

KKR & Co. Inc.
Second Quarter 2026 Earnings Conference Call
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Presenters

Craig Larson, Partner & Head of Investor Relations
Robert Lewin, Chief Financial Officer
Scott Nuttall, Co-Chief Executive Officer

Q&A Participants

Alex Blostein - Goldman Sachs
Craig Siegenthaler - Bank of America
Glenn Schorr - Evercore
Devin Ryan - Citizens Bank
Steven Chubak - Wolfe Research
Brennan Hawken - BMO Capital Markets
Michael Cyprys - Morgan Stanley
Bart Dziarski - RBC Capital Markets
Bradley Hays - TD Cowen
Mike Brown - UBS
Benjamin Budish - Barclays
Crispin Love - Piper Sandler
Arnaud Gibat - BNP

Operator

Ladies and gentlemen, thank you for standing by. Welcome to KKR's Second Quarter 2026 Earnings Conference Call. During today's presentation, all parties will be in a listen only mode. Following management's prepared remarks, the comments will be open for questions. At that time, if you'd like to ask a question, please press star one on your telephone keypad. I will now hand the call over to your host, Craig Larson, Partner and Head of Investor Relations for KKR. Craig, please go ahead.

Craig Larson

Thank you, operator. Good morning, everyone, and welcome to our second quarter 2026 earnings call. This morning, as usual, I'm joined by Rob Lewin, our Chief Financial Officer, and Scott Nuttall, our Co-Chief Executive Officer. 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 kkf.com. And as a reminder, we report our segment numbers on an adjusted share basis. This call will contain forward-looking statements which do not guarantee future events or performance. Please refer to our Earnings Release and our SEC filings for cautionary factors about these statements. This quarter, Rob is going to begin by reviewing our key growth drivers as a firm and how those are impacting our results, and

afterwards, I'll review our Q2 results in more detail. And so, with that, I'd like to hand the call over to Rob.

Robert Lewin

Great. Thanks a lot, Craig, and thank you, everyone, for joining our call this morning. We have been in an environment with a lot of volatility and noise around our space, so I want to take a step back today and go through how we are seeing things. As a firm, we feel better positioned than ever to drive differentiated earnings growth. Our confidence here comes from four key secular and structural growth drivers. What is particularly encouraging and what I will walk you through in the second part of my remarks is that we continue to see these drivers play out in our operating results as well as our financial performance but let me first start by laying out our framework.

First, we are fortunate to operate in high-growth industries with multiple mega trends. The alternative asset management industry has been growing at a healthy rate, and we expect that to continue well into the future. We are in the midst of a global CapEx cycle – AI, digital and energy infrastructure, defense, industrial – so massive needs here for capital on a global basis, which makes our industry increasingly relevant.

From a geographic perspective, we continue to see significant opportunity in Asia. The Asia Pacific region today is one of the most dynamic parts of the world and represents roughly 60% of the expected global GDP growth. It is the area where alternatives are the least penetrated relative to the U.S. and Europe, creating an enormous opportunity across Private Equity, Infrastructure, Real Estate, Private Credit and Insurance.

Simultaneously, we are experiencing significant demographic shifts with an aging population that is in need of retirement solutions. The number of people aged 65 and up around the world is expected to roughly double between now and 2050, and more individuals are investing for their own retirement.

Second, we are well positioned against that backdrop with multiple identifiable growth avenues across our platform. Just to take you through a few of them, we have one of the largest Infrastructure platforms in the world at approximately \$120 billion of AUM. We are benefiting from that demographic shift and need for retirement solutions in both our Insurance and our Wealth businesses. At GA, we see significant opportunity to grow both in the U.S. and internationally, especially in markets like Japan. And in Wealth, we remain bullish around the likelihood of individual investors allocating more to alternatives over time and believe we are still in the earliest days of this theme playing out. We have a differentiated presence and track record in Asia. We are the largest Private Equity player. We're the largest Infrastructure player. We have rapidly growing Real Estate and Credit businesses, and we see a huge opportunity in Insurance. We have built a platform over the past 20 years that cannot be replicated overnight, given our track record, our geographic coverage, our brand, as well as our existing footprint –

which includes 9 offices and nearly 1,000 people on the ground in the region, over 200 of whom are sitting in Tokyo.

And I could really go on here. We have a world-class Private Equity business that continues to grow rapidly. We have a leading Asset-Based Finance platform. We are seeing increased demand in private investment grade and are incredibly well positioned for that opportunity. And with our acquisition of Arctos, we believe we can scale KKR Solutions to over \$100 billion of AUM over time.

The third driver is our differentiated business model. We have been very purposeful in building a business model that allows us to meaningfully grow our earnings and share price over the long term without requiring us to significantly increase our headcount or sacrifice our culture in order to do so. In our Asset Management business, there is substantial growth in front of us, and we have been intentional about creating additional ways to take full advantage of the broader KKR ecosystem over the next 10 to 20 years. That is why we also have an Insurance business and Strategic Holdings. Both of those segments leverage many of the core competencies that we have built up in Asset Management over the past 50 years including our investing acumen, our access to differentiated capital, certainly our brand, and our collaborative culture.

Which brings me finally to that unique culture and how it could be a real accelerator of growth. We run KKR as one firm with one compensation approach. Relationships travel. Ideas travel. Lessons learned travel. Our culture creates much of our investing alpha, which is why we have built a business model that allows us to keep the firm small and maintain that competitive advantage. Importantly, KKR employees also own approximately 30% of our shares. For context, the other companies in the S&P 500 have an average of approximately 2% insider ownership, so it's that ownership mentality that fundamentally shapes how we think about capital allocation and long-term value creation. We are incredibly well aligned with our shareholders.

