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KKR

Q2 2025

G L O B A L A S S E T
M A N A G E R
E A R N I N G S R E C A P



KKR 2Q25 SUMMARY

» Overview

KKR reported Q2 2025 results with Fee Related Earnings (FRE) of \$887 million, representing a 17% increase year-over-year. Total Operating Earnings were \$1.2 billion, up 14%, and Adjusted Net Income was \$1.1 billion, up 9%. Total assets under management (AUM) reached \$686 billion. The firm raised \$28 billion in new capital during the quarter and deployed \$18 billion, with approximately half of that activity occurring outside the United States. The firm reported \$115 billion in uncalled commitments (dry powder). Notable developments in the quarter included continued activity in asset-based finance, growth in its private wealth platforms K-Series and K-FIT, a \$2 billion commitment from Japan Post Insurance to Global Atlantic's Ivy vehicle, and the acquisition of HealthCare Royalty Partners, which has approximately \$3 billion in AUM.

“ABF is a growing market with secular tailwinds for our industry, and we believe that we are already a leader in the space today.” — Rob Lewin, CFO

» Key Takeaways

• Recurring Earnings:

FRE rose to \$887M (+17% YoY) driven by 18% growth in management fees and a 45% increase in fee-related performance revenue, largely from the offshore Infrastructure K-Series vehicle.

• Capital Markets Momentum:

Transaction fees totaled \$200M, with over 50% from Europe, driven by activity in infrastructure and PE. Management expects continued strength heading into 2H 2025.

• Private Wealth Expansion:

KKR's K-Series AUM doubled YoY to \$25B, with new evergreen offerings in ABF and direct lending gaining traction.

• Insurance Platform Scale:

Global Atlantic earned \$278M in operating income, bolstered by a \$2B Ivy commitment from Japan Post Insurance.

• Life Sciences Entry with HCR:

KKR acquired a majority stake in HealthCare Royalty Partners (~\$3B AUM), expanding origination in biopharma credit and bringing 30 specialists under the KKR umbrella.

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» Assets Under Management

KKR ended Q2 2025 with \$686B in AUM and \$556B in fee paying assets under management (FPAUM), both up 14% YoY, driven by growth across all major strategies. Perpetual capital rose 16% to \$289B, now accounting for 42% of total AUM and 50% of FPAUM, reflecting the firm's focus on long-duration, compounding assets. Dry powder of \$115B positions KKR to deploy into both opportunistic and long-term strategic themes.

Segment (in \$B)	AUM	% of Total	YoY Change	Dry Powder
Total AUM	\$686	100%	14%	\$115
Private Equity	\$215	31%	16%	\$55
Real Assets	\$179	26%	18%	\$34
Credit & Liquid Strategies	\$292	43%	10%	\$26

**Per KKR Second Quarter 2025 Results. Figures rounded to nearest billion.*

- **Private Equity:**

Growth was driven by the activation of Americas Fund XIV, increased investment activity across Asia, and strong public equity holdings, marked at over 5x cost, supporting monetization momentum.

- **Real Assets:**

Expansion was fueled by scaling infrastructure strategies, particularly in Asia, with notable transactions including the exit of a telecom tower business in the Philippines and a new energy storage joint venture in Korea.

- **Credit:**

ABF AUM reached \$75B (+20% YoY), supported by high-profile transactions such as the acquisition of Harley-Davidson's loan portfolio and a long-term origination partnership expanding KKR's footprint in the \$6T+ ABF market.

- **Perpetual Capital:**

Continued to scale through Global Atlantic and the K-Series platform, with strong momentum across both institutional and wealth channels globally.

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▶▶ Investment Performance

Performance remained strong across strategies, with Private Equity up 5% in Q2 and 13% LTM, supported by meaningful exits in India, Japan, and the Philippines. Infrastructure returned 14% LTM, driven by global digital and energy infrastructure investments, including KKR's \$50B JV with Energy Capital Partners. Credit strategies also delivered, led by direct lending and ABF, where AUM is up 20% and returns continue to exceed expectations.

