KKR
Q1 Earnings Call
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<u>Presenters</u>
Craig Larson - Head, Investor Relations
Scott Nuttall - Co-President and Co-COO
Rob Lewin - Chief Financial Officer

<u>Q&A Participants</u>
Glenn Schorr, Evercore ISI
Alex Blostein, Goldman Sachs
Craig Siegenthaler, Credit Suisse
Devin Ryan, JMP Securities
Mike Carrier, Bank of America
Chris Harris, Wells Fargo
Gerry O'Hara, Jefferies
Michael Cyprus, Morgan Stanley
Robert Lee, KBW

Operator
Ladies and gentlemen, thank you for standing by. Welcome to KKR's first quarter 2021 earnings conference call. During today's presentation, all parties will be in listen-only mode. Following management's prepared remarks, the conference will be open for questions. If you'd like to ask a question at that time, please press star one from your telephone keypad, and a confirmation tone will indicate your line is in the question queue. You may press star two if you would like to remove your question from the queue. For participants that are using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. In the interest of time and to allow as many as possible to ask questions, we ask you please ask one question and then return to the queue for additional questions. If anyone should require operator technical assistance, please press star zero from your telephone keypad. I'll now hand the call over to Craig Larson, Head of Investor Relations for KKR. Craig, please go ahead.

Craig Larson
Thank you, operator. Good morning, everyone. Welcome to our first quarter 2021 earnings call. I'm joined this morning by Scott Nuttall, our Co-President and Co-COO, and by Rob Lewin, our CFO. We would like to remind everyone that we'll refer to non-GAAP measures on the call, which are reconciled to GAAP figures in our press release, which is available on the Investor Center section at KKR.com. This call will contain forward-looking statements, which do not guarantee future events or performance. Please refer to our press release and our SEC filings for cautionary factors related to these statements.

Earlier this morning, we posted our earnings release presentation. You'll likely have noticed a few changes. First, recognizing this is the first quarter post the closing of The Global Atlantic acquisition, we're now reporting our results with two segments, our Asset Management segment in addition to a new Insurance segment, which reflects our approximate 60% interest in GA's financial results. In addition, given the changes we made to our compensation framework that we introduced last quarter, a number of the line items on our segment income statement have changed. We ran through this on our Q4 call, as well as at Investor Day. Now, to help with comparability, we posted a presentation on our website in early April with three years of recast financial information on a quarterly basis. That presentation, of course, is still available on the Investor Center section of our website, and it could be helpful for you to refer to that as you consider our results compared to prior periods. And finally, we've changed the framework of the earnings release itself to make results easier to digest, while improving our disclosure and transparency at the same time. We trust that you will find the new framework, as well as the additional disclosure to be helpful.

Now, I expect many of you joined us at our Investor Day only three weeks ago. For those of you that didn't have the opportunity, we would encourage you to watch a replay of the event and review the accompanying presentation, both of which can be found on our website. We really feel that the event helps everyone gain a better understanding of where we are now as the firm and, importantly, all of the opportunities we have to continue to grow and scale from here. And right on the heels of this event, we're pleased to be reporting an excellent quarter. After-tax distributable earnings came in at $0.75 per share. Fee related earnings are $0.41 per share. Management fees increased 31% year-over-year, driving the 36% increase in our FRE per share compared to the first quarter of 2020.

Our assets under management are now $367 billion. This reflects the closing of Global Atlantic, strong investment performance, in addition to continued fundraising momentum. And our book value per share, which is mark-to-market every quarter is now $25.84. This is up over 50% from the $16.52 we reported one year ago and is 12% ahead of the figure we reported just last quarter. The continued growth in our book value is really a testament to the strong investment performance we're seeing across the firm. And finally, as we announced last quarter, we increased our dividend beginning with this quarter, so our annualized dividend per share is now $0.58.