Now I will walk you through some examples of how these drivers are showing up in our results. Let me first start with an example of a secular tailwind and how we are positioning ourselves. AI and the need for Infrastructure build-out behind it will require trillions of dollars of investment over the coming decade. To date, we have committed and invested over \$75 billion across digital Infrastructure and Power. However, our existing Infrastructure funds carry diversification guidelines that limit how much we could dedicate to a single theme relative to the scale of that opportunity. So, we formed Helix Digital Infrastructure, which we announced in June with over \$10 billion of initial long-duration committed capital. Helix is an AI infrastructure company that delivers coordinated data center, power, and connectivity to hyperscalers. It is a perpetual open-ended vehicle that adds to our perpetual capital base where KKR will earn management fees and performance fees. Alongside our Infrastructure team, Helix is led by Adam Selipsky, who is the former CEO of Amazon Web Services. Adam brings firsthand experience scaling the world's largest cloud business and deep insight into hyperscaler priorities. Nvidia and Vistra

joined us as important strategic partners and together with Kuwait Investment Authority and KKR as founding investors. Pairing KKR's track record here and our expertise with the execution capabilities at Helix, we believe that we have unique positioning against what is a mega trend.

Turning to our Asset Management growth avenues and fundraising. The execution here has been tangible. At our April 2024 Investor Day, we set out a three-year \$300 billion fundraising target. That was an ambitious number for us at the time given our size. Since the beginning of 2024 through June 30th of this year, we have raised \$305 billion of capital with \$34 billion coming in in Q2. So beating our three-year target in just 2.5 years.

In those 2.5 years, we have seen significant AUM growth across our platform. Private Equity increased approximately 45%. Infrastructure has doubled. Our credit business is up roughly 35%. Asia increased over 35%. Third-party insurance is up over 50%. Wealth increased 6x, and we are still in the earliest of days. And with the closing this quarter, we now manage approximately \$20 billion of capital through Arctos with significant upside in front of us.

Alongside investment performance, an important driver of our broad-based fundraising success relates to capital return. A common narrative that investors hear is that our industry isn't returning capital to investors. This is just not accurate from a KKR perspective. We've actually had an acceleration in exit activity. The second quarter was the largest monetization quarter in our history.

Let me turn your attention to page 21 of our Earnings Release. Here, you see some of the activity in just this quarter alone as well as transactions that we've announced but have not yet closed. Importantly, exits have been diversified across strategies, regions, and exit type and reflect strong returns with multiples ranging from 2x to up to 20x of our invested capital. Our success here speaks to the quality and maturity of our portfolio, the strength of our operational teams, and the collaborative culture that I mentioned earlier. And despite our heightened level of monetization activity over the last three years, the remaining unrealized gains in our portfolio have continued to grow and today stand at roughly \$18 billion.

Now let me address our differentiated business model and some of the impacts that we are seeing in our results. In Q2, our FRE margin was 70% and has been over 65% for the last 10 consecutive quarters, and we do not view that as a ceiling. The reason for that goes back to our business model. We have no ambition to be all things to all people in asset management. Rather, we want to be great in the areas that we are already present. So, if we are successful at executing on our business plan, and we have a lot of confidence as a management team that we will be, we are going to continue to grow our revenue at a pace that meaningfully exceeds our headcount and expense growth.

You're starting to see that operating leverage flow through our financials. And when we look to future earnings growth, we saw significant latent earnings within our Asset Management, Insurance, and Strategic Holdings segments. Let's go through them.

Within Asset Management first. We have a record amount of capital on which we are not yet earning fees with \$72 billion committed, and that is up almost 30% since this time last year. And it has a weighted average management fee of about 90 basis points that turns on when the capital is either invested or enters its investment period. And second, our average annual performance income eligible deployment over the past five years has more than doubled versus the prior five-year period, and it is that more recent deployment that is going to drive future performance related income. So, significant visibility into future earnings growth.

In Insurance, there's embedded growth that hasn't shown up in our P&L, given we report largely based on cash outcomes. As a reminder, we've been focused on elongating GA's liability profile and, in turn, growing our alternatives portfolio, which we are showing on a cash outcomes basis versus mark-to-market. Including the impact of mark-to-market, Insurance Operating Earnings would have been north of \$600 million year-to-date.

And looking at Strategic Holdings, our existing portfolio and activity gives us confidence that we could scale Strategic Holdings Operating Earnings from \$187 million over the LTM period to \$1.1 plus billion by 2030.

Finally, on our alignment. As we disclosed in our intra-quarter press release in late June, this quarter, we made an important structural change to how we report our K-Series Private Equity vehicle. We are now reporting realized performance fees earned from this vehicle within Fee Related Performance Revenues within our segment earnings, which is subject to a 15% to 20% compensation rate. Historically, these fees were included within Realized Performance Income and were subject to a 70% to 80% compensation rate. We feel this change conforms to current industry practice and enhances comparability for investors. And given the compensation rate impact, all else equal, this change structurally increases KKR's forward earnings per share, and I think further reflects our commitment to alignment.

As owners of approximately 30% of KKR stock, we do think like shareholders first. We have tremendous confidence in our forward monetization pipeline and our ability to generate differentiated performance outcomes, which gives us the confidence to make changes like this to enhance long-term earnings per share growth.

Putting this all together, multi-decade secular tailwinds, multiple growth avenues across geographies and asset classes, a business model that allows us to compound earnings over a long period of time, and a culture built on alignment and long-term outcomes, we are confident in our ability to drive differentiated earnings growth for many years to come. With that, I'm going to hand the call back over to Craig, and he's going to walk you through our record Q2 results in some additional detail.

Craig Larson

Thanks, Rob. In short, you're seeing continued performance at a very high level across KKR.

First, for the quarter, we're reporting record results across all three of our headline financial metrics, Fee Related Earnings, Total Operating Earnings, and Adjusted Net Income per share. Over the trailing 12 months, LTM results for all three of these metrics also set historic highs. And in terms of our key operating metrics, New Capital Raised over the LTM as well as Capital Invested over the LTM also hit all-time highs, outpacing again any other 12-month period in our history.

