**KKR & Co. Inc.**
**Third Quarter 2025 Earnings Call**
**November 7, 2025**

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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**
**Glenn Schorr - Evercore ISI**
**Bill Katz - TD Cowen**
**Alex Blostein - Goldman Sachs**
**Steven Chubak - Wolfe Research**
**Brian Bedell - Deutsche Bank**
**Ben Budish - Barclays**
**Michael Cyprys - Morgan Stanley**
**John Barnidge - Piper Sandler**
**Patrick Davitt - Autonomous Research**
**Brian Mckenna - Citizens JMP Securities**
**Craig Siegenthaler - Bank of America**

**Operator**
Ladies and gentlemen, thank you for standing by, and welcome to KKR's Third Quarter 2025 Earnings Conference Call. During today's presentation, all parties will be on a listen-only mode. Following management's prepared remarks, the conference will be open for questions. If you would like to ask a question at that time, please press "*", "1" on your telephone keypad. If anyone should require operator assistance during the conference, please press "*", "0" on your telephone keypad.

As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Mr. Craig Larson. Thank you. You may begin.

**Craig Larson**
Thank you, Operator. Good morning, everyone, and welcome to our third quarter 2025 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 kkr.com. And as a reminder, we report our segment numbers on an adjusted share basis.

This call will also contain forward-looking statements, which do not guarantee future events or performance. Please refer to our earnings release, as well as our SEC filings, for cautionary factors about these statements.

I'll begin this morning with our results for the third quarter. As you likely would have already seen through our press release, we had a strong Q3. We're pleased to be reporting Fee Related Earnings of $1.15 per share, Total Operating Earnings of $1.55 per share and Adjusted Net Income of $1.41 per share. All of these figures are among the highest we reported in our history as a public company.

Going into the P&L in a little more detail, management fees and management fee growth continues to be strong. For Q3, management fees were $1.1 billion, that's up 19% year-over-year, driven by both our fundraising success really across all of our asset classes, alongside continued capital deployment. Catch-up fees within the management fee line were more elevated this quarter, given the strength of our fundraising. They came in at a little over $40 million. So excluding catch-up fees, management fee growth on a year-over-year basis is a healthy 16%.

Total transaction and monitoring fees were $328 million in the quarter. Capital Markets fees were quite strong at $276 million, driven by activity across private equity, infrastructure, core private equity, as well as our work on behalf of our third party clients.

Fee Related Performance Revenues in the quarter were $73 million. That figure is up nearly 30% year-over-year, with the growth here driven by the performance as well as the scaling at our K-Infra vehicle.

And in terms of expenses, Fee Related Compensation was right at the midpoint of our guided range, which as a reminder, is 17.5%. Other operating expenses for the quarter came in at $176 million. So in total, Fee Related Earnings were $1 billion or $1.15 per share figure that I mentioned earlier, a record figure for us.

Insurance Segment Operating Earnings were $305 million this quarter. The run rate here is still at that $250 million level, plus or minus, as there was a $41 million benefit this quarter from GA's annual actuarial assumption review process.

Strategic Holdings Operating Earnings were $58 million for the quarter, and on a year-to-date basis here, they're meaningfully ahead of where we were a year ago. And as we head into 2026, we're tracking nicely towards our expected $350-plus million of net dividends.

So in aggregate, total operating earnings, which represent the more recurring component of our earnings streams, were $1.55 per share, that's a record quarter, and 17% ahead of just last quarter.

Moving on to investing earnings within our Asset Management segment. Realized performance and investment income totaled $935 million, and we had $70 million of net realized investment income within our Strategic Holdings segment. So over $1 billion of monetization activity on a combined basis, a healthy level which, in our view, highlights both the strength as well as the maturity of our portfolio. And of note in Q3, to give a little color, almost half of realized carried interest came from our private equity business in Asia. So in total, looking on a net basis, investing earnings after compensation were $306 million in Q3.

After interest expense and taxes, Adjusted Net Income was $1.3 billion, or $1.41 per share. That's up 8% year-over-year, so relative to the third quarter of 2024.

And stepping back for a moment, we're pleased with the progress and the momentum you're seeing beyond just this 90-day period. Looking over the last 12 months, management fees, Fee Related Earnings and Adjusted Net Income are all at record levels for KKR over any 12-month period in our history, and are up 16%, 16% and 17%, respectively, compared to the 12-month period ended one year ago.

Turning now to some of the key operating metrics for us from the quarter, and let me start with capital raising. In the third quarter, we raised $43 billion of capital for the second highest fundraising quarter in our history with an incremental $3 billion of capital coming in this quarter with the closing of our acquisition of HealthCare Royalty Partners.

Organic new capital raised across our credit platform comprised roughly 60% of the $43 billion raised this quarter as we're seeing strong momentum in our asset-based finance business, as well as our insurance business more broadly.

Inflows from Global Atlantic within credit were $15 billion. That's up considerably year-over-year, with $6 billion of that related to particularly strong funding agreement issuance, as well as the Japan Post Insurance strategic partnership. In addition to this activity at GA, third party asset-based finance and private IG represented over $5 billion of new capital raised in the quarter, and this included five separate private IG ABF mandates, four of which are with clients that are new to our credit platform, and our forward pipeline here remains quite strong.

Looking across the entirety of our credit platform, we raised $55 billion year-to-date and that's compared to $56 billion over all of 2024. Suffice to say, 2025 is on track to be a record capital raising year for our credit business.

Our private equity and real asset business lines, together, raised $16 billion of capital in the quarter across a number of strategies, and that includes additional closes in our flagship North Americas Private Equity and our Global Infrastructure funds.

And inflows from our private wealth efforts continue to be robust. In the third quarter, our K-Series suite of products brought in $4.1 billion, that is 20% higher compared to just last quarter, and is 80% above the new capital raised figure from one year ago.

