

An Expanded Toolkit for the Next Investing Regime

CAPITAL MARKET ASSUMPTIONS | July 2026

Our latest Capital Markets Assumptions point to a familiar but important conclusion: we still see a narrower band of outcomes across asset classes, as central banks do less to suppress rates in a 'higher resting heart rate' of inflation environment. We view this as the Capital Markets Assumptions expression of the *Divergence Conundrum* we discuss in KKR's 2026 [Mid-Year Outlook](#). In a world where growth, productivity, margins, and access to capital are accruing unevenly across companies, sectors, and regions, headline asset class returns may look relatively narrow, but outcomes beneath the surface are becoming more dispersed.



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This is also why we are expanding our CMA framework to include five new Private Markets asset classes, which we believe can help investors evaluate a broader set of differentiated return streams suited to this environment.

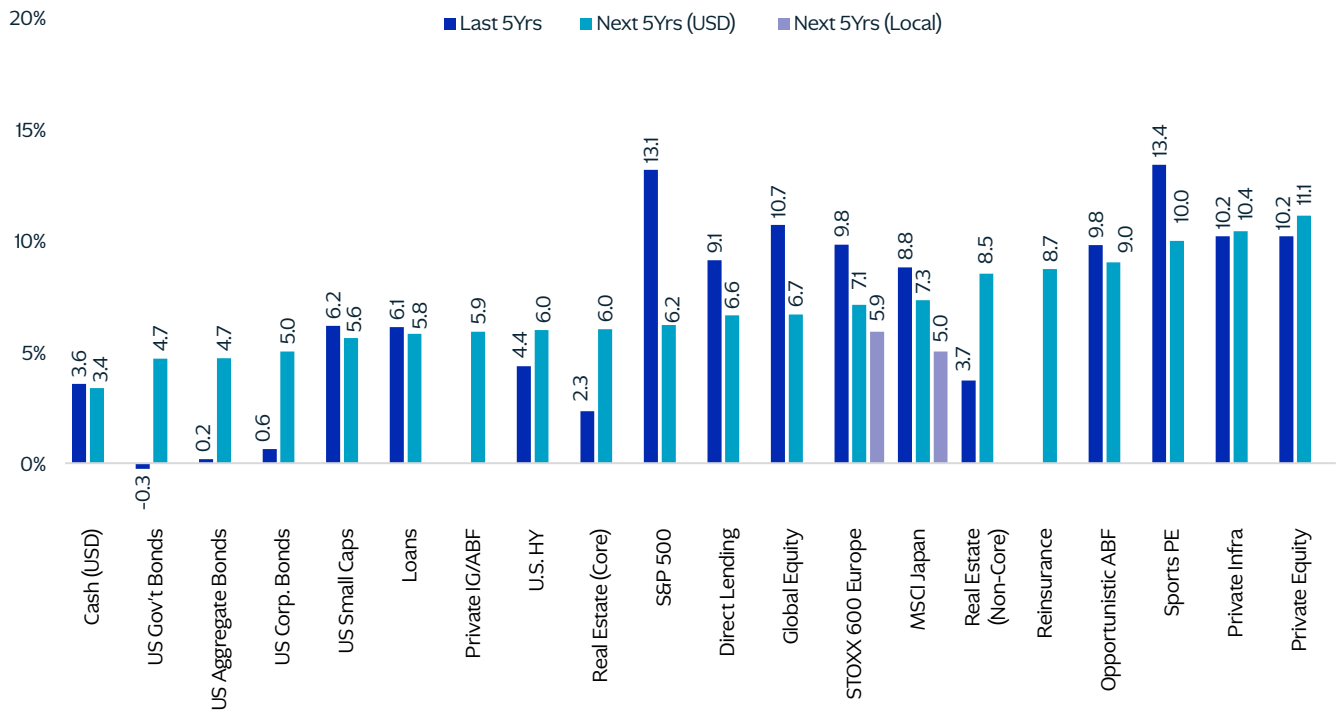
In the last cycle (i.e., prior to COVID), multiple expansion, falling rates, and broad market beta did much of the work for investors. Going forward, we think those tailwinds will be less reliable, as starting valuations are less forgiving, the path for rates is less supportive, and Government Bonds become less dependable shock absorbers during periods of market stress. As a result, we believe investors need to be more deliberate about the return streams they own, the structures they use, and the managers they select. In our view, the next five

years will still offer opportunities, but they are likely to be less obvious at the broad asset class level and more dependent on underwriting, structure, collateral, control, and execution.¹

We believe investors need to be more deliberate about the return streams they own, the structures they use, and the managers they select.

Exhibit 1: We Continue to Think Expected Returns Over the Next Five Years Will Look Quite Different Relative to the Past Five Years

Expected Returns (%)

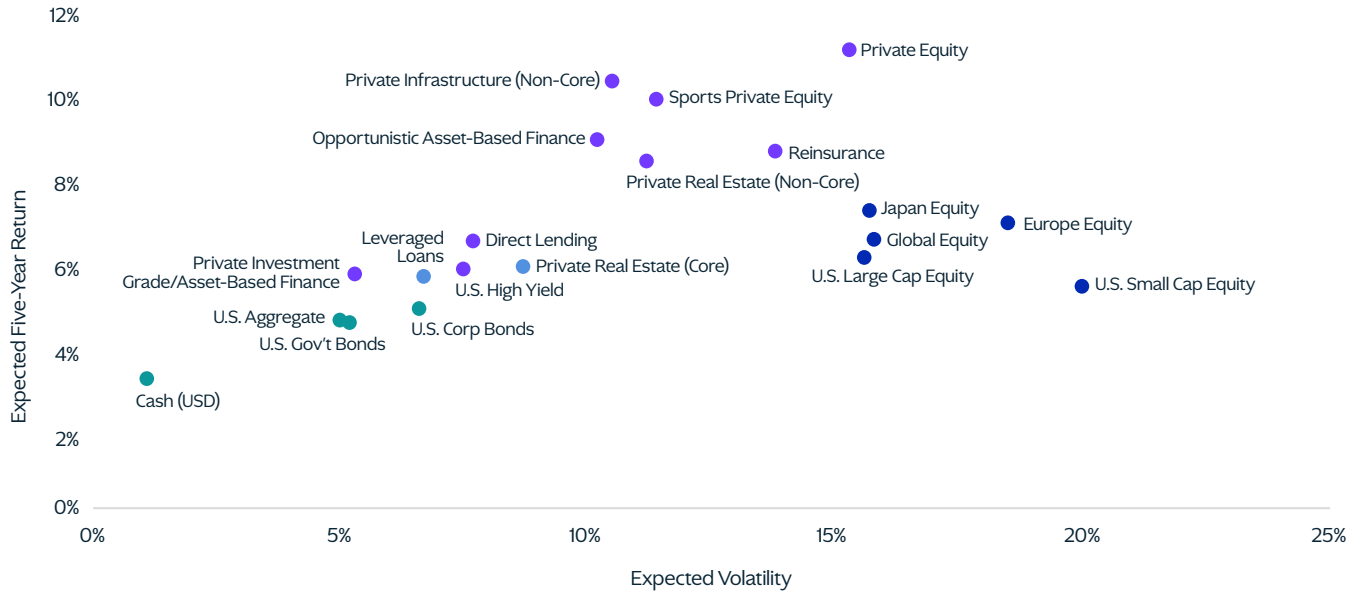


Last 5 Year return from April 30, 2021 to April 30, 2026 for consistency across asset classes (Private Markets at 4Q25). Past performance is no guarantee of future results. Source: Bloomberg, PitchBook, NCREIF, Ross Arctos Sports Index, BofA, Burgiss, JPM, Cambridge Associates, KKR Global Macro & Asset Allocation analysis. Expected Returns are hypothetical estimates and are provided for illustrative purposes only. They are in no way indicative of any investment strategy or product offered by KKR. Expected Returns are susceptible to uncertainty and error. All returns are compounded annually.

