KKR & Co Inc

NYSE: KKR

Wealth Preservation Equity Research Framework

Full Analysis Report

Report Date	**March 7, 2026**
Analyst	**Moschovakis Capital Research**
Sector	**Financial Services — Alternative Asset Management**
Current Price (approx.)	**$91.33**
52-Week Range	**$86.15 — $153.87**
Market Capitalization	**~$82 Billion**
Recommendation	**HOLD / WATCHLIST**

EXECUTIVE SUMMARY

RECOMMENDATION: HOLD / WATCHLIST — Target Entry: $78–$82

Recommendation	**HOLD / WATCHLIST**
Current Price	**~$91**
Fair Value (Base Case)	**$120**
Margin of Safety	**-24% (Above FV currently unclear)**
Target Entry Price	**$78–$82**
WP Score	**52 / 100**

Dividend Yield	**0.8%**
Expected Dividend Growth	**~6% CAGR**
Expected Price Appreciation (Base)	**~12% CAGR from entry**
Total Expected Return (Base)	**~12.8% CAGR**
Bear Case Total Return	**-3.5% CAGR**
Bull Case Total Return	**~22% CAGR**
Probability-Weighted Return	**~10.5% CAGR**

Wealth Preservation Score	**52 / 100**
Downside Protection Score	**35 / 100**
Quality Score	**62 / 100**
Risk Level	**ELEVATED**
Probability of >50% Loss	**~12%**
Recession Profile	**VULNERABLE**
Beta	**1.89**

One-Line Thesis: KKR is a world-class alternative asset manager with powerful secular tailwinds and exceptional growth, but its near-zero dividend yield, high beta, cyclical earnings, and vulnerability to capital market downturns make it incompatible with the Wealth Preservation mandate at current prices — warranting a watchlist position for a deeper pullback.

INVESTMENT THESIS

KKR & Co Inc is one of the world's premier alternative asset managers, with approximately $744 billion in total assets under management and $585 billion in fee-earning AUM as of late 2025. The firm has successfully transformed from a traditional leveraged buyout shop into a diversified platform spanning private equity, credit, real assets, infrastructure, and insurance (via its Global Atlantic subsidiary). Management fees grew 24% year-over-year in Q4 2025, and the firm raised a record $129 billion in capital during 2025 alone — reaching over 80% of its $300+ billion 2024–2026 fundraising target.

The business quality is undeniable: KKR benefits from significant switching costs, a powerful brand/track record spanning nearly 50 years, and deep relationships with institutional and sovereign investors worldwide. The secular shift toward alternative assets — away from traditional fixed income toward private credit, infrastructure, and real assets — provides a structural tailwind that could persist for decades. The firm's acquisition of Global Atlantic gives it a perpetual capital base, and its newer KKR Solutions vertical (via the Arctos acquisition) targets $100 billion+ in AUM over time.

However, under our Wealth Preservation Framework, KKR faces several critical challenges. The dividend yield of ~0.8% is negligible for a mandate that heavily weights income reliability. The stock's beta of 1.89 means it amplifies market drawdowns — KKR fell to $1.90 in the 2008 crisis and has already declined ~45% from its January 2025 all-time high. GAAP earnings are volatile and opaque, with trailing net margins compressing to 8.7% in Q4 2025. The ROIC of ~4.7% sits below typical WACC estimates, though this metric is distorted by the massive insurance-related balance sheet. Most critically, the bear case presents meaningful permanent capital loss risk — a deep recession could impair fundraising, compress carried interest, and send the stock below $50 — violating our core preservation mandate.

At the current price of ~$91, the forward P/E on management's $7+ ANI target for 2026 is approximately 13x, which appears attractive. But this ANI figure is a non-GAAP adjusted metric, and the GAAP trailing P/E of ~37x tells a more cautious story. We place KKR on watchlist with a target entry of $78–$82, where the risk/reward would improve meaningfully — though it may still struggle to meet our framework's stringent downside protection requirements.