In terms of today's call, I will kick things off with an overview of investment performance and fundraising before turning it over to Rob to walk through this quarter's financials, and, at the end, Scott will provide a few closing remarks, and we'll head into Q&A. So, to begin, we've continued to have very strong investment performance. Beginning first with private equity, the portfolio as a whole appreciated 19% in the quarter and is up 56% over the last 12 months. And performance in our flagship funds has been even stronger, up 28% for the quarter and up almost 80% over the last 12 months. At our Investor Day, one of the themes we discussed was the importance of winning in tech and the significance of the investments we've made in tech. Remember that 38% of our private equity deployment over 2018 to 2020 was in companies with tech and digital themes. And you're seeing the impact of these investments within our performance figures.

AppLovin, a mobile technology investment in our America's XII fund, went public earlier this quarter and is currently trading at about 15xour cost. And Darktrace and KnowBe4, two cybersecurity businesses, also both went public over the last couple of weeks and are trading well north of cost. These were three of our six portfolio companies that went public in April. And alongside of this IPO activity, we've seen strong performance at private tech-oriented investments like Internet Brands, OneStream Software, Bytedance, Rb Media, Kokusai Electric, and Calabrio, a software business that we exited earlier in Q2. We've seen continued performance across our real asset strategies. Over the past 12 months, our Opportunistic Real Estate funds withstood all the market volatility, appreciating 13%, while in infrastructure, the portfolio appreciated 18%.

Turning to credit, our Alternative Credit composite appreciated 7% in the quarter and 19% over the last 12 months. We've seen differentiated investment performance within our dislocation strategy and performance in the quarter and LTM periods were strong within Lending Partners III and Special Sits II. And our leverage credit composite appreciated 2% in the quarter and 25% over the last 12 months. And looking at our performance here over a broader timeframe, both our standalone high yield and bank loan track records continue to rank as top quartile over 1, 3, 5, and 7-year timeframes. And reflecting the strong investment performance across strategies, our balance sheet investment portfolio appreciated 12% in the quarter and is up 52% on a trailing 12-month basis.

Now, on the heels of strong investment performance, we're seeing continued momentum in fundraising with $15 billion of new capital raised in Q1 and $51 billion over the trailing 12 months. Notably in the first quarter, we held the final close on our Asia IV fundraise at $15 billion. Building on our differentiated investment track record, Asia IV is the largest private equity fund dedicated to investing in the Asia-Pacific region, and Asia IV really continues the momentum across our Asia-Pacific platform, given the final closings held just last quarter for our inaugural Asia Infrastructure and Real Estate funds. Fundraising activity in the quarter also included new capital raised in our Health Care Strategic Growth strategy, Core Infrastructure and our Opportunistic America's Real Estate strategy. We also raised our first SPAC and were active in the CLO markets, raising new CLOs in the quarter both in the U.S., as well as Europe. And our fundraising was not only strong for the quarter itself but also diversified across many strategies. We've a lot of conviction in our fundraising momentum going forward as we remain focused on our over 20 strategies that we expect to come to market. And with that, let me turn it over Rob.

Rob Lewin
Thanks a lot, Craig. I'm going to begin this morning by reviewing our segment financial results for the quarter. Our fee revenues totaled $586 million in Q1. Of particular note here, our management fees continued their robust growth and came in at $440 million, which is 31%

ahead of last year. And adding to our strong management fee quarter, our Capital Markets business generated $112 million of transaction fees, which saw nice contributions across the board. We remain very encouraged by the forward pipeline in our Capital Markets business, as well as opportunities here for continued growth. Fee related compensation came in at $132 million, or 22.5% of fee related revenues, right in the midpoint of that 20% to 25% annual range we introduced last quarter, and our other operating expenses totaled $90 million. Putting those pieces together, our fee related earnings were $364 million, or $0.41 per share, and our FRE margin was 62% for the quarter. We continue to be very confident that our FRE will comfortably exceed $2 per share next year. Our fundraising momentum is as good as it has ever been. The asset base at Global Atlantic continues to grow, and we have very good line of sight to larger pools of capital entering their investment periods.