Turning to deployment. We invested $26 billion of capital in Q3, with activity really broad-based across geographies and asset classes. In looking over the last 12 months, we've invested $85 billion, that's up 12% compared to the prior LTM period. And with a record $126 billion of dry powder available, we remain incredibly well-positioned to build our portfolio for the future. Our teams continue to find creative ways to put capital to work across asset classes.

Now turning to investment performance. Page 10 of the earnings release details the continued performance we're seeing across asset classes this quarter and in the LTM. Overall, our portfolios remain well positioned. And given our disciplined approach around investment pacing and linear deployment, we have roughly $17 billion of embedded gains that sit on our balance sheet across our Asset Management and Strategic Holdings, which is at or near record levels for us, and this is despite the healthy monetization activity that you've seen in the quarter.

And with that, I'm pleased to turn the call over to Rob.

**Robert Lewin**
Thanks a lot, Craig, and thank you all for joining our call, this morning. We have another four topics that we'd like to cover today, mostly addressing some of the consistent questions that we have been receiving. They are a bit more involved this quarter, so please bear with us.

The first topic relates to our insurance business. As we have discussed on prior calls, we have been focused on four meaningful changes to how we run insurance.

Number one, we are originating longer-duration liabilities and assets. Two, we are aggressively expanding outside the U.S. to better match our global investment management footprint. Number three, GA is investing more capital across everything KKR does, including non-yielding and lower-yielding asset classes like private equity and real assets. And four, we are raising more third party capital across our Ivy sidecar strategy and strategic partnerships to grow GA in a capital-efficient manner.

In effect, we are evolving our insurance business to be able to extend the duration of our book, to use more of our asset management capabilities around the world and leverage one of our core capabilities as a firm: capital raising. We believe these changes will expand our competitive advantage and allow us to generate higher and more durable returns over the long term, and all is on track from our standpoint.

We also wanted to discuss how we look at the impact of GA on our total P&L. Insurance Operating Earnings, alone, do not capture how our model works and the overall impact of our insurance-related economics. A lot of it appropriately shows up in our Asset Management segment. The last two quarters, we have talked about the total economics related to our insurance business, and we have received positive feedback on this topic and think it has helped frame why the GA acquisition has been so powerful for KKR.

Given this, we thought we would more clearly lay out the total economics, and we have added a new page to our earnings release that outlines this on Page 20. Let's take a quick minute to walk through that page more specifically.

The total economics on this page, of course, include the segment Insurance Operating Earnings that we report. Next, you see we layer on the economics that show up in the Asset Management segment, and you could see that in three places.

First, as GA assets have grown, $139 billion in 2022 to $212 billion today, management fees under our investment management agreement have also significantly increased. Second, we have a differentiated third party sidecar business. Of that $212 billion of total GA AUM, approximately $50 billion is from our Ivy-related vehicles. These vehicles allow us to marry third party capital alongside the GA balance sheet, and they often pay fee and carry similar to a drawdown credit or PE fund. These assets would not exist without GA, but all of the management fees show up in our Asset Management segment. And, third, capital markets fees driven by GA are starting to contribute.

Taken together, as you can see on Page 20, the total insurance economics have increased meaningfully, since our initial acquisition of GA.

Year-to-date, the total economics are approximately $1.4 billion net of compensation, and that is up 16% compared to the same period last year. And if anything, these figures meaningfully understate the earnings power of owning Global Atlantic. We now manage over $80 billion of capital on behalf of third party insurance clients, that is 3x the AUM we managed when we bought GA, and that's because we are a much better partner to insurance clients.

In terms of the Ivy-related capital, when you aggregate where we stand on our Ivy strategy capital raise and the Japan Post Insurance commitment, we currently have approximately $6 billion of third party capital capacity. And once this new capital is put to work, we expect that it will ultimately translate to north of $60 billion of additional Fee Paying AUM.

The vast majority of this is not showing up in our P&L today. Said another way, we expect that the capital we have raised over the last 12 months alone will allow us to more than double the aggregate AUM of our Ivy-related vehicles, once it is put to work.

From a capital markets perspective, and you've heard us say this before, we are just getting started here. And we have said that the GA related fees can be hundreds of millions annually, over time.

And finally, as we add higher returning, lower-yielding investments to the investment portfolio that includes private equity and real assets, those excess returns do not show up for a while given that we report the portfolio largely based on cash outcomes. As you can see from the callout box on the top right of this slide, none of those economics are included here.

Transparently, we debated whether it changed our insurance operating reporting to mark-to-market and conform to many of the industry peers. But we have concluded that it would be inconsistent with how we think about the P&L across all of KKR. We have had a focus on cash outcomes in our segment reporting since 2018, when we moved away from reporting Economic Net Income. We think it is the easiest way to understand our business and think that is the right decision for our insurance portfolio, as well. And candidly, we like our conservative approach. So we have decided to continue reporting the lower-yielding investments in our insurance segment based on cash outcomes.

But to give you a sense of the embedded profitability, our Insurance Operating Earnings would have been approximately $50 million higher in Q3 if we included the impact of marks on our investments, where a significant portion of the return is related to appreciation and not cash yield. As we continue to rotate the book, we would expect the difference between our reported earnings and the earnings on a marked basis to go up in 2026 but come down over time as the portfolio matures. However, in a growing and performing business, that number will never be zero.

As you can tell from the attractive profile of our total economics, looking at the insurance segment alone only really tells part of the story. So we will be sharing with you the entire story every quarter so you can clearly understand how our management team defines success.

Hopefully, that is clear and helpful in addressing many of the questions on this topic.

The second topic this morning is the continued success we are seeing in private wealth. As Craig mentioned, we raised $4.1 billion in the quarter in our K-Series vehicles and capital inflows continue to be strong and gaining momentum. We now manage over $32 billion of assets across all of our K-Series vehicles, including activity through November 1. That $32 billion of K-Series AUM compares to $15 billion a year ago and just $6 billion two years ago.