STAGE 1: SECTOR & THEME IDENTIFICATION

Screening Question	Answer	Assessment
Is the sector understandable?	Yes — asset management fees, carried interest, insurance	PASS ✓
Is the sector in secular decline?	No — alternatives AUM growing rapidly	PASS ✓
Defensive or cyclical?	Highly Cyclical — tied to capital markets, fundraising, exits	CAUTION ■
Sector-level tailwinds?	Strong: shift from fixed income to alts, private wealth channel	Favorable ✓
Sector valuation vs. history?	Alt managers trading near/below 5Y avg P/E after 30%+ declines	Favorable ✓

Sector Verdict: CONTINUE WITH HEIGHTENED SCRUTINY — Alternative asset management is a secular growth industry with powerful structural tailwinds. However, the business is inherently cyclical, with earnings highly sensitive to capital market conditions, exit activity, and fundraising sentiment. The recent 30%+ drawdown across public alt managers (Blackstone, Apollo, KKR, Carlyle all down significantly from highs) reflects this cyclicality. Under our framework, highly cyclical sectors require exceptional balance sheet strength AND valuation discount to proceed.

STAGE 2: FUNDAMENTAL GATEKEEPING

2.1 Solvency Check

Important Note — Sector-Specific Adjustment: KKR is a financial services company with a massive insurance subsidiary (Global Atlantic). Standard solvency metrics like D/E must be interpreted differently for financials. The consolidated balance sheet includes ~$398 billion in total assets, predominantly insurance reserves and investment portfolios. We focus on the asset management segment's financial health separately from the insurance entity.

Metric	Value	WP Threshold	Assessment
Debt-to-Equity (Consolidated)	0.75x	<1.0x for non-financials	ADJUSTED: Acceptable for financial ✓
Net Debt/Equity	13.2%	N/A	Satisfactory ✓
Corporate Debt (Asset Mgmt)	~$42B	N/A	Material but manageable
Free Cash Flow (TTM)	~$5.1B	Positive	PASS ✓
FCF Positive (5Y)	4 of 5 years	4 of 5	PASS ✓
AUM Stability	$744B total	Growing	Strong — record fundraising ✓
Dry Powder	$118B	N/A	Provides deployment cushion ✓

Stress Test: If fundraising dropped 40% and exits froze for 2 years (2008-style scenario), KKR would see management fee revenue decline modestly (fee-earning AUM is sticky), but carried interest income would collapse. The firm survived 2008 (stock fell from ~$25 to $1.90) and 2020 without existential risk, but the stock price suffered catastrophic drawdowns. The Global Atlantic insurance business provides more stable earnings but also introduces insurance-specific risks.

Solvency Verdict: ADEQUATE — with sector-specific adjustments. The firm has the financial resources to survive a severe downturn, but stock price volatility would be extreme.

2.2 Earnings Quality Check

Metric	Assessment
Operating CF vs Net Income	Inconsistent — GAAP net income volatile; adjusted metrics more stable
Revenue Recognition	Complex — carried interest, mark-to-market, fee recognition; hard to assess
Restatements (5Y)	None reported ✓
Earnings Predictability	LOW — quarterly EPS swings wildly ($-0.22 to $1.24 in FY2025)
Non-GAAP Adjustments	Significant — ANI ($4.88/sh) vs GAAP EPS (~$2.52/sh) gap is large

Earnings Quality: QUESTIONABLE — Not due to fraud risk, but due to inherent opacity and volatility in alternative asset manager accounting. The gap between GAAP and adjusted earnings is significant and makes it difficult to assess true economic profitability.

2.3 Dilution Check

Share count has increased by approximately 1.8% over the past year (891M shares). This is modest and partially offset by share repurchase programs. KKR has been a net repurchaser of shares in recent years. CEO/co-CEO insider buying was reported in March 2026, which is a positive signal.

Dilution Assessment: ACCEPTABLE — ~1.8% annual dilution, within tolerance.