Looking more specifically at Q2, FRE per share came in at \$1.32. That is up 34% on a year-over-year basis. Total Operating Earnings of \$1.68 per share are up 27% year-over-year, and Adjusted Net Income per share of \$1.63 are up 38% year-over-year.

Going into the P&L in a little more detail. Management fees and management fee growth continues to be strong. For Q2, management fees were \$1.2 billion. That's up 26% year-over-year. Excluding catch-up fees in both periods, management fee growth was 18%. This activity has been driven by both our fundraising success really across all of our asset classes alongside continued healthy deployment.

So, spending a minute on these two topics. First, on Fundraising. As Rob mentioned a moment ago, we raised \$34 billion of new capital in the quarter with demand really widespread across asset classes and geographies, and that brings capital raised over the LTM to \$133 billion. It's worth beginning with Infrastructure and taking a step back for a moment. You've seen us raise approximately \$45 billion of capital for our latest vintage funds and new initiatives as the platform continues to expand. That includes Infra V and Asia Infra III, which as of June 30 are at \$25 billion and counting on a combined basis, plus Helix, which Rob touched on a few moments ago, our Global Climate Transition strategy, as well as capital raised over the LTM and our K-Series Infra vehicles and our Diversified Core Infra strategy. Ultimately, these figures highlight the breadth and depth of our Infrastructure platform. You're seeing capital raise for different geographies, different risk reward, and through different distribution channels as well as crucially our track record of delivering on behalf of our clients.

In Wealth, inflows across our K-Series have rebounded nicely after the April lows seen across the industry. In total, we brought in \$3 billion of capital in Q2, and K-Series AUM now stands at \$42 billion compared to approximately 25 a year ago, so up almost 70% year-over-year. So, despite all of the noise around Wealth in our industry and all the headlines, KKR has experienced healthy net inflows with total K-Series AUM year-to-date through June 30th up over 20%. And also of note, we're reaching new milestones within Arctos where we had the final close of the inaugural Keystone Fund at over \$6 billion. That's the largest first-time fund in the broader GP Solutions space and the first fund closed since KKR completed its acquisition of Arctos back in May.

On the investing side, we deployed \$24 billion of capital in Q2, bringing us to \$104 billion of capital invested over the LTM, so healthy investment activity this quarter really diversified again across our segments.

Turning back now to the P&L. Total transaction and monitoring fees were \$221 million in the quarter. Capital Markets fees were \$178 million, and Fee Related Performance Revenues were \$255 million. Fee Related Performance Revenues are up meaningfully year-over-year driven by our offshore Infrastructure and Private Equity K-Series vehicles, and as Rob walked through, this is the first quarter that the crystallization from Private Equity wealth is sitting within FRPR. Fee Related Compensation was again right at the midpoint of our guided range, which, as a reminder, is 17.5%. Other operating expenses for the quarter came in at \$210 million.

So, in total, Fee Related Earnings were \$1.2 billion or the \$1.32 per share figure that I mentioned a few moments ago, and our FRE margin came in just above 70%. Spending a few moments on Insurance. Segment Operating Earnings came in at \$288 million in Q2.

Three things of note here. First, we had approximately \$40 million of net realization activity in our alternatives book in the quarter. We've noted historically on these calls how we report based on cash outcomes from the alternatives portfolio with GA, and over time, as the portfolio seasons and realizations occur, you should expect to see gains run through the P&L and provide a lift to our reported Operating Earnings. And that's what you saw this quarter. Now, we don't think that \$40 million is a quarterly run rate figure for us as the alts portfolio is still quite young and it's maturing, but it's certainly a positive sign of the trajectory that we see over time.

Second, as a reminder, Insurance Segment Operating Earnings alone do not capture the impact of GA recognizing the economics that are part of Asset Management, and this is really important. Slide 17 of our earnings release outlines our Total Insurance Economics. So, alongside Insurance Operating Earnings, we received management fees under our investment management agreement, fees from Ivy-related vehicles where we have \$62 billion of AUM, up from approximately \$50 billion just a year ago, as well as GA-related capital markets fees, which we think can reach hundreds of millions annually over time. So, considering all of these pieces, Total Insurance Economics were \$2 billion net of compensation over the LTM. That's up 13% versus the prior period, and that growth rate would have been higher including the impact of mark-to-market on our alts portfolio.

And finally, it's worth emphasizing how well GA is positioned strategically because of our ability to bring together liability origination and asset origination at scale. On the liability side, our decades of experience and well-established insurance franchise provides a differentiated base of long-duration liabilities across products and geographies complemented by access to third-party insurance besides our capital. And on the asset side, KKR's origination engine, including 20 proprietary ABF platforms with more than 7,000 employees alongside our globally integrated investment teams, allows us to originate and tailor bespoke solutions. And we also believe we can scale our insurance business globally, particularly in Asia, where our brand track record and distribution capabilities position us well to increase our presence.

Turning now to Strategic Holdings Operating Earnings. We earned \$37 million in the quarter. Perhaps more importantly, we continue to have a lot of confidence in the \$350-plus million of

Strategic Holdings Operating Earnings for 2026 with that activity, as we've expressed previously, more back-end-weighted over the course of 2026.

So, altogether, Total Operating Earnings or the more recurring components of our earnings streams were \$1.68 per share. That's up 27% year-over-year. And over the last 12 months, 84%, again, 84% of our total pretax segment earnings were driven by these more recurring earnings streams, which again, we feel demonstrates the durability of our business model.

Moving to investing earnings within our Asset Management segment. We had the highest monetization quarter in our history with Realized Performance Income of \$848 million and Realized Investment Income of \$220 million, which includes \$30 million of investment gains generated from our Strategic Holdings segment. As Rob ran through, we added slide 21 to our Earnings Release to highlight all of our activity here. And even with all of the realization activity, total remaining unrealized gains, so again, that's gross carry, together with the gains that sit on our balance sheet across Asset Management and Strategic Holdings stand at \$18.2 billion as of June 30. After interest expense and taxes, Adjusted Net Income was just about \$1.5 billion for Q2 or the \$1.63 per share figure I mentioned at the beginning of my remarks.