Our North Star for the K-Series suite continues to be focused on building vehicles that we can be proud of, 10-plus years from now. As a result, recognizing we don't read too much into the month-to-month sales, our performance, deployment and capital raising activity continue to be ahead of our expectations.

Elsewhere in private wealth, we remain encouraged by the progress we are seeing within our strategic partnership with Capital Group. As a reminder, we launched our first two public-private credit solutions in April. So we are in the very earliest days of capital raising. And in July, we made an initial filing with the SEC for a public-private equity solution. We also remain excited as to what we can do together in other areas where our combined capabilities can add value to our clients, including within the retirement space.

The third topic this morning relates to the monetization environment. As we have explained on prior calls, we are very pleased with the performance of our portfolio and are seeing the benefits of our focus on linear deployment and portfolio construction. You can see in our results that we've been monetizing this performance actively. As one example, our realized carry is up over 50% year-to-date. And despite all this realized carry that has been monetized so far during the year, our unrealized carry balance has actually grown 14% year-to-date.

As we sit here at the end of Q3, we continue to have line of sight to more monetizations, with roughly $800 million expected over the next two quarters, related to transactions already closed or that have been announced but not yet closed. So things feel healthy both in performance and exits.

The one exception here relates to our second Asia private equity fund, which has underperformed. Asia II was raised 12, 13 years ago and stopped investing roughly eight years ago. And as we have disclosed to our Asia II investors, we expect that fund will roughly return its cost.

Now to be clear, our performance in Asia private equity more broadly has been a real bright spot. Our most recent funds, Asia III and Asia IV, are both top quartile performing funds for their vintage, with gross IRRs over 20% and differentiated DPI statistics. Asia III has already returned over 100% of its capital and Asia IV has already returned 40%.

The reason we are discussing this today is that we collected roughly $350 million of gross carry from Asia II many years ago that we now have to pay back. We will be taking a charge in the fourth quarter to do just that, and reversing the compensation that was paid out when that carry was collected.

To be clear, while we are recognizing this event in Q4, our accrued unrealized performance income on the balance sheet has been net of this impact for some time. The result is that we expect net realized performance income in Q4 to be lower than it otherwise would have been, and ANI per share to be about $0.18 lower.

This is really a one-time charge that we've planned and reserved for that we wanted you to be aware is coming. And, as we sit here today, we do not see any other material clawback risk that exists across our portfolio. When you cut through it, the monetization pipeline is strong, our performance is strong and we are taking a one-time charge for something that happened roughly 10 years ago.

The final topic that I want to discuss this morning relates to our expectations for 2026. And do we still feel good about our guidance of $4.50-plus in FRE per share and $7 to $8 in after-tax ANI per share that we introduced in November 2023, and November 2021, respectively.

On FRE, the answer is an unreserved yes. As you could tell from our fundraising this quarter, we have good momentum here and real line of sight to continued management fee growth.

Turning to ANI, given everything that we see and all of the momentum across KKR, we continue to feel confident in our ability to achieve our 2026 ANI guidance. A key component here will, of course, be monetization activity. Today, we have roughly $17 billion of embedded gains across the firm, that is gross unrealized carry and unrealized gains in our Asset Management investment portfolio and Strategic Holdings. That is the second highest level in our history. It's up 10% from a year ago and up over 50% from two years ago.

Collectively, we've gone back with all of our business heads across all of our geographies and looked at our pipelines on a bottoms-up basis. And as a result of that exercise, we feel incredibly well-positioned for future monetizations.

To be clear, the monetization environment today is constructive, and we would expect that to continue into 2026. However, if the monetization environment deteriorates, we may delay some of that activity. And if that were to happen, we would be earning less in 2026, but it would be in service of more earnings in 2027 and beyond. Therefore, based on what we see today and our current conviction, we feel confident that we can achieve the $7-plus per share, and that includes the impact of our cash-based reporting approach for Global Atlantic.

As you know, we share with you each quarter on our call, our expectations for gains and carry, and we update that expectation ahead of quarter end so you know what we know. And we will continue this practice so that we can track our progress together and that nobody is surprised as we move through 2026.

With that, let me hand the call off to Scott.

**Scott Nuttall**
Thank you, Rob.

Hi, everybody. I just wanted to share a few thoughts.

Sentiment is a fickle thing. Sometimes, it seems the market is looking for everything to be good and not asking enough questions about what isn't working or what to be worried about.

Sometimes, it seems to be opposite is true. The market is convinced things are bad, and is so confident that something is wrong, that it can ignore good news and positive things that are happening. Most of the time, we're somewhere between these two ends of the spectrum. Lately, it seems we're closer to the high anxiety end of it.

Virtually every day has a media story on how difficult it is to raise private equity funds or how concerning private credit risk could be. As is typically the case, it is impossible to generalize and paint every firm with the same brush. So let me tell you how we see it.

In private equity, some players in our industry likely deployed more capital than is ideal in 2021 and early 2022. In hindsight, that was a period of high private valuations before interest rate hikes and tariffs. And some firms deployed a 5-year fund in 12 to 24 months during this period.

Firms like these will likely need to own assets longer to grow out of the valuation multiple they paid. And some of those deals will not perform. Investors in those funds are waiting for monetizations to come back, before they recommit. And some investors are telling those firms they will not be re-upping in their next fund. They are consolidating their relationships and doing more with fewer partners.

Happily for us, we learned the over deployment lesson, nearly 20 years ago. We over deployed in 2006 and 2007, ahead of the financial crisis, and we were overconcentrated in our decade-plus old Asia II fund, and we changed how we invest as a result. Linear deployment, portfolio construction and macro and asset allocation expertise all came from these learnings.

So we find ourselves in a great spot of not having too much exposure to 2021 and 2022, and we are generating differentiated performance and monetizations. You can see that in our returns and our fundraising results.