Moving to our realized performance income, we generated $170 million of revenue for the quarter, and our realized investment income was $460 million, which is a high point for us as a firm. The sum of these revenue line items is approximately $630 million for the quarter. Our only cost associated with our realized performance and realized investment income is compensation, which came in right at the midpoint of the respective annual ranges we indicated earlier this year. So, in total, our Asset Management operating earnings came in at $817 million for the quarter. On top of that, our share of Global Atlantic's earnings added an incremental $63 million for the months of February and March, bringing total distributable operating earnings to $880 million, which is up 68% year-on-year. And finally, our after-tax distributable earnings came in at $660 million, or $0.75 per share. One additional note here- Our tax rate in the quarter was a bit elevated. The driver of this was a large exit that was structured in a way that resulted in the recognition of 100% of our tax liability while only realizing approximately 50% of the investment income. Absent this, our after-tax DE would have been $0.81 for the quarter versus the $0.75 we reported this morning. Looking forward, we do expect we'll benefit from the reverse of this, as that investment is monetized and those gains become realized without the burden of the tax expense.

Turning to deployment. Coming off a record year in 2020, our total capital invested came in at $7 billion for the quarter and $31 billion over the last 12 months, which is up over 30% from the prior period. Importantly, when you dig a layer deeper, our private markets deployment, which is generally longer dated and has higher profit potential, was up 77% versus the prior LTM period. That figure is really the best representation for how we leaned in as an organization over the last 12 months, with much of that capital having been deployed or committed during the market downturn earlier in 2020. We do think our activity levels here are relatively distinguished across our many peers where deployment across private market strategies tended to be flat to down year-over-year. At the same time, we've never deployed more capital in our 45-year history. We are very confident that this elevated level of deployment will serve us well for years to come as those investments mature. And finally, turning to our balance sheet. Our book value per share is currently $25.84, which is up 12% from last quarter and up more than 50% versus March of 2020. Even if you compare this performance to pre-pandemic levels, our book value per share is up almost 35% in a little bit over a year, and it's another tangible example of our business model's ability to compound capital.

Moving away from the specifics of the quarter, as I look at our overall performance, I think, there are really four things worth noting. First, we had a really strong quarter. We reported $0.41 of FRE per share and $0.75 of after-tax DE per share, and, as you know from our guidance, we expect an acceleration in both of these figures. The second relates to the strong investment performance we've continued to deliver on behalf of our Limited Partners. Craig ran you through the performance statistics for the quarter, as well as the last 12 months, which really do stand out. But I think even more telling and differentiating our platform versus others is our investment performance over a multiyear period of time. As just one example, our current flagship Americas, Europe, and Asia PE funds have gross returns of 49%, 26% and 44% from inception. This has directly led to the high levels of fundraising momentum that we are currently benefiting from. And this framework is not limited to private equity. At our Investor Day, we detailed the strength of our investment performance across our Core, Growth, and Real Asset and Credit platforms. As a firm, we have a 45-year history of investment excellence, and we're continuing to build on this long track record of success.

Third point is the significant amount of latent earnings inside of the firm that we expect to flow through our operating earnings over the next number of years. At our Investor Day, one of the statistics we discussed was the $9.1 billion of total unrealized gains on our balance sheet at the end of 2020. Those are embedded gains from our investments, as well as gross unrealized carry. That $9.1 billion increase to $12.3 billion as of the end of March. That number can obviously move around a bit and will in part be driven by the overall tone in the markets. However, the $3 billion+ move in only three months and in a quarter with a heavy level of realized activity I think really illustrates the strength of the underlying investments and also what it means for our ability to generate realized profitability over the next number of years.

And finally, we're off to a really great start with GA, and we've really just begun to see the impact of how Global Atlantic can flow through our financial results. There's a lot more for us to do here, and we'll keep you abreast of our progress in the quarters ahead. All of this really does support why we expect a significant acceleration of after-tax DE to the $4 to $5 range by the 2023, 2024 timeframe. Remember, this earnings power is largely already in our firm today. We have a lot of conviction that we'll be able to execute on our strategy and continue to deliver really meaningful results for our LPs, shareholders, employees, and all the communities that we operate in. And with that, let me hand it off to Scott for some closing thoughts.

