chart on the left, if you look at just some of the conglomerates and add it up, these are more than 5,000 subsidiaries and affiliates that need, they need to do something about. They need to optimize their balance sheets, get focused from their boards and the management teams and we are truly their partners who can help them with that.

If you look at the Tokyo Stock Exchange, it has nearly 4,000 companies. 40% of those are trading below book value and some of these are very high quality companies with global customers, but just haven't been managed as well. Pete and Nate spoke about the global private equity model, how we are bringing it into different parts of the world. The idea is to make sure, can we partner with some of these companies, bring in the global toolkit of private equity, capstone, macro, value creation advisors, experts and just bring it all together and really create a lot of value over time.

David Luboff: So we've spoken a bit about our activities in the region. What's really important as well is that we are a major exporter of capital in Asia for KKR products. Our strategy around capital raising and Eric is going to obviously spend some time on this is consistent with our overall strategy. Get the very best people we can, locals on the ground, embed them in our local operations and get the platform effect and the success of the strategy has been borne out by the numbers. We've got incredible savings pools in Asia. 25 to 30% of the institutional capital raised has come from Asia. We spoke about our expectation to raise \$300 billion over the next three years. A significant amount of that is going to be exported by our teams in Asia. The wealth channel that was discussed this morning Alisa and Eric will spend some time on that. This is a tremendously exciting channel for us in Asia. Huge market. It's early days. We're really pleased with the momentum and the ramp that we see coming through this channel. So looking ahead, we

think we have all the elements to contribute for our growth engines to hum. We're going to grow our leading asset management business. We are the market leader. Our newest strategies are at that point of inflection. We need to keep performing. We need to keep delivering on our track record. Our revenue lines will increase. They'll become more diversified, even more diversified and that will flow through to our earnings, but what a privileged head start we have over anyone else in our core business, Asset Management.

Insurance, we think GA can be transformative for us in Asia. Same philosophy. We are moving GA professionals to embed themselves in our footprint with our teams to get that synergistic collaboration. I like the expression this morning speaking up the symbiotic relationship with GA and KKR. We've already executed on liability trades. Allan spoke about that this morning and asset trades in Asia for GA. You look at Japan; we've spoken a lot about Japan. I was amazed to hear the stat that Japan is \$3 trillion. I actually double-confirmed it with Allan this morning. \$3 trillion life in insurance market relative to \$4 in the U.S., but block trades in the U.S. in the last three years have been \$300 billion from day one it's only been \$20 billion in Japan. So it just feels like such an enormous opportunity and an opportunity that we can unlock, we feel best because we have investment teams, rounded, diversified investment teams by strategy in Japan that are second to none. And then strategic investments. KKR has a strong flexible balance sheet. We generate a lot of earnings. We have world-class investors, world-leading investors across Asia. We have a collaborative team culture. We've got a backdrop that we're in the growth engine of the world. With that we ought to be able to find highly strategic acquisitions for the firm.

So what a privilege, what a privilege it is for Gaurav and I to stand here. What a privilege it is to be part of this amazing story that is KKR Asia. We are in a growing industry, in a growing region and we are the market leader.

Our platform build out has been done. So when we look forward at growth, I truly believe that the hardest bit has been done and we are at that inflection point. We have the team, we have the



culture, we have the momentum. If any of you are in Asia, we would love to host you. Gaurav and I would love for you to come into any of our offices. Come and meet the team. Come and see that crackling energy, the enthusiasm, the motivation. We're staying hungry and humble. That's really, really important. The team recognized we have a purpose. What we do matters to the retirement of millions of individuals and policyholders. That's really important. So we intend to seize the opportunity that we have ahead of us. We have so many competitive advantages and I love the way the day started with we are only just getting started. So thank you everyone. Thank you and we'd now like to welcome our friend and partner, Adam Smith.

Adam Smith: Good morning. My name is Adam Smith. I've been at the firm for 17 years and I'm a partner in our New York office. I Co-Head our Credit & Markets group with Chris Sheldon who spoke earlier. My focus is on the capital markets activities of the firm. You heard this morning from our investment heads about the growth that they see in their business. I want to spend a few minutes today talking about how we can help drive their performance and how they can in turn help us grow our business. There are three big takeaways that I'd like to leave you with today and you'll see these themes run through our business. First, we're the largest and most developed sponsor-based capital markets platform in our industry. We serve both KKR companies and independent third party clients and we've often been referred to as the gold standard for what a capital markets team should look like in an investment firm. Second, we've aligned our capital markets business and our credit businesses together in a way that gives us a competitive advantage and allows us to originate more transactions. Third, we built a scaled and diversified business that still has a meaningful growth orientation.

We see the continued opportunity to grow our revenues across private equity, infrastructure and real estate as those parts of the firms grow. We also see an opportunity to expand and increase our presence in third party capital markets. And global opportunities presented us with a new opportunity, has expanded our opportunity set, is giving us more ways to win, particularly in the structured markets. I'll talk about a little more of that in a minute. So for people that are newer to

our firm, our capital markets group is the centralized financing group for all of KKR's investment activities. We arrange debt and equity financing to complete transactions across all our investment businesses globally. We operate among four key business areas: debt capital markets, equity capital markets, structured capital markets and co-invest indications. The magnitude of these activities together is massive. Since we began this endeavor, we've raised over \$1.6 trillion of debt and equity financing for our companies and third party clients across more than 2,000 transactions. And today we have 67 professionals in our capital markets group that are dedicated solely to capital markets activities that makes us the biggest team among all of our peer firms.

Our business evolution can be divided into two key phases. For the first part of our evolution, we really focused on growing our business and establishing us in the market. That activity focused on our traditional private equity activities as a firm and we added a third party capital markets capability to that. We grew revenues from \$1 million in 2007 to a business that was averaging about \$170 million a year of fees towards the end. The second phase of our business has really been about growing, scaling and diversifying our business. Here we've both grown our existing traditional private equity business and our third party business and we've added capabilities to capture a growing set of opportunities from infrastructure, real estate, growth and our Core investing activities. Through these collective efforts, we've been able to increase our deal counts meaningfully and grow our revenue base. Over the last four years, we've been averaging \$626 million of revenue on average and prior to the most recent market disruption, we achieved almost \$850 million of revenue.

Now our third party business has been a big part of this. This is a business where we provide other companies with the same services that we provide KKR portfolio companies and KKR deal teams. Our clients here come from four different sources. They're sponsors and corporates that we cover directly through a combined origination effort with KKR Credit. They're former portfolio companies that continue to use our services even after we exit those positions and we also

source transactions through a broader KKR network. Whether that's the 700 investors we have in our firm, our outside investors, client referrals from third parties that have a positive experience with us. We've even had shareholders, some people in this room refer transactions to us. We appreciate that. This business has grown pretty meaningfully. In 2016, we did 19 deals and generated \$49 million of third party fees. By 2021 we did almost a hundred transactions and generated \$192 million of fees. That \$192 million fee number's bigger than our entire capital markets business, KKR and third party, in 2016. We attribute the growth in this business to our focus on origination and a strong partnership of our business with KKR Credit, which we'll spend a little more time on in a minute. But what makes us really effective is our scale. Our scale is powerful. On average, every year we're distributing \$180 billion of financing across 250 to 300 different transactions that puts us in the market every day.

