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◆ **WSJ NEWS EXCLUSIVE** FINANCE

KKR Teams Up With Loop Capital to Offer Equity Research

Private-equity firm aims to leverage partnership to win more IPO underwriting deals



By *Corrie Driebusch*

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KKR **KKR -0.06%** ▼ & Co. is partnering with a Chicago-based investment firm to get access to equity research the private-equity firm hopes will help it win more stock-underwriting assignments.

KKR has agreed to team up with Loop Capital Markets, whose equity-research team will be available to cover the buyout firm's portfolio companies and other private clients going public, officials of the firms said.

Underwriting IPOs and other stock sales has become a big business for KKR, a pioneer in leveraged buyouts. Private-equity firms traditionally hired investment banks such as Goldman Sachs Group Inc. or Morgan Stanley to underwrite the stock and debt sales of their portfolio companies, and paid billions of dollars for the services.

But in 2009, KKR underwrote the IPO of Dollar General Corp., which it owned. Since then, it has helped underwrite hundreds of debt and equity deals, winning top slots even in some

cases for companies it didn't own, such as in Endeavor Group Holdings Inc.'s 2019 IPO.

Though the IPO market is the quietest it has been in more than a decade, in boom times such as a record-breaking year like 2021 equity-capital-markets fees can be huge. That year, KKR's capital-markets revenue was \$847 million, more than 4.5 times what it brought in five years ago.

Still, KKR hasn't been able to cover the landscape of issuers as comprehensively as a full-service bank after it made a conscious decision to not expand into other traditional brokerage businesses like equity sales and trading or research, which are capital intensive and have narrow margins.

KKR hopes that the partnership will help change that, and increase the number of new equity-capital assignments it can win outside of its portfolio companies, according to Adam Smith, co-head of credit and capital markets at the firm.

"As we're marketing ourselves to a broader range of issuers, equity research makes us more competitive," Mr. Smith said.

Loop Capital is a Black-owned investment bank, brokerage and advisory firm, which KKR also hopes will help expand its diversity efforts. Loop first worked on a deal alongside KKR in 2011, when it was part of the team that advised on the IPO of media company Nielsen Holdings, then a KKR portfolio company. Loop, which has since grown to count 22 publishing research analysts, went on to underwrite about 15 deals with KKR over the years.

"What I'm excited about here is being able to have ongoing dialogue between transactions," said Jim Reynolds, Loop Capital chief executive.

—*Miriam Gottfried contributed to this article.*