Turning to investment performance. Page 10 of the release highlights the broad-based performance we continue to generate across our portfolio. Within traditional PE, our portfolio appreciated 4% in the quarter and 9% over the last 12 months. Performance was led by our Americas portfolio with strong appreciation across both our public and private investments. Across the remainder of the platform, our Infrastructure portfolio appreciated 1% in the quarter and 8% over the last 12 months. Opportunistic real estate was down modestly in the quarter but remained positive over the trailing 12 months while both our leveraged credit and alternative credit composites generated positive returns in the quarter and appreciated 5% over the last year.

So, in summary, we had a strong Q2, and we have a great deal of momentum as we enter the second half of the year. And with that, Scott, Rob, and I are happy to take your questions.

Operator

At this time, we'll be conducting a question-and-answer session. If you'd like to ask a question, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star two if you'd like to remove your question from the queue. We ask that analysts please limit to one question and return to the queue if they have a follow up. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we poll for questions. Our first question comes from Alex Blostein with Goldman Sachs. Your line is now live.

Alex Blostein

Hi. Good morning. Thanks, everybody, for taking the question. A bit of a high-level question first for you guys. So, when we think about KKR's management fee growth trajectory, really strong

2026, obviously, on the back of a number of larger flagships kind of hitting the run rate. As you look forward into '27, maybe it would be helpful to just take a step back and talk through some of the biggest drivers of management fee growth into next year given the tough comps from 2026. And how do you think about the kind of multiyear management fee growth algorithm in the business broadly? Thanks.

Robert Lewin

Yeah. Great. Thanks a lot, Alex. It's Rob. Why don't I start and maybe Scott will add on. I think you hit on a real strong point for us on management fees. And we've said this on these calls before, but I think it bears repeating. I think you'd be hard-pressed to find another Asset Management firm that's combined our scale, our diversity of management fees. As a reminder, roughly one third of our management fees come from each of our three business lines and also the growth rate that we've had on management fees. So, it's been a real strong suit for us, and as we think about the forward, we've got a lot of momentum. 30-plus products over the next 12 to 18 months. You're seeing some record fundraising numbers for us over the past 12 months that's going to drive future capital raising. The amount of committed capital that is not yet bearing fees is at a record level for us, as well. So, again, a great forward indicator as it relates to future management fees. And there's certain parts of our business including now KKR Solutions where we're just getting going, and we see lots of opportunity in front of us. So, as we think about that multi-year outlook for management fees, we continue to see a lot of upside going forward.

Scott Nuttall

Hey, Alex. It's Scott. Maybe I'll take the opportunity of your question to just maybe get a broader sense, not just management fees, but how we're just feeling overall and how we're seeing things.

We've been public 17 years. Joe and I have been here 30. As you and I have talked about, our space is subject to periodic bouts of external pessimism and periodic bouts of optimism. In our time here, I don't recall a period of time where the external perception is so disconnected from the operating fundamentals and how it feels inside the firm. And in our experience, the best response to pessimism is performance, and so we're largely inclined to let the numbers do the talking. But we also recognize all the external narrative. We sympathize with how hard it must be to try to decipher what's what.

So, I just want to spend a second going through kind of what we hear anyway as some of the sources of pessimism that you may be getting barraged by and kind of how it feels inside the firm. And there seem to be – I would put it in five buckets. First is Private Credit, anxiety about that space. For us, we expect a record third-party credit fundraising year. Second area of concern tends to be Private Wealth. We've all seen a lot of articles about redemptions. Anxiety about the forward opportunity and whether it's different than everybody thought a year or two ago. As the guys mentioned, Private Wealth AUM up 70% last 12 months. Even more importantly, over 20% in the first half, and we've seen a meaningful rebound from the April

lows. What you don't read about in the articles is the inflows, but we're up 20% net year-to-date. Third bucket of concern tends to be Private Equity monetizations aren't happening. You saw the results here, the narrative, record monetization year for us. Fourth is Software. It's all going to be disrupted by AI. It's about 6% of our AUM. We sold OneStream, which is a software business, for 4.5x our cost earlier this year, and we're still seeing high single-digit LTM revenue and EBITDA growth.

And then the fourth – the fifth thing I would say is the four big buckets of anxiety lead to an overall concern that this is going to slow down fundraising. And year-to-date, we're ahead of expectations, record LTM fundraising. We expect a record fundraising year for the firm, and our momentum feels like it's accelerating. So, you put all that together, Net Income up 40% in the quarter, 30% in the first half. So, acknowledging not everything is perfect everywhere all the time, but I wanted to share kind of a little bit about how it feels inside the firm right now. Our industry is increasingly K-shaped, and most of the external focus is going to be on the unhappy part of the “K”. We find ourselves on the happy part of the “K”, and that's what's showing up in the numbers. Thanks for the question.

Alex Blostein

No, thank you for that perspective.

Operator

Our next question comes from Craig Siegenthaler with Bank of America. Your line is now live.

Craig Siegenthaler

Good morning, Scott, Rob, Craig. Hope everyone's doing well, and Scott, I really appreciate your perspective on that last one. Our question is on Global Atlantic, and it's a two-parter. How has GA's organic growth outlook evolved across retail annuities, flow reinsurance, blocks, and the institutional channel? And can you also provide an update on the ROE trajectory just given higher competition than prior years?