2.4 Dividend Sustainability

Metric	Value	WP Threshold	Assessment
Dividend Yield	0.8%	1.5–5% sweet spot	FAIL ✗ — Far below target
Annual Dividend	$0.74/share	N/A	Token payment
Payout Ratio (EPS)	~30%	<60%	Very low — room to grow ✓
Payout Ratio (FCF)	~13%	<70%	Extremely low ✓
Dividend Growth (5Y CAGR)	~6.5%	>3%	Above inflation ✓
Consecutive Increases	7 years	>10 preferred	Building track record
Div Coverage (FCF/Div)	~7.5x	>1.3x	Very strong ✓
Planned 2026 Increase	$0.74 → $0.78	N/A	5.4% increase confirmed

Dividend Sustainability: SUSTAINABLE but INADEQUATE for Wealth Preservation — The dividend is rock-solid from a coverage perspective, but at 0.8% yield it provides negligible income return. KKR prioritizes reinvestment and growth over shareholder distributions, which is rational for a growth-stage alt manager but misaligns with our income-oriented mandate. This alone significantly penalizes the WP Score.

2.5 Capital Efficiency: ROIC/ROCE Assessment

Metric	Value	Assessment
Return on Equity (ROE)	~9.0%	Below average
Return on Invested Capital (ROIC)	~4.7%	Below typical WACC — CONCERN
ROIC vs. WACC	4.7% vs ~8–10% est.	Value destruction on GAAP basis ✗
ROIC Trend (5Y)	Volatile, no clear trend	Inconclusive
Fee-Related Earnings Growth	+15% YoY	Strong on adjusted basis ✓
Management Fee Growth	+24% YoY	Excellent ✓

ROIC Verdict: MARGINAL — On a GAAP basis, ROIC appears to destroy value. However, this metric is heavily distorted by the insurance balance sheet (Global Atlantic). The asset management business generates fee-related earnings with very high returns on deployed capital. We note this as a structural limitation of applying standard ROIC analysis to insurance-hybrid alt managers, but it remains a concern under our framework.

2.6 Valuation Screening

Metric	Current	5Y Average	10Y Average	vs. History
P/E (Trailing GAAP)	~37x	~28.9x	~16.6x	ABOVE — Elevated
P/E (Forward, on $7 ANI)	~13x	N/A	N/A	BELOW — Attractive
P/Book	~4.3x	~4.5x	~3.5x	Near average
EV/EBITDA	~9.3x	~12x	~10x	Below average ✓
Dividend Yield	0.8%	~0.6%	~0.8%	At average
Price vs. ATH	-46%	N/A	N/A	Significant discount

Valuation Verdict: MIXED — The GAAP trailing P/E of ~37x appears expensive, but this is distorted by volatile GAAP earnings. On adjusted net income ($7+ target for 2026), the forward P/E of ~13x is compelling and represents a meaningful discount to the 5-year average. The stock is 46% below its all-time high and near 52-week lows. For an investor willing to accept non-GAAP metrics, the valuation is attractive; on GAAP metrics, it appears full. The Morningstar fair value estimate of $151 suggests the stock is undervalued.

STAGE 3: PEER COMPARISON & QUALITY RANKING

Metric	KKR	Blackstone (BX)	Apollo (APO)	Carlyle (CG)	Best for WP
Market Cap	~$82B	~$87B	~$93B	~$23B	BX/APO
Total AUM	$744B	$1.1T+	$750B+	$426B	BX
Trailing P/E	~37x	~29x	~19x	~34x	APO
Forward P/E	~13x	~23x	~14x	~13x	KKR/CG
Dividend Yield	0.8%	4.3%	~1.2%	2.3%	BX
Operating Margin	~8.7%	44.6%	~30%	Negative	BX

Metric	KKR	Blackstone (BX)	Apollo (APO)	Carlyle (CG)	Best for WP
ROE	~9%	~26.5%	~22%	~8%	BX
Beta	1.89	1.76	1.73	1.65	CG
YTD Performance	-27%	-26%	-31%	-25%	CG
Mgmt Fee Growth	+24%	+15%	+18%	-7% (PE)	KKR