We follow transaction volumes for two important reasons. First, we generally earn transaction fees as a percentage of deal size, so transaction volumes are part of the calculus of our revenue equation. More importantly though, our transaction volumes allow us to be more effective in our jobs. The scale, breadth and frequency of our interactions with the market really helps us deliver for our clients. It gives us more power and market relevance. It gives us opportunities to inform ourselves in markets and develop better market judgements that gives us the ability to innovate. It also improves our dialogue with investors. All of these combined to help us drive better execution and outcomes for our companies and that helps us win more business and I think that's one of the reasons that our capital markets group has become a widely recognized market leader in our space. IFR previously named us the America's Loan House of the Year. They named us the top advisor for financial sponsors and last year called us the Capital Markets Advisor of the year. These are all roles that were previously given to banks. In fact, the second award used to be called the Bank for Financial Sponsors. When they gave us that award, they decided to rename it. I think this shows how we've grown from being an outside force that's disruptive to very much part of the mainstream financing markets and how we're leading from the front.

So KKR capital markets is a real differentiator for our firm. There's a lot of different ways that we add to our firm's investment performance and that we can create value. I want to focus on just a couple of those today. In Viridor, we're looking to acquire waste management recycling business in March of 2020 when COVID hit. As the world economies locked down, markets gapped out and liquidity became scarce, our team was able to secure committed financing to allow us to submit a bid for that acquisition. In fact, we were the only firm that showed up to the table with a fully financed bid that allowed us to win the transaction and ultimately make the investment. What I think that really shows is that in many instances, access to capital can itself be a competitive advantage and the things that we do to help accelerate that really benefit our firm. That matters most in harder or more disruptive markets where in fact it's the best time to invest. The second example I'd like to give is Metronet. Metronet is a high-speed internet service provider that's building out a fiber metric. It traditionally has financed itself in the leveraged finance markets using term loan fees. When those markets dislocated in the last two years, our team repositioned that company to access the securitization market and at first of its kind transaction, we structured and led a securitization of a build-out of a direct-to-premises fiber business. This allowed the company to access the liquidity it needed to support its growth ambitions and do so at a cost of capital that was much cheaper than otherwise available.

I think this shows how having specialized resources allows you to innovate and create differentiated outcomes for your portfolio companies, but we do more than just drive investment performance for our firm. We actually generate an attractive earnings stream. If you think about it, when we buy a company, we have an opportunity to finance the debt and syndicate the equity. As we own a company in our portfolio, we have an opportunity to participate in the financing and refinancings that go along with that. And when we exit a company, we have an opportunity to participate in the exit through an IPO following offering or provide acquisition financing to the buyer and every one of our portfolio companies has the opportunity to become a third party client. For that reason, I look at our business as really a revenue multiplier on everything that KKR does and the revenue multiplication for us can be very meaningful. Since we started this endeavor,

we've generated over \$5 billion of capital markets fees around our firms' other investing activities. Half of that or \$2.5 billion dollars has occurred in the last four years, which I think shows the momentum in our business.

But our work does not end when we sign up a transaction rather our capital markets team stay involved in the companies that we own throughout the life of their investments. Internet Brands is another example of this. Internet Brands is a company that we acquired in 2014 alongside its founder. We built up the company through acquisitions. We spun off and sold one of its divisions to another sponsor that ultimately became a third party client of ours. And then we recently transferred ownership to a continuation vehicle that allowed us to return capital to our LPs while staying invested in the business that we liked. Throughout the life of this investment, we were able to lead 20 different financing transactions that generated over \$6.75 billion of debt financing to fund acquisitions that generate \$2.25 billion dollars of debt proceeds that we use to pay dividends to our shareholders and return capital and over time generate \$45 million of transaction fees. I think this is a great example of how we could drive performance and create an attractive earnings stream at the same time. I think it also shows how sticky some of our business can really be. What also differentiates us is our business model. We've combined our KKR credit origination and our KKR capital markets origination into a single team to drive better outcomes. If you think about what Chris Sheldon talked about earlier today, we've got a scaled credit business that is able to lend up and down the capital structure across the public and private markets across different asset classes and on a global basis. What I've been talking about is how we can deliver scaled capital market solutions to companies that are looking for market-based financing. By combining these two things together, we can provide people that are looking for financing with a range of financing alternatives.

We can act as a principal and provide credit capital. We can act as an intermediary and provide capital market solutions, or we can combine those in what we call hybrid transactions and tailor solutions to what the consumer of that capital really wants to have. This ultimately is a more

client-centric approach. It allows us to be more effective at originating transactions because we can structure things to meet the needs of the sponsor or the issuer, the borrower that's looking to obtain the financing and allows us to stay invested and incumbent in companies as markets or transactions evolve. And in the aggregate, all of these activities really allow us to be a scaled and diversified business. Diversification provides us with two really important benefits. First, as we expand our revenue sources, we're able to meaningfully increase the fee opportunities that we have and each year those fee opportunities accumulate, it increases our total revenue potential. You can see this in the chart on the left. Between 2012 and 2015, 91% of our revenues generated from our traditional private equity activities and our third party capital markets activities, and collectively, those activities generated on average \$170 million of revenue. While we grew both of those businesses after that time, we also added capabilities to provide financing around our infrastructure business, our real estate business, our Core investing strategies, our growth investing strategies and our credit business.

By accumulating those additional revenue sources, we're able to grow the size of the pie to a business in the last four years has generated \$626 million of revenue on average and it reached \$850 million just before the prior dislocation. The second thing that diversification does is it reduces our exposure or reliance on any particular area, and as a result, helps us create more durability in our earnings. We're also diversified by geography by virtue of the fact that many of the markets that we operate in act independently of one another. And by virtue of the fact that our companies have financing needs throughout their life cycles. I think you can see these two concepts interact pretty well over the last four years. In 2021, we experienced market records. We had a record level of activity in the capital markets, and as a result we achieved a record level of revenue. That \$850 million that I just talked about. In the following two years, what I think is more interesting is as those markets dislocated and activity in the capital markets decreased materially, we were still able to generate a healthy amount of revenue. We stayed at a \$600 million level in 2022 and achieved almost that same amount in 2023. So if 2021 shows you how

you can have record levels of revenue and record years as a result of diversification, 2022 and 2023, show you how you can have resilient years in more disruptive times.

What I really like about our business though is that we have a growth orientation and there are two components to that growth. First, we have an embedded sense of growth from the fact that we work on behalf of KKR companies. I like to say we grow as the firm grows and you can see that in this chart. As the firm got bigger and added more strategies, added more funds, grew bigger funds and accumulated portfolio companies, our revenues went up. Think about that Internet Brands example. The second source of our growth is our third party business and this is a business that we've been able to grow to generate over a billion dollars of third party capital markets fees since we began. Here we have a large and growing addressable market that we can go after. We have the opportunity to win more clients and grow our market share with clients and we also have the opportunity to expand the services that we offer to other products and areas. Structured capital markets is one example and we think that the acquisition of Global Atlantic will help us grow this effort and I'd like to spend my last minutes on stage with you today on that topic. You heard from Ralph and Raj and Chris today about the opportunities they see ahead in their business and how many of those are going to be accessible through Global Atlantic.