Robert Lewin

Thanks, Craig. Yeah, I'll go. I appreciate the question, Craig. And part of those questions are related. Listen, we talked about it last quarter, continue to talk about it this quarter. We have seen heightened competition. We've made the determination that we're going to allocate a little bit less capital to Insurance based on what we're seeing in the market today. But interestingly, if you look at what we did in Q2, very consistent with the evolution of the business. And the liabilities that we did originate in the second quarter, 99% of those liabilities were at least five years in duration. Approximately 80% of those liabilities were seven years in duration. So, it's allowed us then to, in turn, start to lean in a little bit more on the alternative side. And so, that would be point one that I'd reference. A lot that we – a lot of the time spent in our Insurance business here, of course, we're day-to-day optimizing our results and, frankly, repricing our book of liabilities week-to-week based on the market, so it's hard to give a

forward outlook as organic growth because, honestly, it's going to be a function of where the markets are.

But importantly, where I think we're incredibly well positioned here is in a world where we see heightened volatility – I think you're going to have less competition on the asset side. Of course, spreads are going to expand. And we think, in turn, that is probably going to lend itself to less competition on the liability side. And so, from our perspective, we spent a ton of time figuring out how is it that we can make sure that we are competitively advantaged in that market where ROEs structurally are going to be materially higher. And when you think about how we set ourselves up, longer duration liabilities, real linkage between liability origination and asset origination, and I think most importantly and differentiated our amount of third-party capital where we've got \$6 billion of dry powder that we think translates to north of \$60 billion of buying power on the liability side. Not a lot of Insurance companies in the world are able to do that. We think in combination, we're incredibly well positioned for that more volatile environment, and that's why when you think about ROEs in insurance, we think it makes sense to look at that through a cycle. And we're at a period of time here where we think ROEs are structurally low given the competition on both the asset side where spreads are and on the liability side.

Craig Siegenthaler

Thanks, Rob.

Operator

Our next question comes from Glenn Schorr with Evercore. Your line is now live.

Glenn Schorr

Hi. Thanks very much. Scott, I want to follow up on your first comment in the opening remarks was about in the midst of a CapEx mega cycle and AI powered. I think a lot of us agree. But the market, certain days like yesterday and the day before, feels more like we're overbuilt, we're priced in, spending is going to come down, cash flow is going to come down. So, I think it has that schizophrenia in terms of where we are in that cycle. So, curious on, A, what you think of that? And B, how does that impact, if any, what risk you hold for clients and on balance sheet as you think about this next industrial revolution and fully monetizing the way versus managing that risk?

Scott Nuttall

I appreciate the question, Glenn. And you're right, there is a bit of a schizophrenia out there. I'd say net answer for us is we actually think this is a huge opportunity for us as a firm. But as ever, when you have these kind of mega themes, there's ways to do it well, and there's ways to do it less well. And so, we're focused, as a reminder, not so much on investing in what's going to be the next chip company or the next LLM. It's more about the opportunities around this development, in particular, from an Infrastructure and Real Estate and Credit standpoint. So, it's kind of around the space. And it's – maybe I'll ask Craig to kind of give you some of the

details on what we've been up to in particular in power and data centers and how we've kind of thought about navigating what's going on right now.

Craig Larson

Yeah. I think, Glenn, the things I'd add on to that – and you're right. We are at this very interesting moment in time. So, hyperscaler data center spreads have widened pretty meaningfully just over the last couple of weeks. That stands in contrast to the broader IG markets, which, again, still pretty much remain at their tight. And we've had year-to-date this flurry of jumbo deals. I saw a note a day or two ago. I think we've had more \$25-plus billion deals year-to-date than the last five or six years combined. And so, it does. It feels like there's indigestion. And so, to just echo what Scott said, I know our team is going to be consistent, and I think all the things that you're going to see from us are going to ring through to what we said historically. We're going to care about our counterparty. We're going to care about contract terms, and it allows us to be selective. And in that context, the volatility we're seeing we think is helpful for us. And while the data center piece does get a lot of the press, again, the digital themes are much broader, fiber networks, mobile infrastructure. We've been very active across renewables. Again, Rob gave you some of the stats earlier. And that's in addition, speaking about our Infrastructure more broadly, around things like electricity and gas transmission and wastewater networks, et cetera. So, again, there – it just feels like there's a lot to do even in spite of the volatility that we're seeing.

Glenn Schorr

Thanks so much.

Scott Nuttall

Thank you.

Operator

Our next question comes from Devin Ryan with Citizens Bank. Your line is now live.

Devin Ryan

Thanks. Good morning. Appreciate taking the questions here. I want to ask a question on Arctos. Obviously, some really nice momentum kind of after the transaction closed and with Keystone, I think just kind of an early example of kind of seeing the benefits of KKR's distribution and kind of the broader client network. Would love to just kind of more broadly think about the potential for the business as you think about kind of the next sports kind of flagship. And then just more broadly just how it connects to the path to kind of getting that solutions over \$100 billion of AUM. Thanks.

Robert Lewin

Great. Thanks, Devin. Listen, I think there's multiple different paths for growth. What I'd say is that the first couple of months post-closing, the opportunity feels even more significant and more real than we would have thought three months ago on this call for sure. You hit on some

of it. Arctos is the clear leader on the sports side. The opportunity for us both in terms of Sports III but more broadly around sports-related investment across our entire ecosystem is substantial. What we're building in Keystone north of \$6 billion of capital in a first-time fundraise, I think, speaks to the credibility of the team. And then as you think about the opportunity on the secondary space. The people, the connectivity, and what the Arctos team brings to the table combined with what we bring to the table on the KKR side between relationships and industry expertise, we believe that we can build a really world-class GP-led business. And so, we're spending real time thinking about that. And then finally, the opportunity that maybe is a little bit more hidden but we think is very real is the opportunity for the Arctos ecosystem to create flow for Global Atlantic. Very important. It was a very important part of our investment thesis. I'm sure we would have talked about it when we announced the transaction. But when you combine all of that, we feel really good about the target of \$100-plus billion of AUM from our solutions business over time and feel great in the early days of how we're coming together culturally and how we're working together to be able to make sure that we are optimizing the combined footprint of both the Arctos team and the KKR team.