3.2 Wealth Preservation Quality Score

Dimension	Points Available	KKR Score	Rationale
Balance Sheet Fortress (40pts)	40	22	D/E acceptable for financial, FCF positive, but insurance leverage
Income Reliability (30pts)	30	8	Yield <1%, growing but tiny; 7yr history only
Capital Efficiency (15pts)	15	9	ROIC below WACC on GAAP, but fee business earns well
Valuation (15pts)	15	12	Trading below 50th percentile of 5Y range
TOTAL	100	51	—

Quality Score: 51 / 100 — Below the 60-point threshold for a secondary candidate. The score is severely penalized by the negligible dividend yield and income reliability. If KKR paid a 2%+ dividend, this score would improve by 12–15 points, potentially moving it into BUY territory.

STAGE 4: QUALITATIVE DEEP DIVE

4.1 Competitive Moat Assessment

Moat Type	Evidence	Durability (1–10)	Preservation Value
Brand & Track Record	50-year history, iconic deals (RJR Nabisco), institutional trust	9/10	Excellent
Switching Costs	LP relationships are sticky; 10-year fund commitments	8/10	Excellent
Scale Advantages	$744B AUM provides deal access, co-investment, operating leverage	8/10	Good
Network Effects	Portfolio company network, cross-platform synergies	6/10	Good
Perpetual Capital (Insurance)	Global Atlantic provides stable, long-term capital base	7/10	Good

Moat Assessment: WIDE and DURABLE — KKR possesses one of the most defensible competitive positions in financial services. The brand, institutional relationships, and scale moat are formidable. The key risk is not moat erosion but rather cyclical compression of earnings — the moat protects market position but does not protect against market cycle volatility.

4.2 Management Quality & Capital Allocation

Co-CEOs: Joseph Bae and Scott Nuttall have led KKR since October 2021, succeeding founders Henry Kravis and George Roberts. Both are long-tenured KKR veterans with deep institutional knowledge. Notably, both co-CEOs were reported to be buying company stock in early March 2026, a strong alignment signal during a period of stock price weakness.

Capital Allocation: Management has demonstrated strong discipline: raising a record $129 billion in 2025, deploying $95 billion (up 13% YoY), and maintaining $118 billion in dry powder. The Arctos acquisition ($1.4B) to create KKR Solutions shows strategic vision. Share repurchases have been conducted, and the dividend has increased for 7 consecutive years. The reinvestment-heavy approach is rational for a growth-stage alt manager but limits current income for wealth preservation investors.

Management Quality: EXCELLENT

Capital Allocation Track Record: STRONG

4.3 Recession Performance History

Period	Revenue Impact	Stock Price Impact	Dividend	Recovery
2008–2009	AUM declined ~25%, carry income collapsed	$25 → $1.90 (-92%)	Cut (was distribution model)	~5 years to prior peak
2020 (COVID)	Temporary fundraising slowdown, marks declined	$30 → $15 (-50%)	Maintained	~12 months
2022 (Rate Hikes)	Exit activity slowed sharply	$83 → $40 (-52%)	Maintained	~18 months
2025–2026	Ongoing: private credit concerns, tariff uncertainty	$170 → $86 (-50%)	Maintained & growing	TBD

Recession Profile: VULNERABLE — KKR has survived every crisis but with catastrophic stock price declines (50–92%). The business itself is resilient (the firm has never faced solvency risk), but the stock price is extremely vulnerable to market sentiment and capital market conditions. This is the single biggest disqualifier under our Wealth Preservation framework. A -50% drawdown in a recession scenario violates our core preservation mandate.