Stepping back, the last 15 years have been interesting. We had 10 years of low rates, low inflation and high multiples. It was during this period that we told the firm: “do not confuse a bull market with brains.” Cycles and disruptive events happen, but they largely didn't during that 10-year period.

Sure enough, that period was followed by COVID, inflation, rate increases, tariffs and war. So the last five years have been a far more volatile and interesting investment environment. We have been deploying steadily throughout all of it. As a result, we find ourselves in a happy situation where it is more clear to the people we work for what is different about us, as there's more dispersion between our results and some others that do what we do.

In short, we had to wait roughly 20 years for our learnings from before the financial crisis to show up fully in our relative results. That is now happening, which is why it can be the case that some private equity LPs are pulling back from some market participants, while we are raising record size private equity funds.

Second, on private credit. It is true the industry has grown a lot, in particular, direct lending. But let's put the direct lending market in context: $1.7 trillion compared to $145 trillion for the global fixed income market, a very small percentage. So any suggestion of systemic risk seems ill-informed. And that's before you get to the duration of capital and lack of deposit funding, low leverage and senior secured status in the capital structure.

Our base view is that credit of all kinds—we are talking both public and private—has had low default rates for a long time. And we have seen defaults across both markets tick up somewhat. But from everything we are seeing, there's nothing alarming going on. Just the beginning of a return to a more normal default environment. And as in private equity, in credit, we expect more dispersion across company, investment and manager performance.

When you step back, our view is that forward credit fundamentals, both liquid and private, will remain attractive. And our clients feel the same way, which is why we are having a record credit fundraising year.

So that's the backdrop on those two topics and how we view some of the noise you may be hearing.

As ever, for us, it is the signal, not the noise, that matters.

Our signals include record profitability over the last 12 months, over 15% annual growth in all of our key metrics, our second highest fundraising quarter ever, monetizations driving year-to-date realized carry up over 50%. And despite the monetizations, near-record unrealized carry and gains, indicating our portfolio, both equity and credit, is performing well. But the noise is bad, and the facts are good. We will leave it to you to decide which to pay more attention to.

With that, we're happy to take your questions.

**Operator**
Thank you. At this time, we'll be conducting a question-and-answer session. If you would like to ask a question, please press "*", "1" on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press "*", "2" if you would like to remove your question from the queue. As a reminder, please limit to one question and return to the queue for a follow-up, if necessary. 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 is from Glenn Schorr with Evercore ISI. Please proceed with your question.

**Glenn Schorr**
Thanks. I appreciate it. I think you answered the first 15 questions with your remarks, so that was helpful. Maybe we could—it was a little like Eminem in 8 Mile, but anyway. So I wonder if you can wrap up your international perspective, despite the comments that you came with on Asia II, like you said, III and IV PE are growing well. You're in the market for Infra III, Global IV in Asia. And then you made your comments about APAC insurance in Japan Post. So what I'm asking is, can you put that all in a bow, talk about investor demand for allocating outside the U.S. and at the same time, for demand inside Asia left? How much can this add to the overall growth rate of KKR and differentiate your growth versus others? Thanks.

**Scott Nuttall**
Thanks for the question, Glenn. Look, I'd say investor demand for all things Asia continues to increase at a marked pace. Especially over the course of this year, we have seen interest in Europe and Asia increase, but I'd say with a particular focus on Asia, and that's across all asset classes. I think for a while there, there was a dynamic where some investors would kind of conflate China with Asia. And I'd say the education process has proceeded quite nicely, and there's a big and broad understanding now of the opportunities in markets like Japan, India, Korea, Southeast Asia, Australia. It's quite broad-based.

And as you know, we started our Asia platform in 2006 and now have nine offices, over 600 people on the ground, and zero ex-pats. So it's a very local presence and now we've brought—in addition to private equity—infrastructure, real estate and credit. And increasingly, we're having insurance conversations as well, to your comment.

So we think we're extraordinarily well positioned, and we're seeing more origination opportunities on the ground and more penetration of all things private markets across Asia.

And I think for us, our AUM, just to give you a sense, in Asia, is now over $80 billion. I was going to give you a context, when we raised the Asia II fund, that number was $12. So the business has grown incredibly rapidly over the course of the last 10, 12 years. And I think that's only gaining pace as we penetrate more of these markets.

In terms of what it can mean for us as a firm, we think Asia, on average, is going to grow faster than the rest of KKR. And we've said that just given the demographic tailwinds, given what we see in terms of the development of the capital markets, a lot of these markets remind us of the U.S. and Europe, 20, 30, 40 years ago. And so we've been working to get ready for these markets to continue to grow and develop, so what we do becomes more and more relevant. So we feel very well positioned, very optimistic, and we're leaning into it.

**Operator**
Our next question comes from Bill Katz with TD Cowen. Please proceed with your question.

**Bill Katz**
Okay, thank you. Actually, I have two, if I could squeeze it in. The first one on the insurance, and Rob, thank you for the expanded commentary. I think it would be interesting to see in your presentation, maybe what that mark-to-market pro forma would look like so that the investment community could sort of track that along the way.

So my first question is, as you think about the ROE trajectory for the insurance business, what do you think is a normalized level, and when do you get there? And then relative to your guidance that you may or may not get to that $7 plus next year, depending upon the monetization backdrop, what, if any, mitigants do you have on expense side to potentially soften the differential? Thank you.

**Robert Lewin**
Yes. Thanks, Bill, for the question. Let me take them in tandem. I'm going to bring you back to Page 20 of our earnings release, maybe as a starting point, Bill, because I really do think that's the best place to hang out as we're talking about how our insurance business is tracking.

And what we're focused on is the $1.8 billion of LTM insurance economics. Our job there is to attractively scale those economics. And as we continue to lean into areas where we've got real competitive differentiation, whether that's our world-class investment platform, the global origination reach that we have and then especially our ability to really lean into third party capital, we're excited on what that could translate to.