Scott Nuttall

Yeah, Devin. It's Scott. Just the way I think about it, you got three businesses. Sports, fast-growing incumbent, already the largest player, but the space is young. GP solutions, we're in Fund I. We have a differentiated model. It seems like there's a ton of opportunity and growth ahead. Pipeline is big. And then we have a third space, secondaries, which is the start-up in a very large TAM. I don't know how the \$100-plus billion is going to break down, but we see lots of different ways to get there.

Devin Ryan

That's all. Thank you.

Operator

Our next question comes from Steven Chubak with Wolfe Research. Your line is now live.

Steven Chubak

Scott, Rob, Craig, hope you're all well and thanks for taking my question. So, I wanted to ask on the Retail strategy. I know you touched on this a bit in the prepared remarks. K-Series Private Equity and Infra vehicles continue to generate really strong flows. You're benefiting from being less indexed to credit where fundraising headwinds have been more acute. But given the elevated redemptions year-to-date commentary suggesting that redemptions have also been more concentrated across a subset of international investors, whether the recent turmoil has reshaped your approach to expanding retail distribution abroad. If you could speak to the pipeline of new distribution platforms and how it informs the outlook for retail flows over the next 6 to 12 months, that would be great.

Scott Nuttall

Hey, Steven. It's Scott. I'll take a shot. So, yeah, you're right. I mean, we've been reading all the news articles, as well. As I mentioned before, I mean, we're – they tend not to mention the inflows. So, that's kind of the fact we're up over 20% year-to-date net is usually lost from an external standpoint, but those are the numbers. And we see a lot of momentum. I mean, I think there's a couple of things going on with us. We're kind of roughly 85% of K-Series is in Private Equity and Infrastructure today. So, that's maybe a bit different than what others have in terms of exposure. We are continuing to build out our Asia and Europe platform and relationships. We probably, on the margin, had a bit less from those markets, although it's roughly 40% of kind of what we've been doing as of late from outside the United States. But in terms of the build of the team and the relationships, those are still building outside the U.S., and we think there's lots of opportunity ahead. The short answer to your question is that it has not changed our perspective on investing in growth. I actually think this is long term very healthy that advisers and clients understand what these products are and are not. And most people are experiential learners. So, I think this is great news that, while it is a very small percentage of our firm, a fast-growing small percentage of our firm, I'd rather people learn, well, it's this size as it pertains to our space as opposed to a very large percentage of our space. And so, I kind of view this as a healthy educational period. And if anything, because of that, we would be more comfortable investing even more and having it be a larger percentage of the firm down the road than I would have been if these lessons had not been learned.

Operator

Our next question comes from Brennan Hawken with BMO Capital Markets. Your line is now live.

Brennan Hawken

Good morning. Thank you for taking my question. I know that you reiterated the earnings target for Strategic Holdings in your prepared remarks, but at this point – and you also said back-end loaded, but it really is quite hockey stick looking really. So, I'd love to know what drives the confidence. Moreover, some investors have expressed concerns that the investments you have in that portfolio could be at risk from AI. And the AI risk, I know you touched on software, but business services, we see a lot of sectors trading as though they have some disruption risk there. So, if you take a wider lens about the AI risk, how would you address those concerns sitting in that portfolio? Thanks.

Robert Lewin

Great. Brennan, thanks a lot for the question. Maybe I'll take you back a couple of years when we first introduced the Strategic Holdings segment. We were probably – and we talked about it then a little premature in introducing that segment given the scale of the business, but we thought it was appropriate to do so alongside some other large firm announcements, including buying in the remainder of Global Atlantic. And what we said at the time was in the early year is you're going to see more quarter-to-quarter variability of income, and as we build to that \$1.1-plus billion of Operating Earnings by 2030, that's when you're going to start to see more

quarter-to-quarter stability of earnings. And you hit on it. When we came into this year, we talked about Strategic Holdings being more back-end weighted from an Operating Earnings perspective, and that has played out. And as we look to the back half of the year, we've got a lot of confidence that what we need to get done to generate the Operating Earnings will get done. Still some work to do, of course, to make that happen, but we feel good about that as a team and continually re-underwrite that.

As it relates to the portfolio, it continues to perform at a high level, but I'd also stress the word portfolio. We've got roughly 20 businesses there with differentiated exposures. And so, while you may have some businesses that are more impacted over time, we think across the portfolio, we're in very good shape. And I think you could go back in some respects even to that monetization slide on page 21, and this is not necessarily the point as it relates to Strategic Holdings. But in a world where investors are nervous about potential losses on the go forward, I think they need to be also taking into context with winners as well in the portfolio where we think we've got many both across our traditional Private Equity business but also inside of our Strategic Holdings segment, as well.

Brennan Hawken

Thanks for that color, Rob.

Robert Lewin

Thanks, Brennan.

Operator

Our next question comes from Michael Cyprys with Morgan Stanley. Your line is now live.

Michael Cyprys

Hey. Good morning. Thanks for taking the question. Just wanted to ask on Private Wealth, which I think has exceeded your expectations there despite some of the recent volatility. But I guess as you look out over the next couple of years, just curious what you see is ultimately driving the greatest impact on adoption rates and penetration within Private Wealth whether it's evolving technology or new wrappers. What do you think could be the most meaningful to really scale Private Wealth adoption more broadly in the channel?

Scott Nuttall

Hey, Michael. It's Scott. Let me take a shot. So, honestly, I think the first thing is education. Just spending time making sure advisers and their clients understand what Private Markets is and the different forms of it whether it's Private Equity, Infrastructure, Real Estate, or Credit. And we are running multiple, it seems lately, KKR Academies a week, having 100 advisers at a time come in, spend a dinner and a day with us. And a lot of the answer to your question on adoption is spending time with them, so they understand what it is that we actually do. And that, I think, has been the most important thing to try to get right, and we've invested a lot in that over the last few years. And that's a global effort. We're running those in U.S., Europe, and

Asia. The second thing I would say is, obviously, you need access and you need distribution, which is back to the discussion we had about the relationship with platforms around the world. And so, you need to actually be on the platform, be approved, and then do that education. So, building those relationships, and we're watching that closely as to how many different platforms and RIAs our products are on by product type, and those numbers are accelerating up into the right at a very rapid rate.