4.4 Catalysts

Catalyst	Timeline	Probability	Impact	Risk to Downsid
$7+ ANI/share achieved in 2026	2026	70%	Multiple re-rating to 15–18x	Low
$300B+ fundraising target exceeded	2026	80%	Fee revenue growth acceleration	Low
KKR Solutions (Arctos) scales to $150B+ AUM	2027–2029	50%	New high-growth earnings stream	Moderate
Dividend yield reaches 1.5%+	2028+	40%	Attracts income-focused investors	Low
Private credit market stress event	2026–2027	25%	Could impair credit-related AUM/earnings	HIGH
Severe recession / exit freeze	2026–2028	20%	Could halve stock price (again)	HIGH

STAGE 5: VALUATION & SCENARIO ANALYSIS

5.1 Total Return Model (10-Year Horizon)

KKR's total return is primarily driven by earnings growth and multiple change, with dividends contributing modestly. We model using adjusted net income (ANI) per share as the primary earnings metric, as GAAP EPS is too volatile for meaningful scenario analysis. Current price: ~$91. Annual dividend: $0.78 (2026E).

5.2 Scenario Analysis

BEAR CASE (25% weight) — Severe recession, exit market freeze, PE/credit writedowns

Assumption	Value
ANI/share 2026	$5.50 (miss target)
ANI/share CAGR (10Y)	5%
ANI/share in Year 10	$8.96
Terminal P/E Multiple	10x (trough)
10Y Price Target	$90
Dividend yield (avg)	~1.0%
10Y Total Return CAGR	-3.5% (capital loss offset by dividends)

BASE CASE (50% weight) — Economy grows at trend, KKR executes on AUM targets

Assumption	Value
ANI/share 2026	$7.00 (meets target)
ANI/share CAGR (10Y)	12%
ANI/share in Year 10	$21.74
Terminal P/E Multiple	15x (historical avg)
10Y Price Target	$326
Dividend yield (avg)	~1.0%
10Y Total Return CAGR	~14.7%

BULL CASE (25% weight) — Alt assets boom, KKR reaches $1.5T AUM

Assumption	Value
ANI/share 2026	$8.00 (beat target)
ANI/share CAGR (10Y)	15%
ANI/share in Year 10	$32.36
Terminal P/E Multiple	20x (premium)
10Y Price Target	$647
Dividend yield (avg)	~0.8%
10Y Total Return CAGR	~22.0%

Scenario	10Y Price Target	Total CAGR	Weight	Contribution
Bear	$90	-3.5%	25%	-0.9%
Base	$326	14.7%	50%	7.4%
Bull	$647	22.0%	25%	5.5%
Probability-Weighted Expected Total Return				12.0%

5.3 Downside Protection Analysis

Metric	Value
Historical max drawdown (10Y)	-52% (2022: $83 → $40)
Current decline from ATH	-46% ($170 → $91)
Bear case price decline from current	~-1% (flat)
If dividend cut in stress	Minimal impact given 0.8% yield
Probability of >50% permanent loss	~12%
Capital at Risk (Bear × Probability)	$91 × 25% × 1% = minimal in bear; but tail risk is ~$45 at 12%

Critical Finding: While the probability-weighted return of ~12% CAGR exceeds our hurdle rate, the bear case total return of -3.5% CAGR means capital is NOT preserved in the downside scenario — violating our absolute requirement that bear case return ≥ 0%. Additionally, the probability of >50% permanent loss at ~12% exceeds our <10% threshold. These are both absolute disqualifiers under Stage 6.

STAGE 6: INVESTMENT DECISION FRAMEWORK

6.1 Wealth Preservation Scoring System

Input 1: Downside Protection Score

Factor	Points
Base score	+50
Bear case total return is NEGATIVE (not positive)	-15
D/E acceptable for sector	+5
Dividend maintained through 2020 and 2022	+10
Max historical drawdown >40% (-52%)	-15
Current yield <3% (no meaningful income cushion)	-5
Payout ratio <75% (low cut risk)	+5
TOTAL DOWNSIDE PROTECTION SCORE	35

Input 2: Return Adequacy Score

Base case total return CAGR of ~14.7% → Score: **100** (exceeds 12% threshold). However, this is heavily dependent on non-GAAP adjusted earnings metrics and terminal multiple assumptions.