¹ See important table on page 17 of indices used for volatility and correlation expectations.

Exhibit 2: Private Markets Can Provide Attractive Risk-Adjusted Returns Relative to Their Public Counterparts

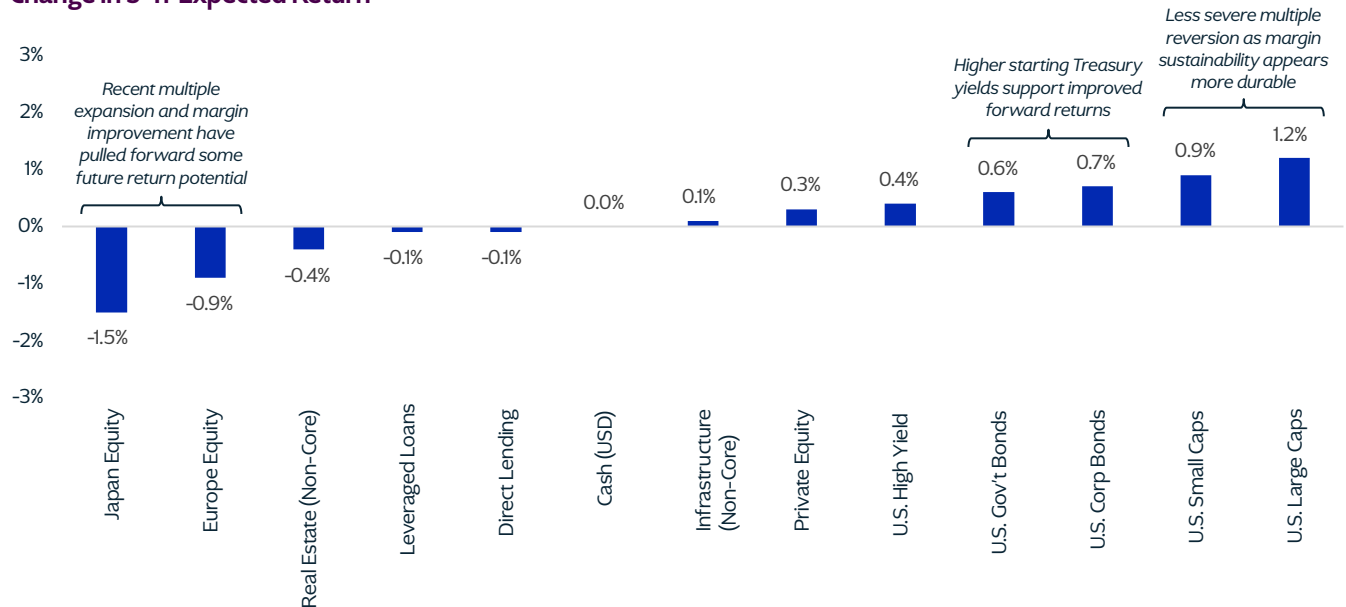
Asset Class Return and Volatility Expectations



Expected volatility is based on unsmoothed quarterly data with exponential weighting and 6yr half-life. Data as at April 30, 2026. Past performance is no guarantee of future results. Source: Bloomberg, PitchBook, NCREIF, Ross Arctos Sports Index, BofA, Burgiss, Cambridge Associates, JPM, KKR Global Macro & Asset Allocation analysis.

Exhibit 3: Our Latest Forecast for Expected Returns Has Changed at the Margin, Reflecting Higher Rates, More Durable Margins, and Robust Recent International Outperformance

Change in 5-Yr Expected Return



Data as at April 30, 2026. Source: KKR Global Macro & Asset Allocation analysis. Past performance is no guarantee of future results.

Key Insights

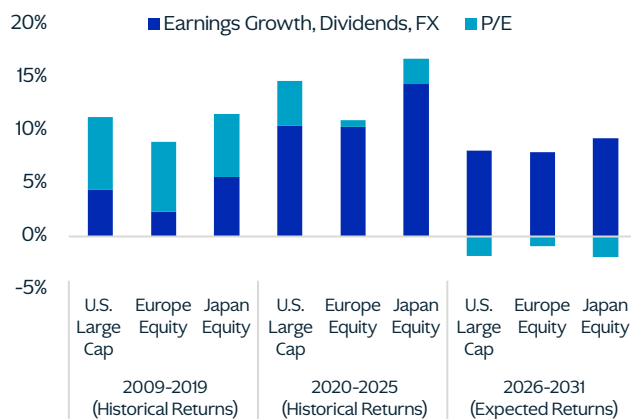
INSIGHT NO. 1

Broad beta is likely to be less reliable at this point in the cycle.

In recent years, broad market beta has continued to play an important role in driving portfolio outcomes, even as the nature of that support has changed. Public Equity returns have benefited from resilient earnings, valuation expansion, and a narrow set of market leaders, while fixed income returns have been supported by spread tightening and, more recently, by attractive starting yields following the rate reset. Going forward, we think these sources of beta support will be less reliable. Equity valuations and credit spreads are less forgiving, and while fixed income yields remain attractive, we do not think investors should assume that yields will fall materially from here and deliver sustained price appreciation.

Exhibit 4: Public Equity Returns Will Rely More on Fundamentals as Multiple Expansion Tailwinds Fade

Contribution of Multiple Expansion to Historical and Expected Returns



U.S. Large Cap is S&P 500, Europe Equity is STOXX Europe 600, and Japan Equity is MSCI Japan. Data as at April 30, 2026. Source: Bloomberg, KKR Global Macro & Asset Allocation analysis. Past performance is no guarantee of future results.

Exhibit 4 shows a notable difference between historical and forward-looking returns for Public Equities. This is not to say broad beta is unattractive. However, to continue delivering strong portfolio outcomes, we think investors will need to consider an expanded set of levers. In Public Equities, this could mean leaning towards quality and remaining disciplined about where one is relying on multiple expansion versus earnings growth to drive outcomes. More broadly, across one's portfolio's building blocks, this could include strong up-front yield to help manage duration exposure, nominal GDP-linked exposures that can participate in both growth and inflation, and greater emphasis on direct control of assets, which can give investors the ability to influence outcomes. This also can include manager selection, particularly where dispersion between winners and losers is likely to remain elevated.