The third thing I would say is it's also the type of investor. I think as we've talked about on these calls, K-Series is built to be able to go to the accredited investor in the U.S., which is \$1 million and up in net worth. That is a single-digit percentage of U.S. households. The other 90-plus percent of K-Series is not relevant to today. And so that's where our partnership with Capital Group comes in because we want to further extend our reach and our distribution relationships, and they have relationships with 220,000 of the 300,000 advisers in the United States. If we spend another 50 years at KKR, I'm not sure we could build that kind of relationship and trust with that kind of penetration. So, that's the other thing that we're doing. We think that will take time to pay off, but in the long run, we will meaningfully expand our efforts. Hopefully, that gives you some color.

Michael Cyprys

Great. Thank you.

Operator

Our next question comes from Bart Dziarski with RBC Capital Markets. Your line is now live.

Bart Dziarski

Thanks and good morning, everyone. I wanted to ask – you recently made an announcement you added Roy Gori as a Senior Advisor. Maybe just walk us through the strategic rationale for that and how his experience as former CEO of Manulife could help you achieve your Investor Day target of doubling GA AUM. Thanks.

Scott Nuttall

Thanks for the question, Bart. Roy we've known for many years. He did a remarkable job as CEO of Manulife. With that, amongst other things, he built their Asia business, has lived and worked all around the world. And we got to know him first as a client and just really enjoyed the engagement, a lot of wisdom and a lot of experience in terms of how he built with his team that business. And sometimes you spend time with people, and you realize they can make you better. And so, when he stepped down, we asked if he wanted to spend some more time with us helping advise us on how we think about all things KKR strategically, Insurance and otherwise. As I think we've discussed before, Global Atlantic by name is a bit of an aspirational name. Most of the business today is in the United States. If you kind of think about the footprint of our Insurance business relative to all of KKR, we have half our investment professionals roughly outside the United States at KKR. And so, we're thinking actively about

what is there to do outside the U.S. in Insurance. We think Roy can be quite helpful with that topic amongst many others, in particular, in Asia, where we're starting to spend quite a bit of time together. So, hopefully, that gives you a little bit of background, but we just think he is going to make us better at what we do.

Bart Dziarski

Very helpful. Thanks.

Operator

Our next question comes from Bradley Hays with TD Cowen. Your line is now live.

Bradley Hays

Hi. Good morning. You spoke to strong demand for Private IG. Could you maybe dig in a little more on your positioning against the opportunity and perhaps focus a little more on the origination platforms in particular?

Craig Larson

Hey, Bradley. It's Craig. Why don't I start? So, I think, first of all, look, the opportunity is massive, and I think you look at the addressable market in Credit, it's \$45 trillion, and we're all seeing headlines every day with issuers increasingly turning to Private Market solutions. I think in terms of our business and how we're thinking about it, we look at Private IG as all we are doing in Asset-Based Finance plus Bespoke Solutions for large established corporates plus long-duration investments across Real Estate. And when you think of the capital that we have organized against that, it's Global Atlantic. It's through our funds. It's through SMAs, and we have our Capital Markets business as an additional overlay against all of that. And I think most recently, demands from IG issuers for these customized privately bespoke solutions has really catalyzed the growth of the Private IG market. And to answer your question, we think we're really well positioned against this opportunity and our ability to address it at scale.

We benefit from collaboration across all our teams, the relationships that we have across our Private Equity and teams. We support companies with holistic solutions. You mentioned some of the origination engines that we have as an advantage for us. That includes the 36 captive platforms across both Asset-Based Finance as well as Real Assets. We've got five decades of relationships, Capital Markets as well as that activity coming through multiple channels. And from a fundraising perspective, look, Rob and Scott talked earlier about the outlook we have from a credit fundraising standpoint, but we've been very active across Private IG SMAs, and our pipeline feels very good as we look to the second half of the year. And so, look, stepping back, since the acquisition of GA, our credit business is up, give you some round numbers, from \$80 billion to \$300 billion. And similarly, you look at management fees tied to that growth are also more than 3x where they were up at \$1.2 billion. So, you're seeing a big growth driver for us in this part of the business, and it just feels like in Private IG, there's a lot more for us to do alongside.

Scott Nuttall

Yeah, Bradley, it's Scott. Just maybe zooming out a little bit. I kind of put a lot of what we're seeing across the firm into a few buckets. When you get one, you got growth areas where we're already top three. A lot of capital coming into the space. And it's just about keep your performance strong and keep investing in your barriers to entry back to the platforms and the 7,000-plus employees. ABF fits squarely into that bucket one. You got bucket two, which is back to my comments about a bit of a K-shaped industry. The happy part of the "K" is taking market share from the unhappy part of the "K". And so, we've got that going on in different aspects of our business. I actually think what's going on in terms of this bout with pessimism, our space is feeling this is going to be wonderful for us in the long term and will lead to more growth in the future. And then the third bucket I'd say things like wealth where brand, global reach, and scale really matter, and probably a large percentage of the market share is going to go to relatively few. And you can take our businesses globally and largely put them into those three buckets, but ABF is in bucket one.

Operator

Our next question comes from Mike Brown with UBS. Your line is now live.

Mike Brown

Great. Good morning, Scott, Rob, and Craig. I wanted to maybe dig in a little more on credit. So, great color on ABF. Just this quarter, we observed that the management fees declined sequentially. Fee-paying AUM growth is also relatively muted. Can you just help us unpack the primary drivers there? And then based on what you're seeing, how should we think about the trajectory here in the second half in terms of net flows, management fees, and the fee rate here through the rest of the year? Thank you.