And then you referenced it, and we absolutely will be talking about this going forward. All of the economics on Page 20 are without giving benefit to the roughly $200 million of annual run rate accrued income that is not showing up in these numbers, today. But if we do our jobs right, it will start hitting the P&L when the portfolio matures. That's likely probably going to start in 2027, 2028.

And so, I don’t want to, of course, minimize the importance of our Insurance Operating Earnings that are a critical component. But I think we've done a bit of a disservice spending the time we have on that one number without the context of what's going on around our broader insurance business or providing much detail around that accrued income that is building up in the business.

And as it relates to guidance, we definitely believe we can achieve the $7-plus of ANI next year, Bill. We were just making a comment and, I think an appropriate one, that it is going to be somewhat dependent on the monetization environment. Today, that monetization environment is constructive. You see that as it relates to our monetization guide, what we've been able to generate. We expect it to be constructive in 2026, as well. And so that was more of a comment.

But one thing as it relates to guidance and maybe even tying it back to the $200 million of annual accrued income and as we think about that topic in particular, that number is biased to go up materially in 2026 as we add more to our alts portfolio and get closer to industry average.

So as we think about our '26 numbers, we've previously talked of $7-plus of Total Operating Earnings. A couple of years ago, when we first talked about it, we did not expect a cash versus accrued impact to our numbers. And I know, of course, our investors and analysts are appropriately more focused on our FRE and ANI targets, but that's specifically why you didn't hear us refer to the '26 TOE target in our prepared remarks. It's just not a metric as relevant to '26 guidance given this dynamic. And so I don't think it's as appropriate to track on that basis. Really just want to be clear on that one point.

But I'll also be clear that as we think about that $7-plus of ANI next year, that includes the impact of how we're thinking about cash versus accrued on insurance, which is a real headwind there, and still think that we can achieve the $7-plus. And over time, we still expect TOE to represent 70-plus percent of our pretax earnings. So I know that was a mouthful, Bill, but hopefully answered both your questions.

**Operator**
Our next question comes from Alex Blostein with Goldman Sachs. Please proceed with your question.

**Alex Blostein**
Hey, guys, good morning. Thank you for the questions. Just maybe building a little bit on that -- and sorry to make this about guidance, but just given the performance of the stock this year and investor focused on various metrics, I think it's worthwhile spending a minute on this. When you think about FRE, and you guys have a $4.50-plus target for 2026 as well, it might be helpful just to kind of go through the broader building blocks as you look through current fundraising dynamics, operating leverage opportunity and anything else you feel is worthwhile addressing as you think about '26 FRE? Thanks.

**Robert Lewin**
Thanks a lot for the question, Alex. It's a good one. Certainly, we're leaning into the plus on the $4.50 and it's, in large part, because of the component parts you referenced and starting with management fees, which are going to be driven by fundraising. We have put out a $300-plus billion fundraising target between 2024 and 2026. We're tracking well ahead of our target there. We are north of 70-plus percent achieved on the target only seven quarters into a 12-quarter target. So that feels like we're in a good position.

Our capital markets business—it's really generating significant outcomes. We think it's incredibly well positioned in an environment where deployment across our space increases, and we'd be biased to the upside on that for '26.

You're starting to see our Fee Related Performance Revenue scale in our business. We think the trajectory there in '26 but beyond, can be pretty material. And I think we've, as a management team, demonstrated a real ability to hold our operating costs well below our revenue growth, even as we pursue substantial scaling across the business. So when you add up all those component parts, that's a part of our P&L we feel really good about.

**Operator**
Our next question comes from Steven Chubak with Wolfe Research. Please proceed with your question.

**Steven Chubak**
Hi, good morning, and thanks for taking my questions. So I wanted to circle back to the insurance discussion and certainly appreciate the disclosure on Slide 20 and a lot of the additional contacts you offered, Rob, in your prepared remarks. As we think about the all-in ROE potential, I know you had talked about 20%-plus or alluded to that in the past. As we look at the last 12 months under the new disclosure lens, ex unlocking it, implies a return of about 18% to 19%, and that's before crediting various sources of upside, even putting aside the mark-to-market, just from ongoing rotation of the GA general account, higher sidecar earnings, incremental contribution from Capital Markets. So I was hoping we could maybe anchor to what would be a reasonable all-in ROE, once some of those benefits are reflected in the run rate.

**Robert Lewin**
Yes. Thanks for the question, Steve, and I think you answered a lot of the question for me in your question. So listen, no explicit target, other than we said we think, over time, that we should take our all-in return from that high-teens to north of 20, and especially as you think about layering in all of those upsides.

And if you look at our insurance business today and the way it's positioned, I would say that the two biggest needle movers to our ability to generate outcomes over the next couple of years is going to be our alts portfolio starting to mature and generating cash outcomes relative to the accrued outcomes today as that catches up.

And I think a big contributor, over time, is going to be third party capital. Again, it's an area where, as a firm, we've got some real competitive advantages in the space versus the vast majority of insurance companies that are out there. $6 billion of dry powder we think turns into $60-plus billion of Fee Paying AUM, which should convert to some meaningful additional management fees for our platform. So those, to me, would be the two biggest drivers.

The third is, listen, we're in a, I would say, a competitive marketplace that is tight right now, and we all know that. There's a lot of competition for liabilities. There's a lot of competition on the asset side. Spreads are at really low rates. And we're able to generate these ROEs, even in that kind of competitive environment. But so as we're sitting here, that competitive environment will change over time, and the question is how are we positioned when things get more challenging.

And I would bring you back to a couple of things here. One is also our third party capital. Think about it much like a private equity fund that we could draw down to invest into dislocation in the market. We could do the same thing here with our third party capital. Most other insurance companies don't have the benefit of that. The other benefit in a world where the spreads go up materially in our space is that the return outcome is that attractive. We've got additional free cash flow across all of KKR that we could use to lean into that return environment.