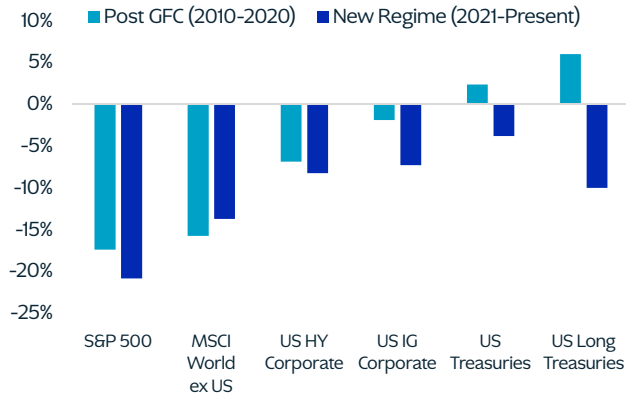
INSIGHT NO. 2

Diversification needs to be rethought.

The first half of 2026 has reinforced our view that Government Bonds continue to be less dependable shock absorbers during periods of macroeconomic and capital market stress. This has been a defining feature of our *Regime Change* framework for the last few years (see Exhibit 5), and we expect it to persist. When disruptions are tied to larger fiscal deficits, heightened geopolitical uncertainty, energy insecurity, and stickier goods and services inflation, bonds and equities can come under pressure at the same time and with greater frequency. While bonds can still provide income, liquidity, and diversification in certain environments, we do not think investors should underwrite the same hedging properties that existed when inflation was low, central banks had ample room to ease, and fiscal deficits were less binding.

Exhibit 5: U.S. Treasuries Have Become Less Reliable Shock Absorbers During Equity Drawdowns

Asset Class Returns When S&P 500 Drawdowns > 10%



Data as at April 30, 2026. Source: Bloomberg, KKR Global Macro & Asset Allocation analysis. Past performance is no guarantee of future results.

This matters because many portfolios still rely on the old assumption that Public Equities provide growth and bonds provide downside protection. In our view, this assumption requires scrutiny in a *Regime Change* environment. If stock-bond diversification is less reliable, investors need a more deliberate mix of return drivers that can complement Public Equity and Fixed Income allocations. This means adding non-correlated exposures whose returns are driven less by public market beta and more by idiosyncratic sources of return, including contractual revenues, collateral-backed cash flows, or asset-level value creation. The key point is not simply to add Alternatives, but to be more deliberate about the role each exposure plays in portfolio construction.

INSIGHT NO. 3

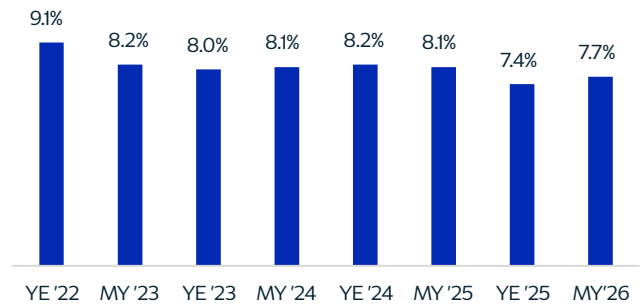
Sources of actual return may matter more than asset class labels.

Expected returns across major asset classes remain moderately attractive, but the underlying drivers of those returns are becoming increasingly differentiated. In our view, this is the Capital Market Assumptions expression of the *Divergence Conundrum*, we discuss in the [KKR](#)

Mid-Year Outlook. Headline asset class returns may look relatively narrow (*Exhibit 6*), but outcomes beneath the surface are becoming more dispersed.

Exhibit 6: The Expected Return Differential Between the Best and Worst Performing Assets in a Portfolio Remains Tight

Maximum - Minimum Expected Return Differential



YE refers to Year End and MY refers to Mid-Year. Data as at April 30, 2026. Source: KKR Global Macro & Asset Allocation analysis. Past performance is no guarantee of future results.

As a result, we think investors need to look past asset class labels and be more precise about the return streams they are underwriting. In public equities, for example, headline indices increasingly mask meaningful differences in profitability, productivity, business model durability, and access to capital. Mega-cap companies continue to benefit from stronger margins, higher revenue per worker, better balance sheets, and more durable access to capital than much of the small-cap universe. For Private Equity, however, this same divergence can create opportunity, as control-oriented investors may be able to bring productivity gains to smaller companies that have not yet participated in the same tailwinds as the mega-cap space. In Fixed Income and Private Credit, starting yields are more attractive than they were during the zero-rate era, but spreads are less forgiving and loss assumptions matter more, particularly vintages with looser financing conditions and peak valuations. In Private Markets, the moving pieces differ meaningfully by category, with improving entry points supporting expected returns in some corporate-oriented assets despite potential AI-related disruption, real assets continuing to benefit from demand for durable, inflation-sensitive cash flows, and manager dispersion remaining material.

Investors should therefore be more selective about what they own and why they own it. Is the cash flow durable? Is there up-front yield? Is there collateral or structure protecting the downside? Is the exposure linked to nominal growth or inflation? Can control, governance, or operational improvement influence the outcome? Can the manager execute in a more complex environment? In a higher-cost-of-capital world, value creation will likely need to come more from operational execution than from leverage or multiple expansion.

In the world we are envisioning, resilient portfolios will require careful selection of both assets and managers with differentiated return drivers. (This is why we are pleased to be introducing five new Private Markets CMAs, designed to help investors evaluate a broader set of differentiated return streams. For discussion, see below, Private Markets.) While the opportunity set is not absent, we think it will be less obvious at the broad asset class level and more dependent on underwriting, structure, and execution. For investors, the next phase of portfolio construction will require a clearer understanding of not just where returns may be available, but how durable, diversified, and repeatable those returns are likely to be.

The key point is not simply to add Alternatives, but to be more deliberate about the role each exposure plays in portfolio construction.

Asset Classes

Fixed Income

We continue to believe that U.S. Treasury yields are near fair value, supported by structurally lower real rates than the decades pre-GFC and our expectation that inflation will run modestly above the Fed’s two percent target. Although stronger productivity growth would normally point to higher real rates, we think the uneven distribution of those gains, combined with slower labor-force and employment growth, supports a more modest equilibrium real rate of approximately 0.5-1.0%. This anchors our view of the 10-year Treasury yield at around four percent over an intermediate five-year horizon, as shown in *Exhibit 7*. Since yields have shifted higher since our last CMA refresh in late 2025, expected returns for fixed rate Fixed Income have also moved higher.

Exhibit 7: U.S. Treasury Yields Are Now Close to Our Five-Year Forecast

3-Month & 10-Year U.S. Treasury Yield, %



Data as at April 30, 2026. Source: Bloomberg, KKR Global Macro & Asset Allocation analysis.