Scott Nuttall
Thank you, Rob, and thank you, everyone, for joining our call today. Given the recent Investor Day, I'm going to be very brief. As a firm, we have never had a stronger team, better connectivity, stronger investment results, higher unrealized gains and carry, more businesses scaling and reaching their inflection points, and more funds in and coming to market. As a result, we have never had more ways to grow, more visibility on that growth, and more

confidence in our future. And all of that is before Global Atlantic, which gives us even more perpetual capital, even more visibility, even more ways to grow, and a fantastic management team that will make us even stronger and faster. We are hopeful all that came through during the Investor Day, and we are looking forward to keeping you updated on our progress. With that, we're happy to take your questions.

Operator
Thank you. At this time, we'll be conducting a question-and-answer session. In the interest of time and to allow as many as possible to ask questions, please limit yourself to one question. You may return to the queue for additional questions as time allows. If you'd like to ask a question at this time, please press star one on your telephone keypad, and a confirmation tone will indicate your line is in the question queue. You may press star two if you would like to remove your question from the queue. For participants that are using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we pull for questions. Thank you. And our first question will be coming from the line of Glenn Schorr with Evercore ISI. Please proceed with your question.

Glenn Schorr
Hi. I appreciate the question. I guess I was just like a—maybe a little follow up on a few things that we didn't fully cover during Investor Day or today and just like maybe if you're still pursuing long dated partnerships - I think it's like 10% of AUM. And maybe just comment on thoughts around where you're at in building the secondaries platform. Thanks a lot.

Scott Nuttall
Hey, Glenn. It's Scott. Thanks for the questions. First, with respect to long dated partnerships, we are still pursuing those. So, these, for everybody's benefit, are the oftentimes multi-decade recycling strategic partnerships that we'll create with institutional investors largely—largely they're invested across asset classes and have some component of recycling to them. And so, we continue to pursue those. They take a long time to structure. But we continue to have an active pipeline. So, don't take any message from the Investor Day lack of commentary it just continues to be something that we're focused pursuing. And we'll have updates for you over time, because there's a couple that are getting close. On the secondaries side, as we've mentioned in the past, we continue to look at the space. We're analyzing whether we want to build or whether there's something that might make sense to buy, really hard to have the buy work from a cultural fit standpoint at times, but we are looking. And we'll have more to share with you over time but nothing more to share today except that we continue to pursue it.

Operator
Thank you. Our next question is coming from the line of Alex Blostein with Goldman Sachs. Please proceed with your question.

Alex Blostein

Great. Good morning, everybody. Thanks for taking the question. So, clearly looks like momentum in the business is very strong, lots of LP demand, and your guys' performance continues to be really good. Has this backdrop changed the capacity for some of the flagship funds that you're currently in the market with? And if the demand sort of exceeds the capacity appetite you have in those flagship vehicles, any other ways you're thinking you could sort of monetize on that demand? Thanks.

Scott Nuttall
Thanks for the question, Alex. As you know, it's really been a great fundraising environment, probably the best we've seen in a long time. We're seeing increased engagement from investors across the board across different asset classes. And we do find ourselves in some situations in the happy circumstance where a fund might be capacity constrained, and we're able to talk to them about different things that we're doing. So, for example, as you know, we raised our private equity flagship funds in a bit of a different way than others. We have three regional funds, as opposed to one global fund. And we just closed Asia. We're in the market right now with Americas. Europe will come relatively quickly on the back of the Americas fundraise. There's Core, there's Growth. There's a lot of different ways we can talk to investors across just private equity in and of itself before you get to Real Assets and Credit. And so, that incremental potential demand that we oftentimes will see, especially lately, we're able to pivot some of that unmet demand into some of these other asset classes and strategies that are adjacent. And that's really the focus right now.

Operator
Thank you. Our next question will be coming from the line of Craig Siegenthaler with Credit Suisse. Please proceed with your question.

Craig Siegenthaler
Thank you. Good morning, everyone. My question is on Global Atlantic. I noticed on slide—or actually page 17 of the press release that $12 billion of Global Atlantic's AUM sits in private markets while the rest is in public markets. What strategies or assets does the $12 billion private markets invest in? And are these KKR strategies today, or is there an opportunity to rotate this AUM into KKR strategies in the future?

