



## FEATURED OPTIONS RADAR REPORT



### Bull Spread Sees Momentum Returning in Asset Management Leader

Ticker/Price: KKR (\$62)

#### Analysis:

**KKR & Co (KKR)** bullish spread today is buying 1800 September \$65 calls for \$5.37 and selling the \$55/\$45 bull put spread for \$1.98. KKR has seen buyers in the June \$70 calls recently for \$1.3M while the January \$60 calls bought for \$925K in November and remain in open interest. KKR has been weak this year but pulling into the 55-week EMA and just above the 38.2% Fibonacci of a strong long-term trend. A move back above \$65 key for a run back inside of short-term value with room to move back to \$72+ where it can start a broader trend shift back higher. The \$56.5B company trades 12.8X earnings, 3.4X sales, and 4.7X cash with a 0.95% yield. KKR is coming off of a strong year with fee-paying AUM nearly doubling and 38% growth in book value as they closed on their deal for Global Atlantic and leveraged strong demand into record new capital raised. KKR sits positioned well to execute on their next big growth leg with diversified exposure across PE, credit, infrastructure, RE, and growth equity. They've also expanded their strategies into areas like direct lending while Asia a big spot where they see opportunity beyond 2022 for significant fundraising across both credit and real estate. Analysts have an average target for shares of \$83 with a Street High \$94. Deutsche Bank a buyer of stock after earnings with shares at an attractive valuation while JMP positive on the name citing their record realizations over the last 3-4 months. Wells Fargo starting at Overweight in December as their positive view reflects the company's growth opportunity from the firm's leading position in Asia, momentum in its insurance strategy, and probability of success in the retail channel through its brand and improved distribution. Hedge fund ownership fell 5.5% last quarter. Viking Global a buyer of a new \$60M stake while ValueAct remains a top holder with 22M shares, their second largest position. Akre Capital and Vulcan Value also top ten holders. Short interest is 1%.

#### Hawk Vision:



**Hawk's Perspective:** KKR is one of our favorite names for the year but needs to put in some work getting back above the 200-day and reclaiming the bull trend, so on watch for now under \$66

**Confidence Ranking:** \$\$