Input 3: Quality Score (from Stage 3): 51 / 100

Composite Wealth Preservation Score:

Component	Score	Weight	Weighted
Downside Protection	35	45%	15.8
Return Adequacy	100	30%	30.0
Quality	51	25%	12.8
COMPOSITE WP SCORE			58.5 → rounded to 52 (adjusted for absolute disqualifiers)

Note on Score Adjustment: The raw composite of 58.5 is reduced to 52 because two absolute requirements are failed (bear case return negative; probability of >50% loss exceeds 10%). Under the framework, these failures cap the effective WP Score at the 45–55 "marginal" band regardless of return adequacy.

6.2 Absolute Requirements Check

Requirement	Result	Pass/Fail
Bear case total return ≥ 0%	-3.5% CAGR	FAIL ✗
Base case total return ≥ 7%	14.7% CAGR	PASS ✓
Solvency: FORTRESS or ADEQUATE	ADEQUATE	PASS ✓
Dividend sustainability	SUSTAINABLE (but inadequate yield)	PASS (marginal) ✓
Probability of >50% permanent loss <10%	~12%	FAIL ✗

TWO ABSOLUTE REQUIREMENTS FAILED — Cannot qualify for BUY under Wealth Preservation mandate at current price

STAGE 7: FINAL INVESTMENT DECISION

RECOMMENDATION: HOLD / WATCHLIST

Recommendation	**HOLD / WATCHLIST**
Current Price	**~$91**
Target Entry Price	**$78–$82**
Required Decline for Entry	**-10% to -14%**
Why Not BUY Now	**Bear case return negative; >10% probability of >50% loss; WP Score 52 < 65 threshold**
Why Not AVOID	**Exceptional business quality, secular growth story, already down 46% from highs**
What Would Change Assessment	**Price decline to $78–$82 AND/OR meaningful dividend increase to 1.5%+**

Target Entry Price Analysis: $78–$82

At $80, the forward P/E on $7 ANI would be ~11.4x — a historically cheap level for KKR. The bear case total return would improve to approximately +1% CAGR (meeting the ≥0% requirement), and the probability of >50% permanent loss drops to approximately 8% (meeting the <10% requirement). At this entry point, the WP Score would rise to approximately 62–65, potentially qualifying for a BUY — though it would remain a reduced position size given the cyclical risk profile and low dividend yield.

Expected Outcome at Target Entry ($80, 10 years):

Metric	Value
Total Expected Return (Base Case)	~16.5% CAGR
Cumulative Return	~356%
$100 invested becomes	~$456
vs. HYSA (4%): $100 →	$148
Outperformance	~$308
Bear Case at $80 Entry	~+1% CAGR (capital preserved)

MONITORING CHECKLIST & EXIT TRIGGERS

Quarterly Review Items

Item	What to Watch
AUM & Fundraising	Is fee-earning AUM growing? Are fundraising targets on track?
Fee-Related Earnings	FRE growth trajectory — must maintain double-digit growth
Adjusted Net Income/Share	$7+ target for 2026 — is management delivering?
Dividend	Continued increases? Any signals of payout ratio shift?
Balance Sheet	Global Atlantic capital adequacy, debt maturity profile
Competitive Position	AUM ranking vs. BX/APO; any LP defections?
Exit/Monetization Activity	Are realizations accelerating? Carried interest pipeline.
Management Guidance	Tone on fundraising, deployment outlook, risk appetite

Upgrade Triggers (HOLD → BUY)

Trigger	Action
Price declines to $78–$82	Initiate position (reduced size, ~50% allocation)
Price declines to $65–$70	Full position; bear case becomes robustly positive
Dividend increased to $1.50+/share (>1.5% yield)	Reassess — improves WP Score by 10+ points
Two consecutive quarters of >$2.00 ANI/share	Confirms $8+ run-rate; strengthens return adequacy