Global Atlantic with its insurance capital has expanded our ability to deploy investments in a broader range of investment activities. The same thing is true with the structured capital markets business. All of those investments that we're going to be making will require financing and that financing is often specialized. We've got that capability in our structured capital markets business that we started in 2019. This is a business that we created as we grew and started to expand our activities, infrastructure, real estate and asset-based lending. To date, that team has distributed over \$90 billion of financing in the structured markets. As Global Atlantic allows us to scale infrastructure and real estate and asset-based lending, it should also allow us to scale the financing that we're providing along those strategies whether that's for KKR companies or third parties and what we like about that market is two things.

One, it has large capital structures which gives us the opportunity to participate in size and scale and two, all the different transactions that we are able to look at have multiple ways to win. So if you look at the graphic at the bottom right of this page, you can see the purple areas represent areas of the firm where we're able to invest principal dollars. Around those principal dollars are opportunities for us to finance the transaction through our capital markets group. So we look at those blue squares or blue rectangles as opportunities or opportunities to help drive performance, but they're also opportunities to help arrange financing and for us that's opportunities to generate revenue. We think this opportunity can be meaningful and we're excited about the opportunity that Global Atlantic has therefore unlocked. So that concludes my presentation and as I leave you, I want you to remember the three big things we talked about today. First, we have the most developed and largest capital markets platform in our industry. Second, we've combined our capital markets business and our credit business in a way that drives performance and gives us competitive edge. And third, we built a business that is both scaled and diversified and that has a meaningful growth orientation looking forward. With that, I'd like to turn it over to my friend and partner, Eric Mogelof.

Eric Mogelof: All right. Good afternoon everybody. I hope everyone's doing well. As Adam mentioned, my name is Eric Mogelof and I lead our Global Client Solutions effort and I'm really excited to provide an update on fundraising and distribution. As quick background, I've been here at KKR going on four years and before that I spent 17 years at PIMCO in various leadership roles across distribution, working with both institutional and wealth clients. All right. Let's get into it. So my hope as I leave you all with four key takeaways. The first is we have made a meaningful investment in distribution that includes institutional, wealth, product and marketing. Second, we have got a really exciting fundraising calendar ahead of us over the next 12 to 18 months, and that includes over 30 investment solutions and three of our flagship strategies. Third, and you heard a little bit from Allan about this this morning, but we are really excited to be working with Global Atlantic to deliver synergies as it relates to distribution. And then fourth, last, but definitely



not least, there is a transformational opportunity for us in private wealth and we are positioned to win, and in fact, we are already winning. Look, I want to share one other quick thing before we really jump in here. You've heard a number of my partners talk about our culture at the firm. I want to share with you all my favorite part of our culture, and it's our client focus. This slide you see in front of you is something that Scott and Joe share at every single quarterly firmwide update and it's such an important reminder of why we are here. It's about the millions of individuals and policyholders that we are here to support. And in my 25 years of distribution experience, I've learned one thing, it's if you take care of your clients and you deliver for your clients, great things happen in your business and you'll see that in the slides I go through.

Okay. I thought it would be interesting to share with you all some of the key trends that we are hearing from our clients. First, as many of you may know, last year was a little bit more of a challenging capital raising environment. While this year the denominator impact is starting to subside, we're seeing an opening up of alternative budgets and that's good for the industry and that's good for us. Second, we are hearing from LPs that they are inundated with GPs in the market. Some GPs have over-deployed in '21 and '22 and then they're back to the market a lot sooner than many of the LPs had anticipated. At the same time, we're hearing from those LPs that they want to reduce the number of GPs with whom they work and they want more from those GPs. Good news is, you know, we obviously offer primary funds, co-invest, multi-asset solutions and so this is a very positive trend for us as well. Third, and you heard a little bit about this this morning from Chris and from Raj, we are seeing allocations to private credit and infrastructure growing. Within private credit last year, there was a big focus on direct lending. We're seeing that continue now, but we're also seeing investors diversify into asset-based finance. Within infrastructure, the macro environment, given higher resting heart rate for inflation, we're seeing investors increase their allocations to everything from Core Infra all the way to value add. Fourth trend: structure really matters. We're hearing this from institutional clients, we're hearing it from wealth clients. More and more clients are focused on getting exposure to alternatives through

evergreen investment strategies. And then, fifth, every corner of the wealth market, we're hearing it from global private banks, regional private banks, wires, independents, RIAs.

We're hearing it at the platform level. We're hearing at the advisor level. Everybody's increasing their allocation to alternatives. Okay. Let's talk about the fundraising outlook and this slide here is very consistent with what we're hearing from our clients directly. The market for alternatives and alternative AUM has been growing at double-digit rates and is forecasted to continue to grow at double digits. And if you look on the right-hand part of the slide, you'll see the areas that clients are focusing more and more on, are the things that we're focused on: private debt infrastructure, private equity and real estate. Now I know we as an industry have been talking a lot about private wealth and there's a lot of excitement around private wealth. And just to be clear we are excited about private wealth, but we're also excited about the institutional client segment and feel that there's a huge opportunity for us to grow. On this slide, you can see sovereign wealth funds and public pension plans are expected to grow in total AUM close to \$20 trillion. And as many of you know, the sovereigns and public pension plans, they allocate a meaningful portion of their portfolios to the things that we do.

So if you believe these numbers, there's another \$4 to \$5 trillion of assets that is going to be invested into alternatives into the things that we do and we're really excited to work with institutional clients. Okay. So hopefully I have a sense that there's a large TAM and a growing market. That's the reason why we at KKR have been making a meaningful investment in distribution. Today we have over 280 distribution professionals across 20 different offices. If you look at the chart on the left-hand side, you'll see the growth in our headcount. In 2018, we had 84 people focused on distribution. At the end of last year, we had 282, we've added 200 people and I'll tell you the overwhelming majority of those individuals we brought on in 2021 and 2022. So today, if you look at our broad team, they're across six different areas. Institutional sales, insurance sales, family capital sales, global wealth, product strategy and marketing. Now I want

to spend a little bit more time talking about our institutional sales model because not only have we grown the team, but we've also changed the way we're engaging with institutional clients.

Many years ago, our model was essentially taking a single relationship manager who covered a particular territory or region and they covered all the different types of institutional clients in that market and they represented all of the KKR products. Two things have changed quite a bit by the way. One is our institutional clients they've grown their allocation to alternatives and they've invested in their own alts investment teams. So today a big public pension plan they have a private equity investment team, they've got a real estate team, a private credit team, an infrastructure team. We at KKR, we've evolved quite a bit too. We've grown the number of investment solutions that we have and so what we have decided to do is organize our institutional sales team, the way our clients are organized. So today, instead of having just one person in a territory, we have multiple relationship managers. We have ones that are focused on credit sales, ones that are focused on real estate sales and individuals that are focused on private equity and infrastructure and that enables us to do two things with those institutional clients and prospects. Number one, we can deliver a whole lot more value. The second thing we can do, which is really important, we can parallel path our fundraising effort.