Robert Lewin

Yeah. Mike, it's Rob. Why don't I start, and I appreciate the question. The quarter-to-quarter trends can always be a little bit tricky, and in the case of our credit and liquid strategies business, while not all that material in the context of KKR, we did have a small onetime benefit that showed up in last quarter's Management Fee line items. I think if you look over a 12-month period of time, management fees across credit and liquid strategies up almost 10% or just shy of 10%. The other stat I would point you to, which is the best forward indicator around where we're going, is that the capital we have committed to our credit business but that is not yet earning fees will earn fees as it enters its investment period and/or is deployed. That number year-over-year is up 33%. So, a very healthy increase in what I think is probably the best forward indicator for that business.

Operator

Our next question comes from Benjamin Budish with Barclays Bank. Your line is now live.

Benjamin Budish

Hi. Good morning and thanks for taking my question. Rob, sometimes on the calls, you'll give a little bit of forward-looking commentary on line of sight to transaction revenues and realizations. I was wondering if you could give us any color there. And just given the optimism around the ability to get transactions done even in this kind of environment. I know you kind of talked down the sort of \$7 target previously, but is it possible that's on the table? I imagine you've got a decent look into the next five months. Just curious how we should think about all that. Thank you.

Robert Lewin

Great. Thanks, Ben. So, for the quarter, I'd say, we've got plus or minus \$700 million of monetization-related visibility, maybe a bit of variability there based on the timing of taking carry in certain funds or partnerships. In terms of split, about 80% Realized Performance Revenue and 20% Realized Investment Income. \$700 million, a pretty healthy number for us, particularly coming off a record monetization quarter in Q2. And then we've talked about it. We've got a pretty good pipeline for the duration of the year, as well, and so we're continuing to watch that closely. Listen, as it relates to the \$7, we have removed, obviously, that formal guidance last quarter. I'd say in many ways it has provided a bit of a distraction as we engage with our shareholders and analysts. I think we'd much prefer to focus on the facts that we had record earnings this quarter, NI per share up 40%, and the go-forward fundamentals in our business are stronger than they've ever been. And so, whether that translates to \$7 per share, something a little south of that, something a little north of that, our focus is on continuing to perform and generate really strong outcomes for our shareholders.

Benjamin Budish

All right. Fair enough. Thanks for all that, Rob. Very helpful.

Robert Lewin

Thank you.

Operator

Our next question comes from Crispin Love with Piper Sandler. Your line is now live.

Crispin Love

Thank you. Good morning. Appreciate taking the question. Just on Insurance Operating Earnings, you've talked about the \$250 million plus or minus guide in '26 given the cash accounting. You were closer to about \$290 million this quarter. I believe you mentioned the \$40 million or so. Can you just discuss how that might trend in the back half of the year? Does that \$250 million target still stand? Could you benefit sooner and break above those levels more consistently? And then as you just get into 2027, could you see a step function higher? Thank you. Bye.

Robert Lewin

Great. Thanks, Crispin. So, a couple of building blocks there. I think the 250 million plus or minus is still a good number for the go forward. We did have an elevated level of realizations in the quarter. I wouldn't assume that that is a run rate for right now. That said, as our alts book continues to mature and we move into back half of '27 into 2028, we believe we can see outcomes that are materially north of that level. Most important, we continue to feel really well positioned around what we're doing in insurance. We talked about that earlier on the call and also our prepared remarks. And as we think about the go forward there, feel very confident in our model. And then lastly, I'd point you to page 17 in our Earnings Release, which looks at the all-in economics of our Insurance business. Those are up 13% year-on-year even in a world where we've been allocating less capital. And as a reminder, that does not include the mark-to-market benefit on the alts portfolio either.

Crispin Love

Thank you, Rob.

Robert Lewin

Thanks, Crispin.

Operator

Our next question is from Arnaud Gibrat with BNP. Your line is now live.

Arnaud Gibrat

Good morning. Could you talk more about the capital raised by Helix Digital Infra? What is the final target size of this fund and the mandate of this fund? In particular, I'd like to know if Helix will invest in Power or if this will – these investments will be provided by a partner, ECP? And is this fund generally incremental or part of the \$50 billion targeted deployment that you announced two years ago in conjunction with ECP? Thank you.

Craig Larson

Hey, Arnaud. It's Craig. Why don't I start? So, a couple of years ago, we did talk about the partnership with ECP and the opportunities that we saw to bring our collective skills together with the hyperscalers. And yes, this is – and that was how we thought capital that KKR had together with ECP, again, would provide that one-stop shop. And I think this is incremental and a continued evolution as it relates to the opportunities that we see in the massive CapEx needs that we continue to see from the hyperscaler space. And we have a number of Strategic Partners. Again, as Rob ran through, we think there's a real opportunity for us in the framework of a vehicle that is not a closed-end vehicle to work with Adam Selipsky and his team with really differentiated points of view relationships, experience to help bring that – those solutions through to hyperscalers. The answer is yes. It is broader than just data centers. It is going to encompass a much broader mandate in that framework. So, we're just getting going, and you should expect more updates from us over time. This was just an important first step for us.

Scott Nuttall

Hey, Arnaud. It's Scott. I'd say a couple of things. One, it's a company, not a fund, and so I would think of it as more permanent in nature. In terms of the size target, don't have one. We think the opportunity is in the tens of billions of dollars. We launched with \$10-plus billion just with the founding investors, but we're continuing to talk to investors about large-scale participation, and we expect that will be an ongoing process just like it will be for any company that's continuing to find very interesting investment and acquisition opportunities. Mandate is to be a one-stop shop for hyperscalers, power, data centers, connectivity, all in one place. Hopefully, that helps.

Operator

We have reached the end of the question-and-answer session. I'd now like to turn the call back over to Craig Larson for closing comments.

Craig Larson

Just thank you, everybody, for your continued interest in KKR. Robert, thank you for your help. And if anybody has follow-up questions, please feel free to reach out to us directly. Thanks, everyone.

Robert Lewin

Thank you.

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