



FEATURED OPTIONS RADAR REPORT



Bulls See New Highs for Well-Diversified Asset Manager

Ticker/Price: KKR (\$60.70)

Analysis:

KKR Co (KKR) late buyers on 7/22 of more than 3,000 December \$60 calls from \$4.00 to \$4.20, notable trade in the name near new highs. KKR has seen some smaller trades recently but nothing notable. It does have 1000 January \$50 short puts in OI from mid-May. Shares are nearing a breakout above \$61.25 with a measured move up to \$70. KKR has been a steady winner since the March lows and breakout higher would be a nice continuation of the longer-term move. The \$51.42B company trades 16.7X earnings, 5X sales, and 2.6X book. They have a 1% yield. KKR likely has a nice positive read-through from Blackstone who reported strong earnings this week including double-digit growth in AUM and their best-ever quarter for fund appreciation. KKR has been scaling faster-than-expected after their Global Atlantic deal and growing faster than peers in both traditional asset management and alternatives. They continue to see large TAM opportunities in real estate, private equity, alternative credit, leveraged credit, and hedge funds, areas where they have less than 5% market share currently. Analysts have an average target for shares of \$65 and a Street High \$74. BMO positive in April noting that their new long-term targets of \$4-\$5 in EPS by 2023 are about 30% higher than expected and the company has significant growth opportunities with traditional and adjacent strategies, geographical expansion, capital markets, and distribution. Short interest is 1.5%. Hedge fund ownership fell 20%. ValueAct is a top holder with over 60M shares. Vulcan Value is also a top holder with 24M shares. Insiders also active in the name. In February, a director bought \$1.25M in stock at \$48. In February 2020, the CFO bought \$1.4M in stock at \$28.

Hawk Vision:



Hawk's Perspective: KKR is a solid name and should report a great quarter in early August; shares have run a little hot this week and could consolidate a bit before moving through \$61.5

Confidence Ranking: \$\$