So, I think those are just two things we think about in a world where we know the competition for assets and liabilities isn't always going to be like it is today. So how do we position ourselves to make sure we take advantage of that? And I think that, over time, will lead to more ROE, as well.

**Operator**
Our next question comes from Brian Bedell with Deutsche Bank. Please proceed with your question.

**Brian Bedell**
Great, thanks. Thanks for all the color on the slide presentation, today. Really, really good in-depth in answering a lot of questions. Maybe just to zoom back to GA and Capital Markets and looking at Slide 20, I think in the footnote there that is contribution for cap markets is net of FRE comp. I just want to confirm that. And then as you think about expanding the overall ROE past the 20% on the fee side, can you talk about the expansion within the capital markets business from the GA side, what was that so far in '25, and how do you see that expanding in '26 and '27? Is that even a faster opportunity than the other parts of the fee-related business from the GA angle?

**Robert Lewin**
Yeah, I didn't fully pick up the second piece of that, but let me just start with the KCM side. Just to be clear on Slide 20, everything you're seeing on Slide 20, that's Asset Management-related, and so that's going to be the IMA-related fees, management fees, that's going to be the Ivy sidecar-related fees and KCM are all net of the 17.5% comp load on the fee business. And you can see that reconciliation, I think, on Page 34 of our presentation.

We've talked about the opportunity here to be able to generate a very substantial capital markets business in tandem with Global Atlantic. We've got a peer that's done an incredibly good job and has provided a roadmap for what the art of the possible here is for us. And we really do think that the annual opportunity on the back of what we're doing in GA and on the origination side and the capabilities we've built out in distribution on the capital market side can be hundreds of millions of dollars of annual opportunity for us. And we think that's something that will materialize over the next couple of years.

**Operator**
Our next question comes from Ben Budish with Barclays Bank. Please proceed with your question.

**Ben Budish**
Hi, good morning, and thanks for taking the question. Maybe just a few kind of modeling details as we'll be getting a few questions on. Obviously, the big inflows in the credit space may be a little bit different from kind of the historical run rate. And then on the private equity side, it looks like the management fee rate—I know there's been some catch-up fees in the past and other dynamics, but maybe just for those two segments, anything to call out maybe outside of catch-up fees that might be impacting the fee rate in this quarter and how we should think about maybe the next couple of quarters? Thank you.

**Robert Lewin**
Yeah sure. Let me hit on both of those questions and Scott or Craig can jump in with additional thoughts. First, as it relates to, I would just say, the broader point on management fees, I think it's been a real bright spot here across KKR. And some of you have probably heard me say this before, but I don't think you're going to find another asset management company in the world that has the scale of management fees we do, the diversification of management fees and the growth profile of those management fees.

We're up 19% year-on-year, 7% compared to last quarter. We do have some healthy catch-up fees in the quarter, principally in our Real Assets business. But even if you exclude those, we're still up 16% year-on-year in management fees. It's a pretty attractive number.

To your specific question, a more narrow question as it relates to PE blended fee rate, there's always some puts and takes when you look at quarter-to-quarter fee rates. You're taking a quarter end Fee Paying AUM number and also a management fee number earned over a 90-day period of time. But you're right, in Q3, we did have our Americas XII fund in Private Equity have a step-down in fee rate. Now this is purely formulaic based on the age of the fund. But I think the bigger point and more important point here is that I don't think there's anything to read into as it relates to fee rates.

I think the best example of that is if you look at the roughly $17.5 billion of capital we've raised so far in our North America XIV fund, and you compare that to the roughly $18.5 billion of capital that we raised for Americas XIII, our fee rates are pretty much on top of each other. If anything, Americas XIV is a smidge ahead of XIII, and so we're not seeing any kind of fee degradation there.

As it relates to credit business, we're really pleased, obviously, in the response from our clients, not just this quarter but over the course of the year, and we would continue to expect you to see a translation from the capital that we've raised on the credit side to the P&L over the coming quarters.

**Craig Larson**
And Ben, it's Craig. Why don't I just give a little bit of color on the credit piece. And you're right, the $43 billion in Q3, second largest quarter for us ever. The $27 of Credit & Liquid Strategies, that is a record quarter for us. Of that $27, Global Atlantic was about $15 of that, so a little over half. Of that $15, over $6 billion of that came from FABN activity, as well as the Japan Post strategic partnership capital.

And I think on the FABN front, we've become a lot more creative, honestly, in accessing these markets. If you look just over the last handful of months, we've issued FABNs in the U.S., sterling, euro and Canadian dollar markets. So we've been very active in individual sales and institutional flow, at about $7 billion has been pretty equally split.

And so in addition to GA, I think the other piece is to note is in the private IG and third party ABF part, again, as Rob noted in the prepared remarks, that number was at about $5 billion total AUM across the ABF franchise, now is $84 billion. That's up 12% just from last quarter, and it's up almost 30% on a year-over-year basis, so very strong growth. And as we've noted, on the private IG ABF mandates, we had five separate mandates in the quarter, four of which are with clients that are new to our credit business, and we've got a very strong pipeline on top of that. So you're correct. It was a very strong quarter for us.

**Operator**
Our next question comes from Michael Cyprys with Morgan Stanley. Please proceed with your question.

**Michael Cyprys**
Hey, good morning, thanks for taking the question. I wanted to ask about the insurance business. I was just hoping you could elaborate a bit around how the changes you're making to the insurance business make you a better partner for insurance clients, how you'll be an even better partner for these clients and more clients over the next three to five years? And maybe if you could elaborate on how these changes expand your competitive advantage? Thank you.

**Scott Nuttall**
Hey, Michael, it's Scott. I'll try to take that one. Look, I think we've always worked for insurance clients. If you go back even to the beginning of the firm, some of the first people that invested with KKR in the late '70s, early '80s were insurance companies. And then we spent many decades owning insurance companies and sitting on the Boards of those companies, more in the property and casualty space, primary and reinsurance.