So at the same time we can engage with clients in multiple different investment strategies. The other thing we did with our institutional sales model is we built out a dedicated insurance sales team. What we've learned is insurance clients need different things. They have different goals and objectives than other institutional investors and we have found that we're able to deliver a whole lot more value when we're specialized. Okay. So large and growing market, much more resourced, resources allocated to distribution. What's happened? We've grown the number of clients that work with us and we've gone deeper with those clients. So you can see the chart on the left-hand side of the page shows our total LP base. In 2018, we had roughly 960 LPs. At the end of last year, we have over 1,800 LPs. So we basically doubled the number of LPs that work with us. In addition to doing that, we've gone much deeper. If you look on the right-hand part of

this chart, you can see on average our clients, our LPs have two or more products with us. And if you look at the 50 largest relationships we have at the firm, on average they have more than a dozen products with KKR, we've gone wider, we've gone deeper. Okay. By the way, as you get a bigger client base and you go deeper, you raise more capital. There's a lot going on in this chart. So let me just walk you through it briefly. We're showing our annual capital raising over the last six years and we've broken this down into two periods 2018 to 2020 and 2021 to 2023. Now if you focus on the purple bars for a moment, that's our non-flagship capital raising. On average between 2018 and 2020, we raised approximately \$25 billion per year.

That has jumped to \$71 billion on average per year from 2021 to 2023 and when you overlay on top of that our flagship fundraising strategies, we've gone from raising \$34 billion per year on average to raising \$90 billion. So meaningful scaling and it's a little hard to see on this slide, but if you look at the bottom, you can see our distribution headcount over the different years. And it shouldn't come as a surprise that when we bring more people on and you've got good products, by the way, that builds a lot more capacity to raise more capital. And so we're really excited to have over 280 people today as we're entering that next flagship super cycle. Now, in addition to raising more capital, we've also have our capital raising more diversified. So you can see on this chart, you can see over each year where the capital is coming from by asset class and I would just point out last year in 2023 we raised \$69 billion. Of that, only \$5 billion was in traditional PE. All right. I want to spend a little bit of time talking about the maturation of our funds and you heard a little bit about this earlier from some of my partners. In 2018, of all the funds we had and strategies we had in the market, a third of them were Fund I.

And I think many of you know raising Fund I is a lot harder than raising Fund II, III, IV, VI, XII, XIV. Fast forward to last year, only 7% of the funds we had in the market were Fund I and by the way, 40% of the funds we had in the market were evergreen. When you combine a strong track record and moving through to Fund II, III, etc., it puts the wind at your back and you've seen all of this data already. It's just showing here whether it's NGT, Global Impact, Asia Infra, which by the way

were the three last fundraises we've completed. You can see how meaningful the scaling is. NGT going from \$700 million 4x to \$2.7 billion. Similar with Global impact Fund I to Fund II, 2x, Asia Infra Fund I to Fund II, 2x. Okay. One of the things I mentioned upfront was I wanted to make sure you took away that we have a really exciting fundraising calendar for the next 12 to 18 months. This is it. We'll have over 30 strategies in the market across all five of our asset classes: private equity, infrastructure, real estate, credit and you may have heard earlier Allan say insurance as an asset class. By the way, we're going to come up with a better name, but for now, insurance as an asset class.

And that includes across those 30 plus strategies are three flagships: North America PE, Asia PE, Global Infra. All right. So if you put together a large and growing market a meaningful investment in distribution and a really exciting jam-packed fundraising calendar, we expect to raise over \$300 billion from 2024 through 2026. All right. Let me switch gears I want to talk a little bit more about Global Atlantic. So I mentioned we are working on developing some really great synergies in distribution with Global Atlantic. I'd like to cover two areas. The first relates to third party insurance. So when we started working with Global Atlantic and our colleagues at Global Atlantic, we learned a whole lot about their needs, their goals, their objectives and we built out a number of new and innovative investment solutions to help them reach their goals. Great news is we have been able to take that thought leadership, that intellectual capital, and those innovative investment solutions and offer them to our third party insurance clients. So if you look at the chart on the right-hand side of the page, you'll see first quarter 2020 when we announced the acquisition, we had \$26 billion in third party insurance AUM. At the end of last year that number was 2x or roughly \$60 billion.

Second area of focus insurance as an asset class. So Allan shared that insurance as an asset class is essentially the opportunity to invest right alongside Global Atlantic in reinsurance transactions. Historically, when we've gone out to the market and engaged with clients and prospects, we talked about PE, infra, real estate and credit. We are incredibly excited and have

already been educating our client base about the opportunities in insurance and through our Ivy investment strategies. And by the way, insurance as an asset class is relevant for wealth, it's relevant for family capital, it's relevant for institutional clients and it's relevant for insurance clients. All right. Let's get to my last topic, which is private wealth and I said right up front, private wealth is a transformational opportunity for KKR. This is a slide that Scott and Joe shared earlier this morning so I won't dig into it too deeply other than to say private wealth is large, it's growing quickly and importantly allocations to alternatives in this space are only going in one direction and that is up. And what that translates into are trillions and trillions and trillions of dollars of money in motion that is getting invested in the things that we do and we are so excited to be partnering with wealth clients to help them invest in alternatives.

So I want to share with you our playbook, our strategy for wealth, it's fivefold. And I'll tell you this, if you can do these five things right, you will win in wealth and by the way, again, we are already doing them. So let me walk you through these five things. First, if you want to be successful in wealth in alternatives, you have to have a strong alternatives brand. So we at KKR have been leaning into our 48-year brand. At the end of the day, the individual investors, they care who they invest with, they look at their statements and they see who they're with and they and it matters, your brand matters. Second thing you need; you need differentiated products that are customized for wealth. Now, some asset managers will take their institutional drawdown funds and they'll plug them into the wealth channel and that's okay. You can raise capital, but you're operating and you're looking at a pool of capital that's much smaller. If you want to compete for all of the wealth market, you need customized products for wealth. The third thing you need are real relationships with platforms. Before you can sell a dollar of alternatives in the wealth market, you need to be available for sale on the platforms. You need shelf space. We have been working hard and leveraging the longstanding relationships we have with some of the largest wealth platforms in the world to secure spots for our wealth products. Fourth thing, you need boots on the ground sales. These products are not bought, they are sold.

And so you need sales professionals that are working hand in hand with financial advisors and private bankers, but the type of sales professionals you need are very different than ten years ago. Now you need not only people that are heavily relationship focused, but you need sales professionals that are technical, that are investment professionals and that are delivering value to the advisors because if you're not doing that, advisors are not going to spend time with you. And then last thing you need is you need marketing, you need analytics, you need digital and data. You need them as force multipliers. As many of you know, the wealth market in the U.S. has over 300,000 financial advisors. No firm will or should build a sales force to touch every single one of them directly. You need to leverage marketing data, digital analytics to deliver the right messages at the right time to the right advisors, bring them into your funnel and then engage with them and position alternative solutions. Okay. Let me tell you where we're at. We have now built out a global wealth team. We have boots on the ground in the US covering dedicated to covering the wires, the independent BDS and the RIAs.