Rob Lewin
Hey, Craig. It's Rob. Really good question. And so, a couple things. As we thought about our IMA and how to aportion that across our strategies, we really looked at where the underlying investments were at Global Atlantic. Most of those are credit oriented and will fit in our public markets business, but there are a number that are in the real estate space, principally in real estate credit. And so, we've put those across our real estate business. As it relates to rotating the Global Atlantic balance sheet into KKR products, we are in the very early innings of that. We think there's a lot of opportunity both for the Global Atlantic balance sheet, as well as our Asset Management businesses being able to get that rotation done. But we're just a couple months in here, and that's going to take some time to make sure that we get ramped up. And we'll

provide additional updates over time. But we're not really seeing the benefit of that either in Global Atlantic yet nor the KKR.

Operator
Thank you. Our next question is from the line of Devin Ryan with JMP Securities. Please proceed with your question.

Devin Ryan
Great. Good morning, everyone. Question just on the outlook for monetizing some of the embedded gains on the balance sheet just given recent performance. And I guess I want to maybe tie it into proposals around capital gains rates potentially changing and if that might accelerate potentially the thought around some of the balance sheet gains. And just bigger picture kind of any views around potential tax changes on the portfolio. I appreciate if you don't have too much detail yet. But any color would be helpful. Thanks.

Rob Lewin
Yeah. Thanks a lot, Devin. I'll answer the second part of your question first. Potential or pending tax legislation will have no impact on how we monetize our portfolio. It is really about making sure that we're a fiduciary for our clients and exiting at the appropriate time. In terms of our outlook for monetizing the portfolio, as you know, there's a very significant amount of embedded gains. Our expectation is here—here is that we've got a number of assets particularly on the Core side that—for a number of years can compound in capital, but we also have a fairly mature portfolio that we think can get realized over the coming quarters and years. I know one of the questions that we get a lot in this forum—and so I will answer as part of this overall question is what our forward visibility looks like in terms of monetizing our revenue from an investment perspective and a performance perspective. As it relates to Q2 specifically, we already have visibility and a very substantial amount of revenue there. As of now, that line of sight is $700 million+ of performance and investment income. So, as a reminder, this is from deals that are already closed or have been signed up and that we expect to close in Q2. In terms of split, as I know that's important now, especially our articulating compensation, I'd say, it's probably 60% to two-thirds carried interest and the remainder in investment income.

Operator
Next question is coming from the line of Mike Carrier with Bank of America. Please proceed with your question.

Mike Carrier
Good morning. Thanks for taking the question. You guys mentioned being very active in deploying capital over the last year, which has positioned you well, and we're seeing it in the performance. But just maybe how are you thinking about deployment at this point, given, on one hand, you got rising valuations, you got the outlook for economic growth is fairly robust? So just an update there.

Craig Larson
Hey, Mike. It's Craig. Why don't I start there? I think you're right. The first part of the answer does relate to the overall market where you're seeing tremendous activity and you really do see this in broad M&A stats. So, global announced M&A volumes in Q1 were 2x what they were last year, and it's actually been the most active start to the year in terms of broad M&A. Now, in terms of us in a market like this where you have a lot of activity and a lot of interested sellers, given valuations and that activity, discipline is critical. And alongside of that, we think that a strong thematic approach is also critical. And so, it is important to really pick your spots where to lean in, and you want to, really need to, have deep expertise, in addition to real conviction. And so, you're right. You've heard us talk about our focus for some time now, for instance, on some of the tech and digital themes. Joe ran through that at Investor Day. Almost 40% of our deployment in private markets, again, were investments with tech and digital themes over the last three years. And I think, we're still very busy on opportunities that fit this framework. Now, I think, the ones that we're attracted to are going to be companies that need capital for primary growth, and we do view that a little differently versus someone who's simply looking to monetize an asset or an exit, if you will. But again, discipline is an important part of the equation. There's no question about it.