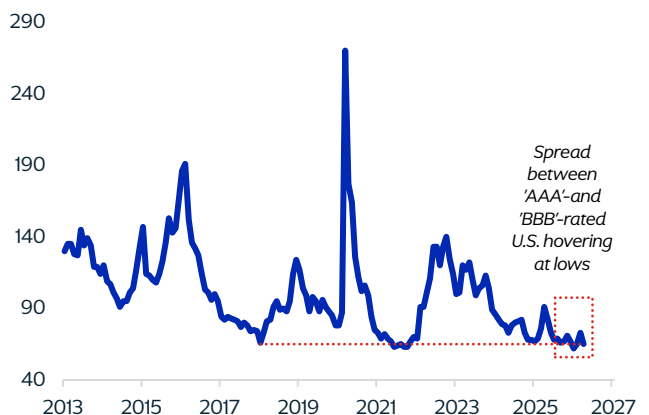
However, we see upside risks to rates in both the near term and the long term. Over the next two years, a still-solid economic backdrop, persistent inflation, and less

scope for aggressive central bank easing could keep yields elevated and the curve steeper. Over the longer term, debt sustainability concerns and larger fiscal deficits could also put upward pressure on term premia. As a result, while starting yields are more attractive than they were during the zero-rate era, we do not think investors should rely on falling rates to drive Fixed Income returns in the same way they did in prior cycles.

In Credit, spreads remain tight and less forgiving, but they continue to be supported by strong structural demand for income. Investment Grade and High Yield spreads are close to historical lows, and we expect demand for yield to keep spreads narrower than long-term averages. Against that backdrop, we favor higher-quality exposures, where the return give-up for accessing higher ratings with greater downside protection remains limited by historical standards. *Exhibit 8* illustrates this point, showing that the spread compensation for moving down in quality remains relatively compressed.

Exhibit 8: The Cost To High Grade in Credit Is Quite Low

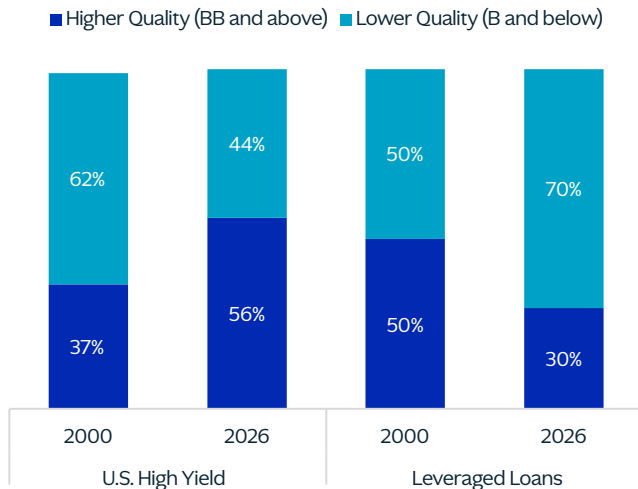
Relative Valuations: U.S. Credit Spreads (BBB -AAA Corporates)



Data as at April 30, 2026. Source: Bloomberg, KKR Global Macro & Asset Allocation analysis.

We are more cautious on floating rate sub-Investment Grade credit, where we have increased our loss expectations for Leveraged Loans and Direct Lending over the next few years, reflecting higher default expectations and lower recoveries. As noted earlier, pressure is likely to remain concentrated in many 2021-era vintages, where transactions were underwritten at peak valuations, low base rates, and looser financing conditions. *Exhibit 9* reinforces this concern by showing the deterioration in quality over time in Leveraged Loans relative to High Yield.

Exhibit 9: High Yield Quality Has Improved Over Time, While Leveraged Loans Have Deteriorated

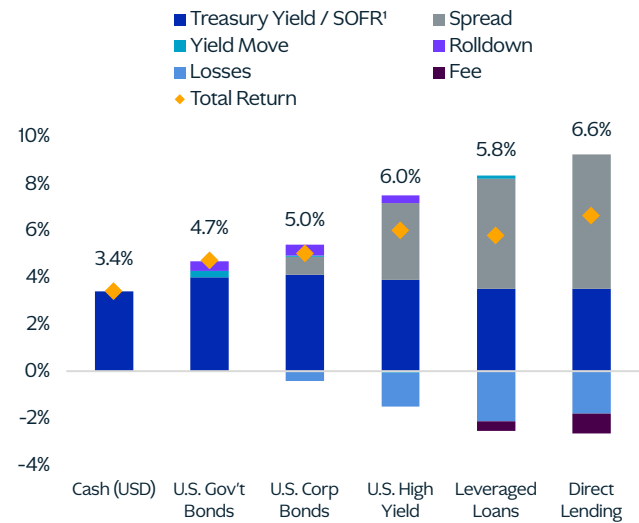


Weights based on market value. Data for 2000 as at December 31, 2000, data for 2026 as at April 30, 2026. Source: Bloomberg, PitchBook, KKR Global Macro & Asset Allocation analysis.

Exhibit 10 summarizes the building blocks of our Fixed Income return assumptions. Higher base rates are doing more of the work, especially for Investment Grade exposures, while tight spreads limit the upside from further compression. This backdrop reinforces the case for high grading Fixed Income portfolios, particularly when investors can still earn attractive yields without taking as much incremental credit risk.

Exhibit 10: Decomposition of 5-Yr Expected Returns for Fixed Income

Decomposition of 5-Yr Expected Returns for Fixed Income



Valuation is the price return impact from yields (Treasury + spread) shifting. (t) SOFR for Leveraged Loans and Direct Lending. Data as at April 30, 2026. Source: Bloomberg, Pitchbook, Bank of America, KKR Global Macro & Asset Allocation analysis.

From a portfolio construction perspective, Fixed Income still has an important role to play, but investors should be clearer about what they are relying on it to do. Bonds can still provide income, liquidity, and diversification in certain environments. However, we do not think investors should underwrite the same hedging properties that existed when inflation was low, central banks had ample room to ease, and deficits were less binding.

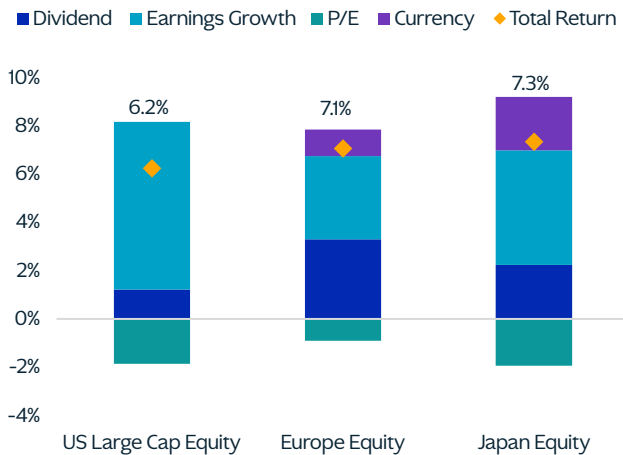
Our Fixed Income CMAs suggest that starting yields are more attractive than they were during the zero-rate era, but that the return and diversification benefits of Fixed Income are likely to be more conditional. Tight spreads, higher loss assumptions in parts of credit, potential upside to rates, and less reliable stock-bond diversification all argue for a more selective approach. In our view, that means emphasizing quality, durability of cash flows, and portfolio construction discipline, rather than reaching indiscriminately for yield or duration.