Segment	Sub-Category	2Q'25	2Q'25 LTM
Real Estate	Traditional PE	5%	13%
Real Assets	Infrastructure	3%	14%
	Opp. Real Estate	3%	7%
Credit	Leveraged Credit Comp.	2%	7%
	Alternative Credit Comp.	1%	9%

**Per KKR Second Quarter 2025 Results, Investment Performance is gross returns*

- **Private Equity:**

Approximately 60% of the portfolio is marked above 1.5x cost, with public holdings at over 5x. Recent exits included a pharmaceutical company in India, a grocery chain in Japan, and a telecom tower business in the Philippines, demonstrating strong monetization activity across geographies.

- **Infrastructure:**

Delivered consistent growth across Asia and the U.S., anchored by the first investment under KKR's \$50B joint venture with Energy Capital Partners, focused on AI-driven data infrastructure with pre-leased assets already under construction.

- **Real Estate:**

Performance supported by improving sentiment in subsectors like data centers and logistics, where secular demand continues to drive opportunity.

- **Credit:**

Strong returns led by direct lending and asset-based finance. ABF AUM grew 20% YoY to \$75B, with the market expected to expand from \$6T to \$9T over the next four years reflecting KKR's strategic focus on a rapidly expanding segment of the private credit market.

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Capital Activity

KKR raised \$28B in Q2, including \$6.5B for ABF Fund II, with over half of credit commitments from new LPs globally. The firm deployed \$18B during the quarter, with nearly half outside the U.S., spanning sectors like energy storage, agri-infrastructure, and financial services. Realized performance and investment income totaled \$2.6B over the past year, with \$800M in monetization-revenue expected in 2H 2025.

Segment (in \$B)	Inflows (QTD)	Inflows (YTD)	Deployed (QTD)	Deployed (YTD)
Private Equity	\$5	\$16	\$5	\$9
Real Assets	\$8	\$13	\$4	\$10
Credit	\$14	\$29	\$9	\$18
Total	\$28	\$58	\$18	\$37

**Per KKR Second Quarter 2025 Results. Figures rounded to nearest billion.*

- **Fundraising:**

Raised \$28B in Q2, including ABF Fund II which raised \$6.5B, more than 3x the size of its predecessor. Over half of new capital came from first-time LPs in KKR Credit.

- **Deployment:**

Deployed approximately \$18B in Q2, with nearly half of that outside the U.S. Recent activity included financial services in Singapore, agricultural infrastructure in Australia, and energy storage in South Korea, highlighting KKR's global origination footprint.

- **First-Time LP Growth:**

Over 50% of Q2 credit commitments came from first-time limited partners, reflecting KKR's expanding reach across geographies and investor segments, particularly for KKR's credit and evergreen strategies, especially in asset-based finance.

- **Dry Powder:**

Maintains \$115B in uncalled capital, backed by fundraising across strategies and a seasoned portfolio poised for further monetization.

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» Outlook

KKR's leadership reiterated confidence in achieving 2026 targets for FRE, TOE, and ANI per share. The firm's recurring earnings now account for 80% of total segment earnings and continue to scale.

- **Wealth & Retail Acceleration:**

KKR continues to scale its private wealth strategy through K-Series and new evergreen credit products in partnership with Capital Group.

- **Strategic Holdings Scaling:**

Strategic Holdings contributed \$29M in Q2 operating earnings and is on pace to exceed \$350M by 2026 and \$1.1B by 2030, highlighting the firm's expectations for Strategic Holdings' longer-term earnings contribution.

- **Insurance:**

Global Atlantic continues to scale efficiently through third-party capital partnerships. The newly launched Ivy vehicle, backed by \$2B from Japan Post Insurance, is expected to drive over \$60B in incremental fee-paying AUM once deployed.

- **Digital Infrastructure Buildout:**

In partnership with Energy Capital Partners, KKR is addressing the AI-driven surge in data center and energy needs through a \$50B joint venture. The first investment is already pre-leased and under construction.

- **Defined Contribution (DC) Reform:**

With potential U.S. policy changes under discussion, KKR is positioning itself to access the \$12T DC market. Its partnership with Capital Group (a top-5 target date fund provider) offers a credible entry point and positions KKR to participate as access to alternatives potentially broadens within defined contribution plans.

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