We have folks in Canada focused on the Canadian wealth platforms. We have folks sitting in Miami that are engaging with the onshore and offshore LATAM wealth market. We have folks in Europe and London and Switzerland covering European wealth and the Middle East wealth. And then we have individuals sitting in Hong Kong, Singapore, China, Tokyo and Sydney that are engaging with the wealth distribution platforms and advisor and private bankers in the Asia region. All of those sales professionals are supported by a strategic accounts team that wakes up every day engaging with all of the leading wealth platforms. We have product specialists and originators that are bringing deep subject matter expertise to the clients. We have an investor relations team. They're focused on delivering best-in-class client service, pre-sales and post-sales. And then again, we've built out our marketing and data and analytics teams to help us deliver all of this in a very scaled way. Okay. We've got one more thing and you've heard this all throughout the day. The K-Series, the K-Series, the K-Series. This is our differentiated wealth products platform. In my opinion, we have the most differentiated, most innovative wealth products that are customized for wealth that you'll find across the entire industry.

We have them in private equity, infrastructure, real estate and credit and we, when we created these strategies, we followed three principles that nobody else has followed. Number one, we focused on accessibility. All of our products are designed to get to the accredited investor or below. Many of our competitors out there, they just focused on the qualified buyers, which was only a portion of the financial advisor client base. We want to be relevant to the full client base of a financial advisor and if we are, they'll want to spend more time with us. The second principle we focused on was direct access to deal flow. We wanted to create wealth solutions that benefited from our time-tested investment process that our institutional clients have had access to for close to five decades. So for all of our K-Series, they invest right adjacent, right alongside the institutional drawdown funds we have. Some of our competitors, that's not how they've done it. They're investing in something totally different than they did with their institutional clients or they're using a fund-of-fund structure, which brings me to my third really important principle.

All of our products have a single layer of fees. Many of our competitors out there are using, again, some type of fund-of-fund process and ultimately they're delivering multiple fee layers which will deliver to end investors a much less desirable client experience. Okay. I'm going to turn things over now to Alisa Wood, my partner. She is the Co-CEO of K-PEC and K-PRIME, our K-Series. She's going to dig into our K-Series in even more detail, but I want to leave you all with one teaser. The K-Series is not just for wealth. We have been starting to engage with some of our institutional clients on the K-Series and they are starting to share with us that they believe that the K-Series could be a good fit with their portfolios. So with that, thank you very much and I'll pass things over to my partner, Alisa. Thank you.

Alisa Wood: Good afternoon. As Eric said, I'm Alisa Wood. I'm a partner in our private equity office here in New York. I've been at KKR for 21 years. I clearly started at KKR when I was three years old. You could laugh at that, and I also am the Co-CEO of K-PEC KKR's private equity conglomerate. What you have heard over the last several hours is the word K-Series time and



time again across all of our different speakers. You have heard it in the context of a major growth engine for the firm. You have heard it as one of the many ways we act as solutions providers to our clients. You've also heard it as a way that we continue to innovate. We've heard the word democratized. How we are taking what we do for institutional clients over 48 years and how we are constantly trying to evolve that to touch different parts of the market and to allow for different types of investors to invest in what we do and honestly what we do very well. So what we're excited about to talk to you today is about K-Series. K-Series are evergreen strategies we have created to access four main asset classes: private equity, infrastructure, real estate and credit. We are the only GP in the market that has a full slate of these evergreen open-end strategies across all of these different asset classes. Now, the size and the magnitude of what we are doing is very, very real and we're going to walk you through that in the course of the next couple of slides. Just to put it into a little bit of context across these four strategies, we have over 25,000 underlying clients. Now, where am I spending my time these days? Honestly, it's on the road and I'm doing two key things on the road every day.

One is I'm working with platforms and distributors to put us on. Now what does that mean? It means to put these K-Series products on their platform to sell us. The second thing that I'm doing and we are doing as a team is that we are driving sales. We are having over 2,000 sale interactions on any given month. When you think about the magnitude of that, back to the point of the size and scale of this, it's massive. It's nothing like KKR has ever seen before. Now we are working really hard to have multiple products on each of these platforms and to spend a second to think about how many platforms there are in the world. We went from a world where at the end of the day we were on about 11 of them, and we grew that to over 70. This hard work is resulting in the numbers and it's translating to the numbers on this page, the relationships, the platforms that we now are selling multiple K-Series products on that's the goal, right?

It's not just one solution to one distributor, it's multiple solutions. It's about buying the full suite, allowing KKR to provide a one-stop shop full suite of solutions to an individual client at the end of

the day. Now, what I find so interesting about especially the chart showing the sales is that the majority of our K-Series solutions and strategies have only launched in the last 12 months. This is really new, but the momentum is building. So while it's early days, I think everyone has said this many, many times now, this is truly just the beginning. Now what we thought would make sense was to take a second and dig in on the private equity solution and the infrastructure solution. So that's what I will spend a little bit of time in doing. I really want to make sure everybody understands what financial advisors and clients alike are both seeing in these strategies, but also why they believe they are so interesting and differentiated in the market. Why are they buying them?

So I'm going to start with private equity first and one of the questions that I always answer and I talk about on the road every day is, why should you invest in private equity and why should you do it now? Why is today the day? So when you think about what institutional investors have seen for decades, it's the importance of private equity in an asset class allocation. They have used private equity as a way to close the return gap that they are seeing from the compression of returns in other asset classes. So when you look at private equity, if you do it well, if you invest with the right managers and we're going to come back to that for a minute because that's a big point that we should cover. You can generate over 600 basis points of return on average above the public markets. Now in period to dislocation, like the one we're in right now, we've actually seen decade after decade, dislocation after dislocation, periods of volatility after periods of volatility, that that outperformance actually could be even greater. It could be 2x to 3x that 600 basis points if you're with the right manager. Now, why do I keep coming back to the right manager? What Institutional investors have seen at the end of the day is that private equity, there are many, many private equity firms in the world. There are thousands of them, literally. They are all not created equal. Now, what makes the difference between different private equity managers is their toolkit. You've heard that all morning. It's the resources we bring to bear to drive returns, to drive the bottom line performance of our businesses. That's what we do. That's the secret sauce. I think it was Nate and Pete who said that's how we create our own luck.

But when you look at private equity, the problem is that the spread and the experience across private equity managers is greater than any other asset class. The spread of performance could be over 1,500 basis points if you're investing with the best-in-class managers or if you're investing with the third quartile. I'm not even saying bottom quartile, just say third for a minute. Now, if you compare that to other asset classes that spread is much, much more narrow. So what does that tell you? It tells you who you invest with matters more than just investing and that's why we like to say we are so well-positioned to take advantage of this opportunity. Investors in the market, institutional investors have been the only ones historically that have been able to access private equity and to use this as a tool in their portfolio. So what we are trying to do with K-Series is change that. Allow for individual investors, in many cases for the first time to be able to access the same type of private equity returns that their larger institutional brethren have been able to take advantage of for many, many decades and their portfolios and their returns have benefited for that. Now, what have we done in K-Series for private equity? We have created two vehicles. Now, when I talk about infrastructure in a minute, it's going to sound pretty similar. We've created two vehicles, two solutions. One solution is focused on domestic investors at the accredited investor level, which we think is very important and the other is one for international investors. This is a one-stop shop into everything we do in private equity. No cherry-picking. Now, I think about this in two different ways.