Operator
Our next question is coming from the line of Chris Harris with Wells Fargo. Pleased proceed with your question.

Chris Harris
Great. Thanks. There's a little bit of moving parts with the P&L. You got G&A coming in for a partial quarter. Beginning in the second quarter, guys, how should we be thinking about the weighted average blended fee rate for KKR as an organization?

Rob Lewin
Yeah. That's a good question. Obviously, you're right. You've got two months of GA, as opposed to a full three months. I think, on that basis, you'd certainly be able to look at it in a cleaner way on the quarter. Of course, given where our IMA is set, and we talked about it last call that that's maximum of 30 basis points, that's going to have downward pressure on overall fee margin. But I think Q1 could be a good indication, probably with a little bit more downward pressure, because you have the extra month offset by the fact that we've got a really good and healthy outlook in fundraising across a number of our private strategies that have higher fee rates associated with them. So, a bit of a challenging question to fully answer, Chris, but hopefully, that gives you a little bit of a flavor around where blended fee rates can go across the enterprise.

Operator
Thank you. Our next question will be coming from the line of Gerry O'Hara with Jefferies. Please proceed with your question.

Gerry O'Hara
Great. Thanks. I was hoping we might be able to get a little bit more color as it relates to the performance fee revenue line item that I think is new this quarter. But is there any sort of seasonality to that line item, anniversaries, perhaps, of product and what products in particular, we might be tracking or looking at to get a sense of how that line item might grow? Thank you.

Rob Lewin
Yeah. Thank a lot for the question, Gerry. It is new this quarter and really reflects how we've tried to revamp our P&L to make it, in a lot of ways, we think easier to understand and also more comparable with a number of our peers. And so, what you'd expect to see in that line item, really our incentive fees more from our perpetual capital vehicles, where the incentive fees that we generate are based on the underlying yield of the portfolio as opposed to mark-to-market. So, things that are more stable in nature. The types of products that you're going to see in there are going to be Type 1 incentive fees across our BDC platform, some of the core vehicles that we're raising across infrastructure and credit. We've got a couple of SMAs that got—have comparable type of fee arrangement. So, those are the types of fees you're going to see. We see a big opportunity over the next number of years to really scale that line item for the firm, and we thought it made sense to break it out as distinct from incentive fees based off of mark-to-market performance like a number of our peers have done in the past.

Operator
Thank you. As a reminder, if you'd like to ask a question today, you may press star one from your telephone keypad, and we ask that you ask one question and back in queue for additional questions to allow as many as possible to ask questions. The next question today will be coming from the line of Michael Cyprus with Morgan Stanley. Please proceed with your question.

Michael Cyprus
Hey. Good morning. Thanks for taking the question. My question is a little bit more of a follow up from Investor Day, just on the origination platforms. I was hoping you could maybe elaborate around some of the origination platforms that you've been building out in partnership with a number of different specialty finance companies. I believe these are mostly partnerships. So, I just—how do you think about the trade-offs of partnering versus owning when it comes to these origination platforms? And what situation do you think it might make sense to own? And maybe you could just talk about some of the capabilities that you think could make sense to add over the next couple years?

Scott Nuttall
Thanks. Very good question, Michael. It's Scott. As we mentioned at Investor Day, we have created or been partnered with others on probably about 16 or so origination platforms. And they're getting to be quite substantial, 4,000 employees, $100 billion plus of AUM or balance sheet across the entire group. Just by way of background, these were largely created out of our private credit business, in particular, private credit opportunities vehicles, where we saw an

opportunity in asset based finance on the back of banks pulling back from a number of different asset classes where we thought the risk reward was really pretty interesting. That effort was started, clearly, before the Global Atlantic transaction. And so, what we're doing right now is, we're in the process of thinking about how do we want to pivot this strategy and how do we want to evolve what we're doing there in light of the significant demand that Global Atlantic has for those underlying asset classes and that origination. And so, think of it this way. We started really just funding entirely out of the funds, and then we started to move a little bit more of a hybrid approach. So, we created an aircraft leasing business as an example called Altavair, that was created as almost like a joint venture between our infrastructure business, our private credit business, and our balance sheet. And so, we've been moving in the direction of actually trying to think about the answer to your question this own versus partner. And I think what you'll find—and we'll share our thinking with you going forward, is that we are going to have some of these that will be more transitory and we own for a while and then move on and sell as fiduciaries for our funds. And we may have some that, over time, move into more the Altavair type approach, which is a bit of a hybrid. But with the addition of Global Atlantic, it really broadens how we can think about investing in this space, and some of this stuff, it might make sense to make more permanent either on the KKR balance sheet or the Global Atlantic balance sheet or both.