But the comment really comes from the fact that when you're an agent working for an insurance company, you think you understand the job of the people that you work for. Now that we own an insurance company ourselves and manage the book, we have a much better appreciation for the complexity of the job. And so, it comes from a couple of respects.

One, we're sitting down with them as principles. We're talking to them about how they're investing in their book, how we're investing in ours. And it's not just theory, it's practice, and we're comparing notes. So we're able to sit down as true partners and talk to them about that would be number one. It's just a different quality of dialogue.

Number two, when we're out originating transactions for our insurance business, we often like to have third parties alongside us. And so, we're bringing them deal flow that is originated specifically for insurers and talking to them about how we're structuring it for our balance sheet and comparing notes on how it could work for theirs. It's a different dynamic than just taking a separate account and having some capital to manage.

We do that as well. But we're finding that the engagement with insurance CIOs and CEOs is that it's just a different quality. And frankly, the intimacy of the discussion and the relationship is dramatically greater because we're talking all the time about deal flow and what we're seeing and how we're both navigating these markets and potential challenges.

And on the back of that, one of the concerns we had, candidly, when we bought Global Atlantic is how would our third party insurance clients react? We were a little worried, candidly, about whether there could be a negative synergy. They say, okay, we're in the same business now. And what we're really pleased about is it's actually the opposite.

We have seen—our guys took you through the numbers, the $25 billion is somewhere between $80 billion and $85 billion of third party insurance AUM since we announced the Global Atlantic transaction. And that number just continues to grow and the pace of growth is actually increasing. So hopefully, that helps.

**Operator**
Our next question comes from John Barnidge with Piper Sandler. Please proceed with your question.

**John Barnidge**
Good morning. Thank you for the opportunity. My question is kind of focused on the life insurance business. We've seen a lot of life insurers with sizable asset management operations even, but some without, partnering with alternative asset managers in increasing fashion for product creation, for retirement products, evergreen or interval funds. Is this an opportunity for enhancing your relationships and broaden out the tentacles which the organization touches within broader life insurance? Thank you for the answers.

**Scott Nuttall**
Thanks, John. No, it absolutely is an opportunity for us. And it has—if you look at the growth that we've had in third party insurers, life insurers has been a meaningful component of that, and it continues to scale in both life and property and casualty. And it's absolutely the case,

especially now that we own 100% of Global Atlantic, and we're working across more of KKR's investing businesses.

So we're talking about more infrastructure, real estate equity-type opportunities across the life insurer and P&C insurer space than we ever have before. And working with them on specific transactions, where some of these are quite sizable, that we want to partner with, or have partners, alongside of us.

The only thing I would add is this is not just a U.S. opportunity, right? So we're having these conversations with insurers in Europe and Asia as well, both on the life and P&C side. So it's an astute question. It's absolutely part of the reason that you're seeing our credit business, but also our other businesses accessing so much capital, insurance continues to be a growing component.

And if you look at KKR in total, if you add up the numbers that I mentioned, we have somewhere between $290 billion and $300 billion now of our AUM from insurers, both Global Atlantic plus third parties.

**Robert Lewin**
Just one more thing to add on there, John, is that you're right, there's just so much more interconnectivity between us and our insurance clients today. We've actually formed now, one group at KKR, who just has oversight in being able to deliver the firm to our insurance clients, as one example. I'd also put reinsurance as a big opportunity to be able to provide to our life and annuity clients, and that is overseen by that same team that oversees the broader client relationship with insurance companies, to Scott's point, not just in the U.S., but really around the world.

**Operator**
Our next question comes from Patrick Davitt with Autonomous Research. Please proceed with your question.

**Patrick Davitt**
Hey, good morning, everyone. A lot of chatter on the deal dam breaking, and it certainly does seem like that's happening, at least from a deployment and IPO standpoint. The industry announced M&A data in the U.S., at least seems to still show fairly low strategic buyer activity for sponsor-backed companies, even before the last two weeks of volatility.

So maybe it's just your point earlier on the bad vintages, but I would think there'd still be more. So from your perspective, what do you think is driving that disconnect? And in that vein, do you think there's something different about how the exit channel mix will track this cycle versus history? In other words, more reliant on the IPO channel versus strategic buyers? Thank you.

**Scott Nuttall**
Thank you, Patrick. I wouldn't overreact to some of the data. I mean from our seats—and it could be just because we're so global, and we have more, maybe mature average private equity exposures, amongst others. We're having active dialogues with strategic buyers for our assets. We're definitely having dialogue with financial sponsors who are interested.

To your point, the IPO market is the back open again. And we're also seeing opportunities for recaps and refis. So it's pretty broad-based in terms of what we're seeing. In terms of the broader market, I'm not sure I can give you much color, but from a KKR seat, the dialogue is broad.

**Robert Lewin**
Yeah, I'm actually just going to add to that. I was just passed a note by the team that we expect another transaction to sign up today actually. And so, in my prepared remarks today, I mentioned that we've got about $800 million of visibility. Assuming that transaction gets signed up, that would take us from $800 million to roughly $1 billion of monetization visibility over the next couple of quarters. I don't believe we've had that type of visibility in one of these calls since Q4 of 2021.

So listen, understand some of the data that's out there that has so far not been our experience. And we're expecting continued constructive environment here as firms and strategics look to put their dry powder to work.

**Scott Nuttall**
Yeah, the only thing I would add is for the prepared remarks, it is really hard to paint our whole industry with one brush. I think the two keywords are dispersion and bifurcation. So our experience is quite a bit different than what we're reading in the headlines, I think that's the punchline.