Public Equities

Public Equity return prospects are not unattractive, but we think broad market beta is likely to be a less powerful driver of returns going forward than it has been in recent years. This is especially true in the U.S., where strong earnings growth, resilient margins, and valuation expansion have supported impressive outcomes. Looking ahead, we still see room for equities to compound, but we think the bar for passive market direction to drive returns is higher than it has been in the past. As shown in *Exhibit 11*, our expected return decomposition suggests that equities can still generate positive returns, but with less room for multiple expansion to do the work.

Exhibit 11: We Still See Attractive Entry Points Outside the U.S., But the Relative Valuation Gap Has Narrowed

Decomposition of 5-Yr Expected Returns for Public Equity



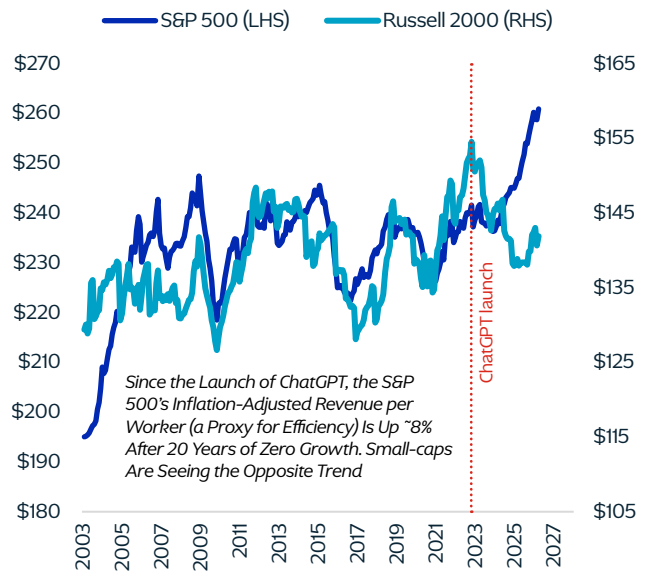
Data as at April 30, 2026. Source: KKR Global Macro & Asset Allocation analysis.

Our outlook for Public Equities is supported by a constructive view on earnings, continued productivity tailwinds, and our expectation of a no-hard-landing environment over the next few years. Importantly, however, this is not a broad-based call on equities. Rather, it is another manifestation of the “Divergence Conundrum” we discuss in our Mid-Year Outlook, as headline indices increasingly mask meaningful differences in quality, profitability, productivity, and business model durability. Mega-cap companies continue to enjoy stronger margins, higher revenue per worker, better balance sheets, and

more durable access to capital than much of the small-cap universe. This reality matters for valuations. While starting multiples remain elevated, we do not think they should be interpreted through a simple mean-reversion lens, as today’s indices are higher quality than they have been historically, with stronger profitability, different sector composition, and a larger weight in companies with durable earnings power. As such, we believe equity returns can still compound, but the burden of proof is shifting more towards earnings durability, margin expansion, and free cash flow generation than multiple expansion. Consistent with this view, we are extending our valuation reversion horizon from five years to ten years.

Exhibit 12: Surging Revenue Per Employee Has Provided an Important Tailwind to Large Cap Public Equities

U.S. Large-Cap vs. Small-Cap Efficiency Gains, Real Revenue Per Worker



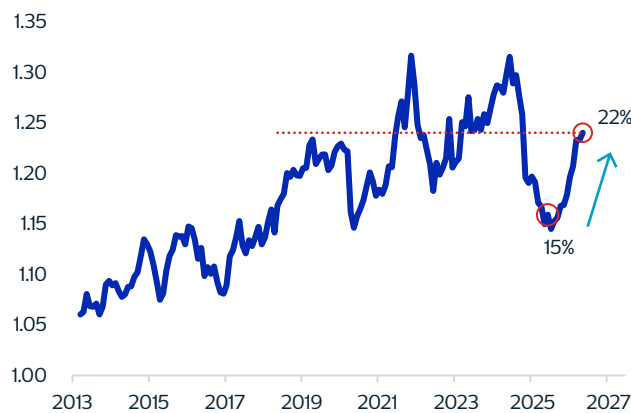
Data as at April 30, 2026. Source: Bloomberg, KKR Global Macro & Asset Allocation analysis.

International equities still look attractive relative to the U.S., but the gap has narrowed since our last update. Stronger performance, expanding valuations, and margin improvement have pulled forward a portion of future returns, particularly in Europe and Japan. The expected return decomposition in *Exhibit 11* shows that Japan and Europe continue to screen attractively relative to U.S. large cap, though by a smaller margin than previously anticipated.

The conclusion is not that investors should own fewer equities. Rather, we think investors should continue to lean towards quality and remain disciplined about where they are relying on multiple expansion versus earnings growth to drive outcomes. Equity returns can still be attractive, but we think they will be more dependent on earnings durability, productivity gains, and business model quality than on broad beta alone.

Exhibit 13: Quality Equities Have Rebounded Since the Start of the Year, But We Think That the Trend Is Still Their Friend

Relative Valuations: NTM P/E (MSCI AC World Quality Index vs. MSCI AC World)



Valuations based on next 12-month price-to-earnings ratio. Quality defined as stocks with high ROE, stable earnings, and low leverage. Data as at April 30, 2026. Source: Bloomberg, MSCI, KKR Global Macro & Asset Allocation analysis.

Private Markets

Our core message on Private Markets has not changed materially since our last refresh. We continue to think they can offer both attractive absolute and risk-adjusted returns over the long term. What has changed is the composition of the opportunity set. In our view, the next phase of Private Markets performance will depend less on owning broad exposures and more on underwriting specific return streams, exposures, and managers.

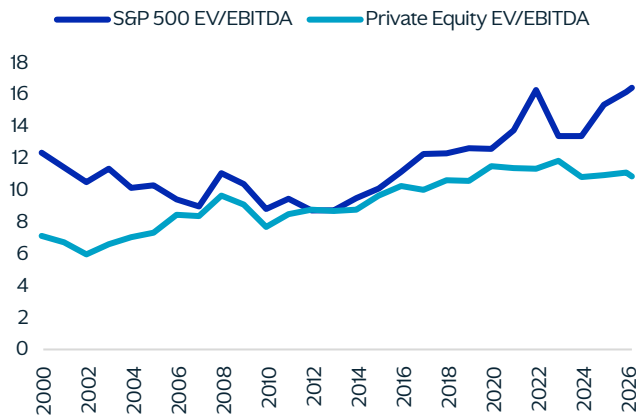
The changes to our Private Markets forecasts are mostly at the margin, but they are directionally important. Corporate-oriented private assets have repriced to more attractive entry points.