Operator
Thank you. Our next question will be coming from the line of Robert Lee with KBW. Please proceed with your question.

Robert Lee
Great. Thanks. Good morning. Thanks for taking my questions. I know (a lot of this has come on Investor Day, but I think it would be just a helpful refresher on Global Atlantic really maybe a two parter. If you just refresh us on the amount of capital available for their growth right now. I mean, I know you injected some when you bought it, I think something $250 million. There's a sidecar vehicle, I believe, too. But updating—maybe an update on their growth capacity as it stands today would be helpful. And then also maybe GA kind of standalone, what was its organic growth in the quarter kind of separate from this—how it appears being added to your income statement, balance sheet?

Rob Lewin
Hi, Rob. I'll take the first shot at that. So, that's a good question and obviously one of the big opportunities for us is to really be able to work with the GA management to go get the scale, which they believe is out there in the industry, and Allan, at our Investor Day, as you noted, did a really good job articulating the different $1 billion plus growth opportunities that are available. And so, we've got a couple of different ways to be able to go after that and do feel like we're well set up. One, we raised $250 million of primary capital at the time of closing a couple months ago, the first primary capital raise that the company has done. So, that's very meaningful in terms of our ability to scale up the platform. Number two, you noted the sidecar, and we think there's a real opportunity from the sidecar finance perspective going forward that

can set us up to be able to go after these growth opportunities. And then, the last thing I'd say, Rob, is, one of the big strategic attractions of this transaction, I think, both for the GA management team and also as we evaluated this deal was our ability to help them access capital when really meaningful growth opportunities became available. And so, we're very focused on that, and I do think that there's a real opportunity here for us to be able to go attain additional capital if it's required for things that make a ton of sense from a growth perspective for GA.

Operator
Thank you. Our next question will be coming from the line of Chris Harris, Wells Fargo. Please proceed with your question.

Chris Harris
Thanks. Hey, Rob. I know this is really tough to estimate, but how should we be thinking about like a "normalized tax rate" for KKR now going forward? I know there was some noise in the first quarter. And then, related to that, I just want to confirm that the insurance earnings are coming into P&L post-tax?

Rob Lewin
Yeah. Thanks, Chris. Good question. So, yes, the—our Insurance segment, we thought the right way to illustrate that was on a post-tax basis, and so that's a fully taxed number that you're seeing for our Insurance segment. As it relates to our blended tax rate, I would say our guidance here really hasn't changed since we became C-Corp. And we benefit from a step up in basis that we had at the time of the C-Corp conversion. That's why you see our tax rate up for the time being that has trended below the statutory rate. Obviously, this quarter in particular, you had some noise, upward pressure that I mentioned. But I think a mid-to-high-teens type tax rate that's going up over time and landing in the low 20s at the statutory rate over time, as our step up comes down over time is the right way to think about taxes at KKR. So, not too dissimilar from what you've heard from us over the years other than the fact that the step up will continue to come down over time, and our tax rate will slowly migrate up.

Operator
Thank you. At this time, I'll turn the floor back to management for any additional comments.

Craig Larson
Okay. Great. Rob, thank you very much, and thank you, everybody, for your continued interest in KKR. We know that with the Investor Day and our earnings the amount of time that you've spent focused on us has been considerable this quarter. We're, of course, available for any additional follow-up questions. And otherwise we'll look forward to reviewing our Q2 results in three months. Thank you so much.

Operator

Thank you everyone. This will conclude today's conference. You may disconnect your lines at this time. Thank you for your participation.