One is what is the vehicle and two is the structure and what are you actually investing in? Now what's really interesting is the structure itself is these are evergreen strategies. We've created ways to mitigate investment J-curve. We've created ways for greater compounding because of the recycling of profits and we've created ways to have greater liquidity through more of a quarterly type mechanism in these structures. That's different and that's the same for both private equity and infrastructure. But what it actually invests in is really the secret sauce of this. So the one-stop shop nature into all the strategies Pete and Nate talked about these earlier two handfuls of private equity strategies that we do. We do U.S., Europe and Asia. We do mid-size deals, large

deals, long-dated private equity deals. We do growth equity; we do all of that. What these strategies access is that full brain trust in private equity. They sit side by side on a direct basis in the deals. Now what does this mean it's not? It's not a fund-of-funds. So no two layers of fees, right? It's not a co-invest vehicle. You're not getting the leftovers; you're sitting side by side with our institutional clients. That's what this is. That's what makes this so unique.

So at the end of the day, what we've really tried to do is take a very creative, more efficient way to invest in the asset class. We have tried to create a way that is accessible to individual investors and we've tried to give access to the same deals around the world from the same teams using the exact same toolkit that we have done for 48 years. So we think that is really important. At the end of the day, that's what financial advisors, that's what platforms are excited about and what we are providing and the differentiated approach that we're delivering. Now we're going to switch for a second and go to infra. It's going to sound very similar. Raj covered some of this earlier in terms of the opportunity set. We think infrastructure is very compelling, especially in this market, but even more generally depending on different points in time and different economic cycles. The three points I'm about to go through on why we like infrastructure, why financial advisors, why platforms like it, it changes, but they're all important.

The first is volatility. Private infrastructure has demonstrated resilience to economic shocks and you can see this from the performance. It truly shows that this asset class has lower levels of volatility relative to other parts of the market. That's attractive. The second part is inflation. The cash flow profile. When you look at the investments that infrastructure, our infrastructure teams are investing in, it has inflation path through mechanisms, whether on explicit or an implicit basis. That provides a huge amount of hedging in inflationary periods without sacrificing performance in low inflationary environments. It's that balance that is very, very attractive, especially in an environment like this one. The third point is the potential for upside. So when you hear from Henry McVey and others, the broad themes that we're seeing in the market, digital infrastructure, energy transition, industrial infrastructure, you'll hear us say these time and time again. Leaning

into those themes allows for us to invest behind areas with long-term tailwinds. So you get the inflation protection, the potential upside and the lower valve. That is super interesting. That's a great place to put capital to work today. Now K-Series, you heard me just say everything I said in private equity, we've literally created the exact same structures in infrastructure.

We have created very interesting and I would say efficient structures for individual investors to access our infrastructure investments. Now these investments, once again, it provides a one-stop shop into a diversified solution across KKR's private infrastructure platform. It invests in a direct basis side-by-side in everything we are doing. Once again, not a fund-of-funds. Once again, not a co-investment vehicle. This is a side-by-side direct vehicle and it invests in those same institutional infrastructure strategies with the same operational ease and the same access to those types of investments. So when all is said and done across K-Series, whether it's private equity, whether it's infrastructure, or whether it's our credit or real estate evergreen strategies as well, what we are hearing day after day in the market from clients, from advisors, from platforms is that we have cracked the code on a very interesting structure, but what makes it so interesting is what it is accessing. It is accessing what you've all sat in these chairs and heard all morning. It's that differentiated approach and it's done through that collaborative connecting the dots nature that KKR really believes is in our DNA and is in our culture. So as we've said now many times, I hope you can hear my voice, we are really excited about what we're doing here. We think we're really at the beginning of this. It's just the beginning. There's a lot more to come. I hope we'll be back talking about the success that we continue to have and where those charts go going forward, but thank you for your time. I'm going to hand it over to my partner Rob Lewin. Thank you.

Rob Lewin: Hi, good afternoon everyone and thank you very much for sticking with us. We know it's been a very long day. I'm going to take us home in terms of prepared remarks, but again, a lot of appreciation for the partnership and support and for spending your day with us today. My name is Rob Lewin. I am the CFO. I've been at KKR a little bit over 20 years. I started my career on the

private equity side of our business and actually spent five years living out in Asia with Joe as we started our business out there. So I was going to take you through three key points today. Number one, I'm going to walk you through our P&L and why our very purpose-built business model generates durable, recurring and growth-oriented earnings per share. Number two, I'm going to take you through our capital allocation strategy. We expect to generate \$25 plus billion dollars of cash over the next five years. It's a massive opportunity for us, almost 30% of our existing market cap today. And the good news, this is a core competency of ours and we have a track record of very strong success that I will take you through.

And then number three, our business model is just differentiated in terms of its ability to achieve long-term growth. You don't need to believe that we're going to start something new in order to be able to achieve the numbers that we put in front of you. So we don't need as much people or headcount growth. We don't need all that much more operational complexity in our business. That allows us to maintain that collaborative and small culture that we've talked about and ultimately drive even more operating leverage in our business over time. So let's get into topic number one, which is really a walkthrough of our P&L. You've seen this chart before, of course, but it's an important one. Three different parts of KKR three segments, asset management, insurance and strategic holdings all working synergistically together to generate much greater outcomes and ultimately sustained and long-term growth from an earnings-per-share perspective.

So in a couple weeks, we're going to release our Q1 earnings and we're going to have two new financial metrics. The first is Total Operating Earnings. You've heard a bit about it today or "TOE" for short. We expect this to be the much more stable and recurring component of our P&L. You take our Operating Earnings and you add that with our Investing Earnings, more function of the monetization environment and performance, you subtract taxes and interest expense and that's going to build to Adjusted Net Income. And let me take you through each of these component parts and how each one of them we think will help deliver the outcomes that we've been talking about through the day. So starting first on Total Operating Earnings, you know, we're introducing

this metric because we really do believe that as you evaluate our performance, our financial performance as a firm that this is really the best indicator of how we're doing quarter in, quarter out, year in, year out. I would also argue it's a pretty good forward-looking indicator for how we're going to perform in the future. And so what is Total Operating Earnings? It is really the most recurring and stable forms of income that we have in each one of our three segments. So that's Fee Related Earnings from asset management, our Insurance Operating Earnings, plus the operating earnings that we expect to generate from Strategic Holdings. We would expect our TOE to be roughly 70% of our go forward pre-tax earnings.

So let's break TOE into its component parts. Starting first with our Fee Related Earnings and I'm going to spend a couple extra minutes on Fee Related Earnings. As for the foreseeable future, our expectation is our FRE will be the high majority of our total operating earnings. So how do you build two FRE? Pretty straightforward. It is a hundred percent of the fee revenues that we generate in our asset management segment, less a compensation charge and less a hundred percent of the operating expenses in our asset management segment. Today, we benefit from industry leading FRE margins and what we have communicated to our shareholders is that we have an expectation that we can operate at the mid 60% range on a sustained basis, but that's not our cap and I'll bring you back to how we started this discussion. If we can execute on our plan, we've got more ability to generate operating leverage here and increase what is already an industry leading margin.