In Private Equity, transaction multiples have continued to decline, as shown in Exhibit 14, while our U.S. large cap equity forecast over the next five years has moved higher, with both factors supporting a higher expected return. We also see an opportunity for control-oriented owners to help smaller companies capture some of the productivity gains that have accrued more visibly to mega-cap public companies, including through technology adoption, operating improvement, procurement, pricing, and strategic repositioning. That said, we have also incorporated a return haircut to reflect the potential for AI-related disruption, particularly in software-oriented business models. In our view, AI is therefore both a source of disruption and a potential value-creation lever for managers with the operating capabilities to deploy it effectively across portfolio companies. The net result is that Private Equity expected returns moved modestly higher, while the illiquidity premium compressed.

In Direct Lending, spreads have widened, improving prospective entry yields, but our expected losses have also increased, reflecting higher default expectations and lower recoveries. As a result, Direct Lending expected returns moved marginally lower despite wider spreads. This reinforces our view that investors should focus not just on yield, but on structure, collateral, covenant protection, and underwriting discipline.

In our view, the next phase of Private Markets performance will depend less on owning broad exposures and more on underwriting specific return streams, exposures, and managers.

Exhibit 14: A Widening Valuation Gap May Position Private Equity for Future Outperformance



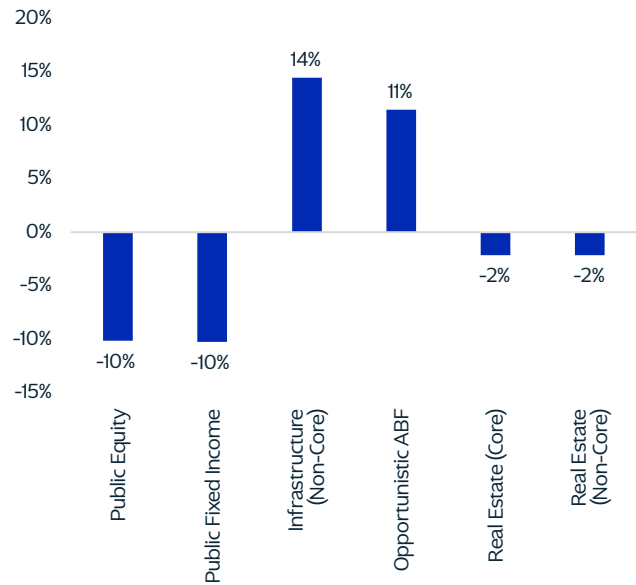
Data as at March 31, 2026. Source: Pitchbook, Bloomberg. Based on trailing 4Q EV/EBITDA.

Real Assets, however, have moved in the opposite direction. Valuations have expanded as investors continue to seek durable, inflation-sensitive cash flows and longer-duration assets. Infrastructure expected returns are broadly unchanged, as higher growth expectations offset richer entry valuations. Real Estate expected returns have declined, reflecting a more expensive entry point and upside risk to rates over the next few years. Even so, we continue to think Real Assets play an important role in portfolios, particularly in a world with upside risk to inflation and interest rates. The 2021-2023 period is a useful reminder that Private Real Assets outperformed public markets during a period of inflation and interest rate surprises, underscoring the value of contracted revenues, asset-backed cash flows, and inflation linkage in a *Regime Change* environment (*Exhibit 15*).

We continue to think Real Assets play an important role in portfolios, particularly in a world with upside risk to inflation and interest rates.

Exhibit 15: Private Real Assets Demonstrated Resilience Through the Post-Pandemic Inflation Surge and Fed Tightening

Select Public and Private Market Returns from Q1 2022 to Q3 2023



Public Equity is proxied with MSCI World, Public Fixed Income is proxied with Bloomberg Global Aggregate Hedged to USD, Infrastructure (Non-Core) is proxied with the Burgiss Global Infrastructure Index, Opportunistic ABF is proxied with Burgiss Asset Based Lending: Generalist Index, Real Estate (Core) is proxied with the NCREIF ODCE Index, and Real Estate (Non-Core) is proxied with Burgiss Global Real Estate Index. Returns are from Q1 2022 to Q3 2023. Source: Bloomberg, NCREIF, Burgiss, KKR Global Macro & Asset Allocation analysis.

To help enable more intentional portfolio design in Private Markets, we are adding CMAs for five new asset classes, Sports Private Equity, Private Investment Grade/Asset-Based Finance, Opportunistic Asset-Based Finance, Reinsurance, and Core Real Estate. We believe these asset classes can offer exposures with different roles in a portfolio, including up-front yield, collateral protection, nominal GDP linkage, inflation sensitivity, and diversification to public markets. They are also consistent with how KKR's own platform has evolved to meet investors' demand for more differentiated sources of return, including through the additions of Arctos, Health Care Royalties, Global Atlantic, and KJRM.

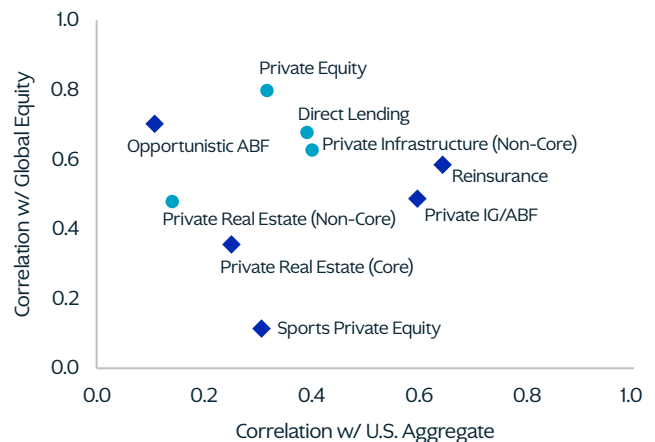
New KKR Private Markets Asset Classes

Asset class	Description
Sports Private Equity	Offers ownership interests in professional sports teams that provide access to non-correlated revenue streams, including league revenue such as media rights and local revenue such as ticket sales, merchandise, and sponsorships.
Private Investment Grade/Asset-Based Finance	Consists of Investment Grade, secured lending backed by recurring, often contractual cash flows from diversified pools of assets, including hard assets, receivables, royalties, consumer or residential loans, leases, and inventory. Downside risk is typically mitigated by collateral coverage and subordinated tranches below the investment grade tranche, with transactions privately originated and negotiated. This represents the majority of the broader Private Investment Grade universe, which also includes corporate and infrastructure-related exposures.
Opportunistic Asset-Based Finance	Includes equity and non-investment grade tranches of asset-based finance deals, with exposures in sectors similar to those for High Grade ABF. These portfolios typically contain a mix of financial assets and hard assets, which can provide inflation sensitivity. Collateral helps protect principal and may appreciate with inflation.
Reinsurance	Provides access to a corporate carve-out sleeve of insurance companies with participation in assets, including diversified investment portfolio, and liabilities, including policies.
Core Real Estate	Offers exposure to high-quality, fully leased properties with stable, defensive in-place cash flows, generally located in prime markets. These assets tend to derive a relatively high proportion of total returns from income and are typically financed with lower leverage.