**Operator**
Next question comes from Brian McKenna with Citizens Bank. Please proceed with your question.

**Brian McKenna**
Great. Thanks for squeezing me in here. Of the $270 billion of carried interest eligible AUM that's above cost, maybe accrued and carry, what's the average multiple on invested capital for this AUM? And then is there a way to think about when the majority of this capital was invested, on average?

**Robert Lewin**
Yeah, thanks, Brian. So we can pull and track down that data for you, we don't have it handy right now. But I would say, as you look across our platform, it's a pretty mature portfolio, so the multiple of money is going to be pretty healthy. And the way—if you think broadly, the $17

billion of accrued gains that sit on our balance sheet and the $9 billion of unrealized carried interest, the way to think about that is it tends to expand over time, and you tend to get a little bit less of an uplift in the early years. So I think it would speak to sort of the maturity of that profile being a little longer than what you would think of sort of an average deployment period for us.

But your specific questions, as it relates to multiples and maturity, we can pull those over time and be able to provide those to our analysts and shareholder community.

**Craig Larson**
And just, Brian, to give you a couple of stats. I'd say, like, if I look at remaining fair value of the private equity portfolio, the percentage of companies marked at 2-plus times is almost 30%. And like when you look broadly across the overall portfolio, back to some of the things we've talked about, linear deployment and deployment pacing, I think in our industry, we probably do benefit from a more mature portfolio and a portfolio that probably does have more embedded gains in that portfolio relative to others.

**Brian McKenna**
Appreciate it.

**Robert Lewin**
Thank you.

**Operator**
Our next question comes from Craig Siegenthaler with Bank of America. Please proceed with your question.

**Craig Siegenthaler**
Good morning, Scott and Rob. Hope everyone is doing well. My question is on the capital markets business, and I appreciate some of the new color on the GA side and also the robust realization outlook you just provided. But it was a very strong quarter for transaction fees and some of what closed in 3Q was actually a function of 2Q activity, given the delay, and Q2 was weighed down by the trade war and correction public equities, which is why there's mute activity across the industry.

So my question is, if I look at your 3Q results, $328 million a quarter for total transaction fees, $278 million for your Capital Markets segment, is that a solid baseline to grow off of into 2026, if we see M&A activity continue to be elevated, or were there some lumpy items there?

**Robert Lewin**
Yeah, thanks for the question, Craig. And always tough to give specific guidance as it relates to our capital markets business. What I'd tell you is we're really pleased with the trajectory of that business. I was actually, as a management team, really the most pleased with how that business

performed in 2022 and 2023 when the capital markets were largely shut, and we were able to take the floor of revenue in that business up quite a bit. As you'll recall, we generated plus or minus $600 million of revenue in each of those two years. And as you saw the markets bounce back in 2024, we were close to $1 billion of fees. I don't think we'll quite get there as it relates to 2025, but another really attractive capital markets year.

So I do think that where we are, year-to-date, where we're at forecast through year-end gives a pretty good baseline for how you could think about growth from here. But we absolutely believe our Capital Markets business remains a real growth business for us. We think it will grow alongside everything we're doing at KKR, as that scales. We've got a very differentiated approach to third party capital markets in an environment where mid-market PE starts to come back on the deployment side, which we believe it will.

Over the course of the next 12, 18 months, we think we're incredibly well positioned to take share there. And then what we're doing alongside GA is just on top of everything else we're doing across KKR and with third party clients.

**Craig Larson**
And then just before—we have no more questions in the queue, and thank you, everybody, for your time and interest in KKR.

Just one additional topic. We've received a lot of inbounds over the last couple of weeks just on some of the private credit names that have been in the news. And so just recognizing the questions we've received and the fact that we haven't had a public forum to respond, just wanted to let everybody know, to be clear, that, as a firm, we have no exposure to First Brands, we have no exposure to Tricolor or the couple of telecom names that were in the news last week. We don't own them, just to be clear, nor have we ever owned those names.

And again, just one other point on that, is a couple of those had reached out to our teams, one of those repeatedly, and they were turned down. And to be honest, they didn't check enough of our requirements to merit an initial screening. So just wanted to be clear on that point, recognizing the inbounds we've received.

**Scott Nuttall**
Yeah, let me just pick up. I mean, I think what's going on right now, everybody, is like the market loves simple sound bites and a really tidy story. And candidly, when we read some of these headlines, it's clear many of us have PTSD from the financial crisis and are looking for what will trigger the next one. Like where is the next boogeyman. But from our standpoint, this market and economy really don't provide a simple narrative like that. You just can't generalize. And as I said, it's dispersion and bifurcation. So between pandemic, wars, inflation, rising rates, tariffs over the last five years, there's obviously been a lot been thrown at all of us.

But from our standpoint, what we don't see talked about much is the fact that we've had kind of this rolling recession dynamic in the U.S., where some industries are already experiencing or have experienced their cycle. We've seen it in manufacturing. We're now seeing in building products, maybe parts of chemicals, parts of leisure. And the public markets are also obviously seeing dispersion, very different performance if you look by sector.

And so, that part of the narrative is not included when we kind of look at what's coming out in the media. But from our seats, it doesn't feel like last time. You can't paint it all with one brush. And that's not to say there isn't risk of excess and bad actors. But what we're taking comfort in is like air is periodically being let out of the balloon. And so, we're just not seeing that uniform excess we saw before the GFC.

So as we said, to return to a more normal default environment, fundamentals away from the recession, the rolling recession areas are really solid. Our numbers, revenue and EBITDA continue to look really good. And so, the job has stayed proactive in portfolio and risk management and focus critically on long-term funding, and we're going to find out who's good at investing through a cycle and a more dispersion-heavy economic environment. So we wanted to make sure that you understood that perspective. We didn't get asked about it, but it is something we get asked about several days a week.

So with that, we really appreciate everybody having the patience to stick with us on this call. Appreciate your interest in our firm, and we'll talk to you along the way.

**Operator**
This concludes today's conference. You may disconnect your lines at this time, and we thank you for your participation.