And so now as you build up to Fee Related Earnings, there's probably no more important metric than our fee paying assets under management, and I have two takeaways for you on this slide. Number one, our fee paying assets have grown dramatically. At the end of 2020, they were \$186 billion. Today, almost \$450 billion, but I think the second takeaway on this slide is even more meaningful and that's that we've, at the same time that we've grown our fee paying assets, we've also extended their duration. So our perpetual capital or our capital base that is duration of at least eight years from inception was 77% at the end of 2020. Today it's 91% and I'm going to talk

to this in the capital allocation section, but we have really used M&A as a tool to extend the duration of our capital. And of course, long duration capital drives management fee visibility and stability. Now this is the second time you've seen this slide as well and for good reason, I think it really tells the story of what we're talking about from a management fee perspective. You see that baseline level of stability and then the layer growth on top of it as we scale existing strategies, launch new strategies and new products.

In a lot of ways, I think it's reasonable to look at KKR's management fee business very comparably to a best-in-class SaaS software business that has that base level of revenue with layered revenue on top of it. And I would have every expectation that if we're sitting in a room like this one, three years from now, what you're going to see on this chart looks very much the same. Baseline stability in our management fees, but a continued inflection upward of our growth because we know where that growth is going to come from. And so what does this all translate into? You look at the end of 2019, not that long ago, we did a \$1.28 per share of Fee Related Earnings and what we're telling you as a management team is we have a lot of conviction that by the end of 2026, our FRE per share will be north of \$4.50. So that's 3.5x growth in only a seven-year period of time if we're successful in what is one of our most important financial measures. Next up, component two of Total Operating Earnings is our Insurance segment. You know, Allan said it earlier today, you know, our insurance business a lot of ways is a relatively simple business model.

I also believe it's a relatively simple economic model and understand. Our net investment income is really our net yield from the left-hand side of our balance sheet, our asset portfolio. You subtract out the cost of our acquired liabilities, which are fairly known and predictable the time we acquire them, less a hundred percent of the operating expenses and compensation of the business. No change here to how we've previously reported our Insurance Operating Earnings other than the fact we'll now gross up our ownership from 63% to a hundred percent. What we've told our investor base is that we target over time generating a 14 to 15% pre-tax ROE. I think that



remains the right level to model this business. As I look at how Q1 is trending, my expectation is we're going to be right in that range. There's lots of reasons to be excited about the future of Global Atlantic and what we're doing in insurance. We've talked a lot about many of them today. We've listed it on this page six different areas of opportunity, but what I thought I would do this afternoon is from my vantage point explain what I think truly differentiates our insurance franchise from any other and it's really four things when you take them together.

Number one, I believe we have a best-in-class management team that is great at sourcing low-cost and predictable liabilities at scale. Number two, I would go take our global investment platform up against anybody in the world's. Number three, we have the ability to access meaningful third party capital to allow Global Atlantic to grow faster in a higher ROE way and where we could make management fees and hopefully carry over time. And then number four, and this point's important too, it's our geographic reach. We talked about the Japan opportunity, second largest insurance market in the world. Our platform in Japan is multiples the size of any of our competitors. Take those four things together that's why we feel great about what the go-forward opportunity is for KKR and Global Atlantic in insurance. Strategic Holdings, our newest segment, our very straightforward segment today. You see the left-hand side of the slide. These are the cash dividends that we expect to generate from our direct Core Private Equity holdings. We've told you we expect \$300 plus million of operating earnings by 2026, \$600 plus million by 2028 and growing to a \$1 billion plus by 2030.

Second box on this page potential future earnings from other long-term strategic holdings. Now to be clear, we have nothing identified in this box today, but do I think that there could be areas in the future where our business model will allow us to own assets for the long term and be the best buyer of those to generate the best returns and the best outcomes for our shareholders? I think there will be. And so over time, we believe it'll be a summation of these two boxes that will equal our Operating Earnings from Strategic Holdings. You know, since we first introduced Strategic Holdings as a segment a few months back, our team gets asked a lot, what is the right multiple to

ascribe to Strategic Holdings? And Joe, earlier this morning, if you remember, laid out what I thought was a very reasonable valuation framework. But ultimately multiple should be a function of the durability of cash flow, stability of cash flow and the growth orientation of that cash flow. Now I tell you go compare what we're building in Strategic Holdings relative to the alternative asset management's industry-wide FRE. And I would tell you that I believe the cash flow here is every bit as durable, every bit as visible and more growth-oriented. And clearly Fee Related Earnings in our industry for a good reason gets a very high multiple in the market today.

So that's a build-up to Total Operating Earnings. Next up, our Investing Earnings. Summation of our realized performance income and realized investment income. Now my expectation going forward is this will be a smaller percentage of KKR's financial picture than it has been historically, but still meaningful and still with quite a bit of growth in front of us. So let's go through each one by one starting with our realized performance income, which is largely our carried interest. We got a very simple message on this page. If you take a look at the two gray boxes on the left from 2014 to 2018 on average, we deployed \$13 billion of capital per year. It's really that capital base that is going to generate the carry of 2019 to 2023 in the second-grade box, which averaged roughly a \$1.5 billion per year because it generally takes about five years to monetize our investments. So as you're thinking about what carry could be over the next five years, it'd be the capital that we've deployed from 2019 to 2023, which you can see in the purple bar, 2.2x higher than the prior five years.

So all things equal performance equal, monetization timetable equal, the expectation would be that we'd be able to scale our realized performance income by 2x plus over the coming five years on average. And what you've heard from a number of our businesses today is we feel really great about our portfolios and performance. Next up is our investment portfolio and realized performance income and it is very much the same story. And while there is much less of an emphasis here than there has been historically, it could still be meaningful. And so let's take a look back at some history in terms of where our balance sheet investment portfolio was

positioned in 2018. \$8.4 billion fair value of the portfolio, \$500 million of embedded gains in the gray box in the middle. Embedded gains just the difference between the fair value of the portfolio and invested costs, but really the best forward indicator of what revenue will be in the future.

You look at the following five years; this is the third gray bar. Our average investment income was right around \$950 million per year. Now what are the forward indicators for the next five years? That's in purple. Our investment portfolio is up 40%, but that tells only a partial part of the story. Our embedded gains are up over five times from where they were in 2023 and that is the best indicator of what future revenue could be. And so as we look forward over the coming five years, what you see on this page is really a summary of why we've got a lot of confidence in our ability to continue to scale this aspect of our P&L. So that was section one, really a walkthrough our P&L and hopefully gave you a little bit more of a sense of where we see our growth coming from through the coming years. This next section on capital allocation will probably be the most important than go through. \$25 plus billion dollars of cash generation that is a very significant opportunity for us. On this page, I'm going to introduce a couple different topics. Number one, our objective and we've been very consistent on this now for a while. We look to use our access cash to generate recurring and durable and growth-oriented earnings per share.