Exhibit 16 shows how these new CMA categories can be useful for understanding the diversification role Private Markets can play beyond expected return. All five have estimated correlations below 0.70 with both Public Equity and Fixed Income, and three have estimated correlations below 0.50 with both. Those lower correlations matter because they point to exposures whose returns are driven less by broad public market beta and more by distinct underlying return streams, including up-front yield, collateral protection, nominal growth linkage, inflation sensitivity, and more idiosyncratic sources of return. In a higher-cost-of-capital world, understanding those return drivers becomes more important, particularly as value creation shifts away from leverage and multiple expansion and toward sourcing, structure, and operational execution.

Exhibit 16: The New Private Markets Asset Classes Introduced Are Diversifying Exposures That Can Help Investors Reduce Reliance On the Public Equity and Fixed Income Allocations That Still Dominate Many Portfolios

Private Market Correlations w/ Stocks and Bonds



Data as at December 31, 2025. Source: Burgiss, Cambridge Associates, NCREIF, Bloomberg, MSCI, JPM, University of Michigan Ross School of Business, KKR Global Macro & Asset Allocation analysis.¹

Conclusion

In a world of narrowing returns, we believe investors will need to be more deliberate about the sources of return they underwrite, the structures they use, and the managers they select. We also believe that traditional diversification requires scrutiny, as Government Bonds have become less reliable shock absorbers during equity drawdowns. Against this backdrop, several implications stand out:

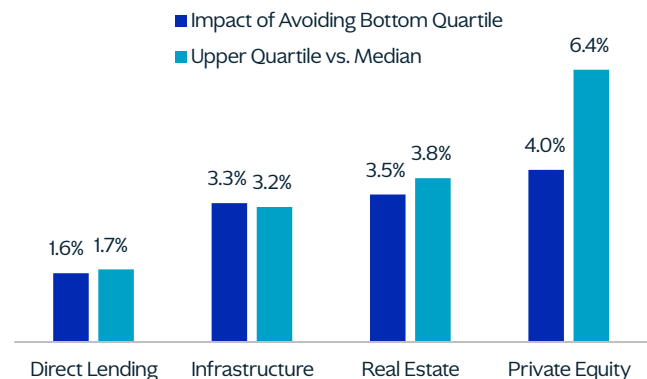
- Investors need more diversifying and non-correlated exposures.** Traditional stock-bond diversification is less reliable in a world of higher deficits, stickier inflation, and more frequent geopolitical shocks. This reality argues for greater exposure to assets with differentiated return drivers, including contractual revenues, collateral-backed cash flows, and idiosyncratic growth.
- Up-front yield and nominal GDP linkage matter more.** In a higher nominal growth world, we favor cash flows that can compound with the economy and reprice with inflation. These exposures are particularly valuable when investors receive less support from falling rates and multiple expansion. Asset-Based Finance, Infrastructure, select Real Estate, Reinsurance, and other contractual or collateral-backed sources of return can help address this need when underwritten correctly.
- Control is becoming more important.** In our view, the next phase of Private Markets performance will favor investors who can influence outcomes through governance, capital structure, pricing, operations, procurement, technology adoption, and strategic repositioning. This is particularly relevant in smaller companies, where control-oriented owners may be able to help close productivity gaps that have widened relative to the mega-cap public equity universe. This is why we continue to favor operational improvement stories and remain cautious on over-levered 2021-vintage deals underwritten to a more accommodating macro environment.

- Skill matters more where dispersion is high.** With headline expected returns lower and outcomes more differentiated across sectors, structures, and collateral types, manager selection can become a relatively larger contributor to total portfolio results (*Exhibit 17*).

Our updated assumptions suggest that the next five years should still offer opportunities, but they will likely lie below the broad asset class level and be more dependent on underwriting, structure, and execution. In the environment we envision, the advantage will go to investors who can identify not just where returns exist, but whether those returns are durable, diversified, and repeatable.

Exhibit 17: Manager Selection Is a Key Driver of Outcomes in Private Markets and Can Add Material Value Relative to a Median Manager

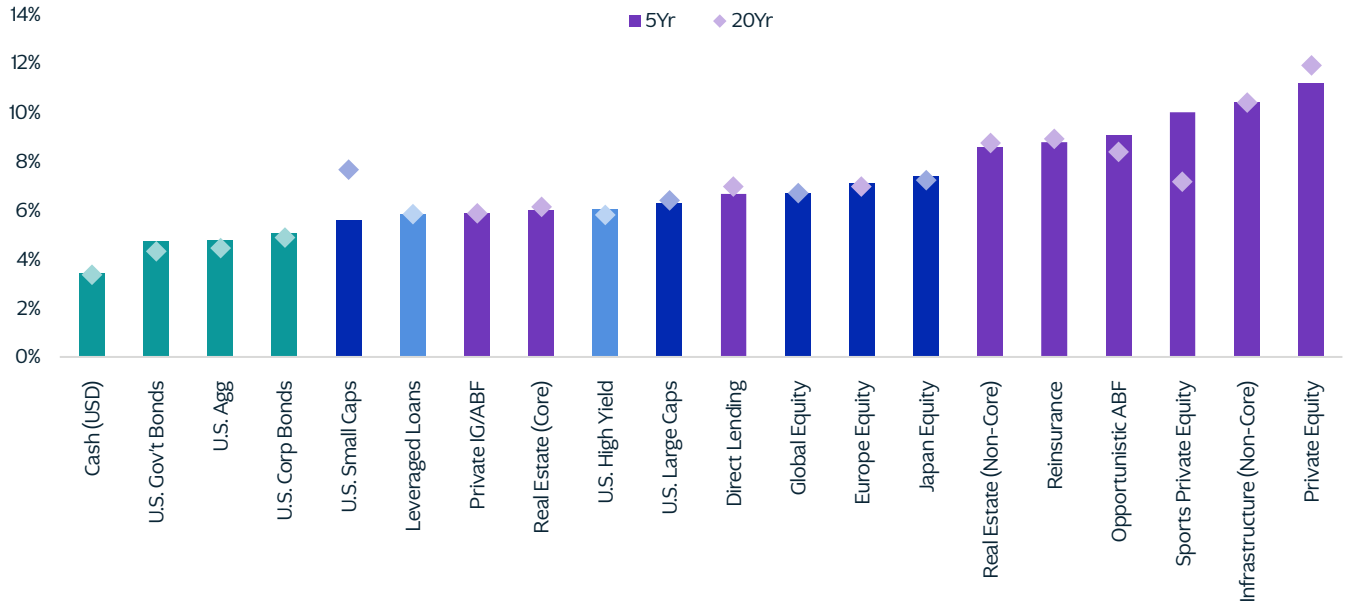
Historic Manager Dispersion in Private Markets



Based on global benchmarks and average IRRs of 2017-2021 vintage years. Upper Quartile vs. Median is the average difference between the top quartile IRR and median IRR. Impact of Avoiding Bottom Quartile is the difference between the average pooled equally weighted IRR for top three quartiles and the broad universe of managers. Direct Lending is represented by Private Debt: Senior. Data as at December 31, 2025. Source: Cambridge Associates.