Exit Triggers (if position initiated)

Condition	Action
AUM declines >15% (excluding market marks)	Sell — fundamental deterioration
Dividend cut	Reassess immediately; likely sell
ROIC (adjusted) falls below cost of capital for 2+ years	Sell
Co-CEO departures / major management upheaval	Reassess; consider selling on uncertainty
Private credit systemic event impacting Global Atlantic	Sell immediately — thesis broken
Price reaches $150+ (forward P/E >20x on current ANI)	Trim; forward return likely <7%
Better opportunity with 10+ higher WP Score available	Replace

Risk Assessment Summary

Risk Category	Score (1–10)	Key Concern	Mitigation
Balance Sheet Risk	5	Insurance leverage, complex structure	Global Atlantic well-capitalized
Earnings Volatility	8	GAAP earnings swing wildly	Focus on FRE as stable base
Competitive Threat	3	BX/APO gaining scale	KKR's brand and relationships durable

Risk Category	Score (1–10)	Key Concern	Mitigation
Regulatory Risk	4	SEC scrutiny of PE fees/valuations	Industry standard practices
Management Risk	3	Co-CEO structure untested long-term	Both deeply experienced; buying stock
Valuation Risk	5	Trailing P/E elevated on GAAP	Forward P/E attractive at 13x
Macro/Cycle Risk	9	Highly sensitive to capital markets	Diversified platform, insurance base
AGGREGATE RISK	5.3		

KEY METRICS SUMMARY

Wealth Preservation Score	**52 / 100**
Fair Value Range (Base Case)	**$120 — $150**
Current Price	**~$91**
Margin of Safety (vs. $120 FV)	**None — trading above entry threshold**
Target Entry Price	**$78 — $82**
Expected Total Return from Entry (Base)	**~16.5% CAGR**
Bear Case Return from Entry	**~+1% CAGR**
Dividend Yield + Growth	**0.8% + 6.5% = 7.3%**
ROIC vs. WACC (GAAP)	**4.7% vs. ~8–10% (distorted by insurance)**
Probability of Permanent Loss	**~12% at current; ~8% at entry**
Beta	**1.89**
Recession Profile	**VULNERABLE**

ANALYST NOTES

Key Assumptions:

1. Management achieves $7+ ANI/share in 2026 (70% probability). If missed, forward returns decline materially. Sensitivity: each $1 reduction in ANI reduces our base case 10Y target by ~$40.

2. No systemic private credit event. The Blue Owl redemption halt in Feb 2026 is a warning signal. If private credit stress spreads to KKR's Global Atlantic or credit funds, the thesis is impaired.

3. Alternative asset secular growth continues at 10–15% CAGR. If institutional allocations to alts stall (regulatory pressure, performance disappointment), KKR's growth rate decelerates.

Limitations:

1. GAAP financial metrics are of limited utility for evaluating alt asset managers. Our framework relies heavily on GAAP data, which structurally disadvantages KKR-type businesses. The ROIC and earnings quality assessments should be interpreted with this caveat.

2. The Wealth Preservation Framework was designed for mature, dividend-paying defensive businesses. KKR is a high-growth financial cyclical. The framework correctly identifies the risk profile mismatch but may undervalue the long-term compounding opportunity.

3. Insurance subsidiary (Global Atlantic) introduces complexity that makes consolidated financial analysis challenging. A sum-of-the-parts valuation may be more appropriate but is beyond this framework's scope.

Confidence Level: MEDIUM — The business quality assessment carries high confidence; the valuation and scenario analysis carry moderate confidence due to earnings opacity and cyclical sensitivity. The HOLD/WATCHLIST recommendation has high conviction — this is a world-class business that does not yet meet our framework's downside protection standards at current prices.

earnings transcripts, and third-party financial data providers. Accuracy of third-party data is not guaranteed. Investors should conduct their own due diligence and consult with a qualified financial advisor before making investment decisions.

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