You have a management team that is maniacal about ROE and moving our cash flow to the highest ROE opportunities that are in service of our objective. We think we've got a track record here of success that I'm going to take you through and we have multiple different avenues to take our excess cash and invest it back into our business in service of this objective. If you look at the bottom left of this chart, strategic M&A, insurance, Core Private Equity and share buybacks, all delivering recurring and growth oriented earnings per share. And if you look at the past five years at KKR and Henry McVey started to talk about this as well earlier, a hundred percent of our net deployment has gone into these four areas. And if you look forward over the coming five years, my expectation is that somewhere around a hundred percent of our net date will still go into these four areas. And so I'm going to bring you through each one by one, give you a sense of our track

record, give you a sense of how it could impact our P&L and why we are so confident that we're going to take this big opportunity on cash generation and translate it into P&L outcomes over time.

Starting first with strategic M&A over the past five years, we've completed four material transactions Global Atlantic, KJRM, FSK and Marshall Waste. They all have similar attributes in many ways. Number one, it's about business building, very large addressable markets where it is challenging for us to grow organically on our own. Number two, and I briefly touched on this earlier, but we have used M&A as a real tool to both diversify and elongate our capital base. You look at Global Atlantic, KJRM and FSK that is as close to permanent capital as you get in our industry. De-risk those M&A transactions and really we've used it as a tool to de-risk the firm. Moving on to accretion of these transactions. Now, each one of these four, I believe has economics that stand up in their own right in terms of their impact on our P&L, but I don't think that tells the full story. In aggregate, these four transactions cost \$10 billion of purchase price and we funded that \$10 billion with \$8 billion of cash and only \$2 billion of equity. So the per share impact of each one of these transactions is very magnified by how we capitalize them. And then finally this last point I think is a really important one. It gives you a sense for how we think about M&A.

We've talked about how keeping a small collaborative culture is so important to us at KKR and M&A is no different. \$10 billion of purchase price and in aggregate we have only integrated approximately 30 people into KKR's asset management business. So as you think about what we might do in the future from an M&A perspective, I think this page gives you a good sense of the attributes that we look for. Insurance is obviously an area where we have a ton of conviction in our business model, right? Best-in-class management team at sourcing liabilities at scale, our world-class investing platform, third party capital at scale and our geographic reach we've been through that. And so what I wanted to take you through today was a little bit of a case study on a

recent block transaction that we completed in Q1 and talked through all the different ways just one transaction impacts our P&L.

Number one, you can see this on the top left-hand side of the chart. We funded 25% of this block deal with capital from GA's balance sheet, which we would expect over time to generate Insurance Operating Earnings. Number two, bottom left of the slide, we funded 75% of this transaction with capital from third parties paying us management fee and if we're successful, hopefully carried interest over time. Number three, there is a syndication here to co-investors and of course our capital markets business was very involved with that. And number four, this transaction does not come together without our investing platform and our confidence that we're going to be able to redeploy the assets in higher-yielding instruments with commensurate levels of risk and ultimately generate additional management fees for our asset management platform. So one transaction, four direct ways that it can impact our P&L, but I think there's a fifth way too that is a little bit more hidden and a little bit more long-term oriented, but very important.

In this transaction, we structured a really creative reinsurance solution for a longstanding and key client of Global Atlantic in Manulife. But Manulife is not only a client of Global Atlantic's, Manulife is also a longstanding client of KKR on the asset management side. It just shows how our world is getting smaller and how that's a good thing and we can deliver as an institution way more for some of our longstanding clients that I think will have long-term P&L implications over and above just this transaction. The third area where we're excited about deploying capital is in Core Private Equity and ultimately what that can mean to Strategic Holdings. You know, we got into the Core Private Equity business several years back because we firmly believed that we would be the best global player in this asset class really because of a combination of our investing teams, our collaborative culture, our industry depth, geographic breadth, really our core competency of being able to build businesses. And so far, like we're seven years into this strategy and our clients have really affirmed that view. We have roughly \$35 billion of AUM and I think we are approximately two times larger than our next closest competitor.

And as you think about Core Private Equity and its impact on P&L, it's much the same narrative. It impacts multiple different aspects of our P&L and ultimately can drive greater returns for our shareholders. Of course, we've talked about how Core Private Equity can impact Strategic Holdings and its Operating Earnings growth from here, but we manage a significant amount of third party capital for our clients generating management fees and carry. And on top of that we have a portfolio today of roughly 20 companies and likely growing that should be long-term issuers in both the debt and equity capital markets creating more opportunities for transactions and revenue for our capital markets franchise. So one strategy impacting multiple different parts of the firm in a way that creates more value and more returns. Our fourth area for capital deployment is really around share buybacks and we get asked, for good reason, from our shareholders around share buybacks all the time and the answer is really simple. KKR employees own over 30% of KKR. So we are highly aligned to move every dollar of marginal cash to the highest ROE opportunities that drive the most amount of long-term earnings per share. Share buybacks have been and will continue to be a really core part of our capital allocation framework and if you look at history as a guide, we have a really strong body of work.

Since we initiated our buyback plan, we have bought back or retired over 90 million shares that's more than 10% of our shares outstanding and somewhere around 15% of our free float. So that's capital allocation and the four different ways that we would expect to be able to deploy our cash generation over five years, all of which a track record of real success and a business model that I think enables these types of transactions. So now onto my final section, our business model. One area that I hope we've done a good job at being able to get across today is that we believe that our business model gives us the highest likelihood by far of generating long-term and sustained earnings growth. And to me, really the most important aspect to consider is that in order to achieve the financial outcomes that we've put forward, we just need to execute well on the opportunities that are in front of us today. We don't need to start anything new that allows greater focus and ultimately I believe a higher likelihood of success.

And if we are successful, we are going to scale our revenue dramatically and we won't need a commensurate amount of operational complexity or headcount growth in order to achieve that and the output of all of that is increased operating leverage. You look across our three paths here asset management, you heard earlier, multiple opportunities because of our brand and our capabilities and track record to achieve a \$1 trillion plus of AUM just in the things we are in today. Insurance is a massive opportunity for us and we've got the model to be a real winner in this space over time. And Strategic Holdings, we are just getting started in an area where we believe we have a right to win and with an unconstrained addressable market. And my final slide, the decision you'd be making to invest alongside KKR is really a different one. I think it comes down to two things. It comes down to our business model, which we have already built and our management team and people to be able to go and execute and we feel really great about both. That's why we are so confident. That's why this management team has really locked arms in our conviction to be able to go out and generate the outcomes that you see here.

Growing our earnings per share from \$3.42 to \$15 plus dollars inside of the next ten years. We've got a lot of conviction that we are going to be able to deliver that for all KKR shareholders. And with that, I'm going to hand it off to my partner Craig Larson who's going to give you some closing remarks. Thank you very much.

Craig Larson: Okay. Well, I'm going to be brief. Thank you everybody for joining us. We've run long. I know we've kept everybody in these seats for five and a half hours at this point. So we're effectively going to move the Q&A discussions to the lunchroom and our respective tables. So again, thank you everybody for joining us, everybody on the webcast, thank you for your time and more importantly, thank you for your support and continued partnership. Thank you once again.

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