Exhibit 18: Private Markets Offer Attractive Long-Term Expected Returns

Expected Return Differences Between 5 and 20 Year Horizons



Data as at April 30, 2026. Source: KKR Global Macro & Asset Allocation analysis.

Table 1: KKR GMAA Capital Market Assumptions in USD, %

Asset Classes	Expected Return			Yield	Historical Manager Dispersion		Volatility	
	5Yr	10Yr	20Yr		Avoiding Bottom Q	Top Q vs. Median	Reported	Unsmoothed
Public Equity								
U.S. Large Cap Equity	6.2%	5.7%	6.4%	1.4%			15.6%	
U.S. Small Cap Equity	5.6%	7.0%	7.7%	2.2%			20.0%	
Europe Equity	7.1%	6.8%	7.0%	3.5%			18.5%	
Japan Equity	7.3%	7.2%	7.2%	2.5%			15.7%	
Global Equity	6.7%	6.1%	6.7%	2.0%			15.8%	
Investment Grade Fixed Income								
Cash (USD)	3.4%	3.4%	3.4%	3.4%			1.1%	
U.S. Gov't Bonds	4.7%	4.4%	4.3%	3.9%			5.2%	
U.S. Corp Bonds	5.0%	4.9%	4.9%	4.9%			6.6%	
U.S. Long Gov't Bonds	5.9%	5.4%	5.6%	4.6%			13.5%	
U.S. Long Corp Bonds	5.4%	5.4%	5.7%	5.7%			11.1%	
U.S. Aggregate	4.8%	4.5%	4.5%	4.2%			5.0%	
Global Aggregate	4.4%	4.2%	4.2%	4.0%			4.1%	
Sub Investment Grade Credit								
U.S. High Yield	6.0%	5.9%	5.8%	7.1%			8.7%	
Leveraged Loans	5.8%	5.8%	5.8%	7.4%			6.7%	
Private Markets								
Private Equity	11.1%	11.6%	11.9%	0.0%	4.0%	6.4%	9.4%	15.3%
Private Real Estate (Non-Core)	8.5%	9.0%	8.7%	2.0%	3.5%	3.8%	7.3%	11.2%
Private Real Estate (Core)	6.0%	6.3%	6.1%	3.9%			6.1%	7.5%
Private Infrastructure (Non-Core)	10.4%	10.4%	10.4%	2.0%	3.3%	3.2%	5.5%	10.5%
Direct Lending	6.6%	6.9%	7.0%	8.2%	1.6%	1.7%	4.1%	7.7%
Opportunistic Asset-Based Finance	9.0%	8.6%	8.4%	6.0%			5.2%	10.2%
Private Investment Grade/Asset-Based Finance	5.9%	5.9%	5.9%	5.3%			3.4%	5.3%
Sports Private Equity	10.0%	8.6%	7.2%	2.6%			6.4%	11.4%
Reinsurance	8.7%	9.5%	8.9%	5.2%				13.8%

Correlation is a statistical measure of the degree to which two variables move in relation to one another. Correlation coefficients range from +1.0, indicating that two variables have historically moved perfectly in the same direction, to -1.0, indicating that they have historically moved perfectly in opposite directions. A correlation near zero indicates little to no linear relationship. Correlations are best understood as estimates that may vary depending on the time period, data frequency, and market environment analyzed. Correlation does not imply causation and may change over time. Data as at April 30, 2026. Source: Bloomberg, BofA, Burgiss, Cambridge Associates, NCREIF, MSCI, JPM, University of Michigan Ross School of Business, KKR Global Macro & Asset Allocation analysis.

Table 2: Select Asset Class Correlations

Correlations	Global Equity	U.S. Gov't Bonds	U.S. Corp Bonds	U.S. Aggregate	Private Equity	Private Real Estate (Non-Core)	Private Real Estate (Core)	Private Infrastructure (Non-Core)	Direct Lending	Opportunistic ABF	Private IG/ABF	Sports Private Equity	Reinsurance
Global Equity	1.00												
U.S. Gov't Bonds	0.18	1.00											
U.S. Corp Bonds	0.67	0.78	1.00										
U.S. Aggregate	0.43	0.95	0.93	1.00									
Private Equity	0.80	0.07	0.56	0.32	1.00								
Private Real Estate (Non-Core)	0.48	0.00	0.28	0.14	0.69	1.00							
Private Real Estate (Core)	0.36	0.17	0.28	0.25	0.34	0.65	1.00						
Private Infrastructure (Non-Core)	0.63	0.21	0.56	0.40	0.74	0.62	0.29	1.00					
Direct Lending	0.68	0.17	0.59	0.39	0.81	0.64	0.22	0.89	1.00				
Opportunistic ABF	0.70	-0.16	0.40	0.11	0.74	0.66	0.32	0.70	0.77	1.00			
Private IG/ABF	0.49	0.44	0.70	0.60	0.54	0.30	0.05	0.53	0.66	0.55	1.00		
Sports Private Equity	0.11	0.28	0.27	0.31	0.05	-0.10	-0.04	0.15	0.06	-0.02	0.20	1.00	
Reinsurance	0.58	0.45	0.75	0.64	0.58	0.45	0.34	0.66	0.74	0.60	0.79	0.15	1.00

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Asset Classes	Benchmark Indices for Volatility & Correlation Expectations
Global Equity	MSCI ACWI
U.S. Large Cap	S&P 500
U.S. Small Cap	S&P 600
Europe Equity	STOXX Europe 600
Japan Equity	MSCI Japan
U.S. Gov't Bonds	Bloomberg US Government Bond Index
U.S. Long Gov't Bonds	Bloomberg US Government: Long Bond Index
U.S. Corp Bonds	Bloomberg US Credit Index
U.S. Long Corp Bonds	Bloomberg US Long Credit Index
U.S. Aggregate	Bloomberg US Aggregate Index
Global Aggregate	Bloomberg Global Aggregate Index (Hedged to USD)
U.S. High Yield	Bloomberg US Corporate High Yield Bond Index
Leveraged Loans	S&P UBS Leveraged Loan
Private Equity	Cambridge Associates Global Buyout & Growth Equity
Private Real Estate (Non-Core)	Burgiss Global Real Estate
Private Real Estate (Core)	NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE)
Private Infrastructure (Non-Core)	Burgiss Global Infrastructure
Direct Lending	Burgiss Global Direct Lending
Opportunistic Asset-Based Finance	50% Burgiss Global Asset Based Lending: Generalist, 50% KKR Proxy
Private Investment Grade/Asset-Based Finance	50% JP Morgan ABS A, 50% JP Morgan ABS BBB
Reinsurance	KKR Proxy
Sports Private Equity	Ross Arctos Sports Franchise Index (RASFI)
Cash	FTSE 3 Month Treasury Bills

All indices are in USD.

Endnotes

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