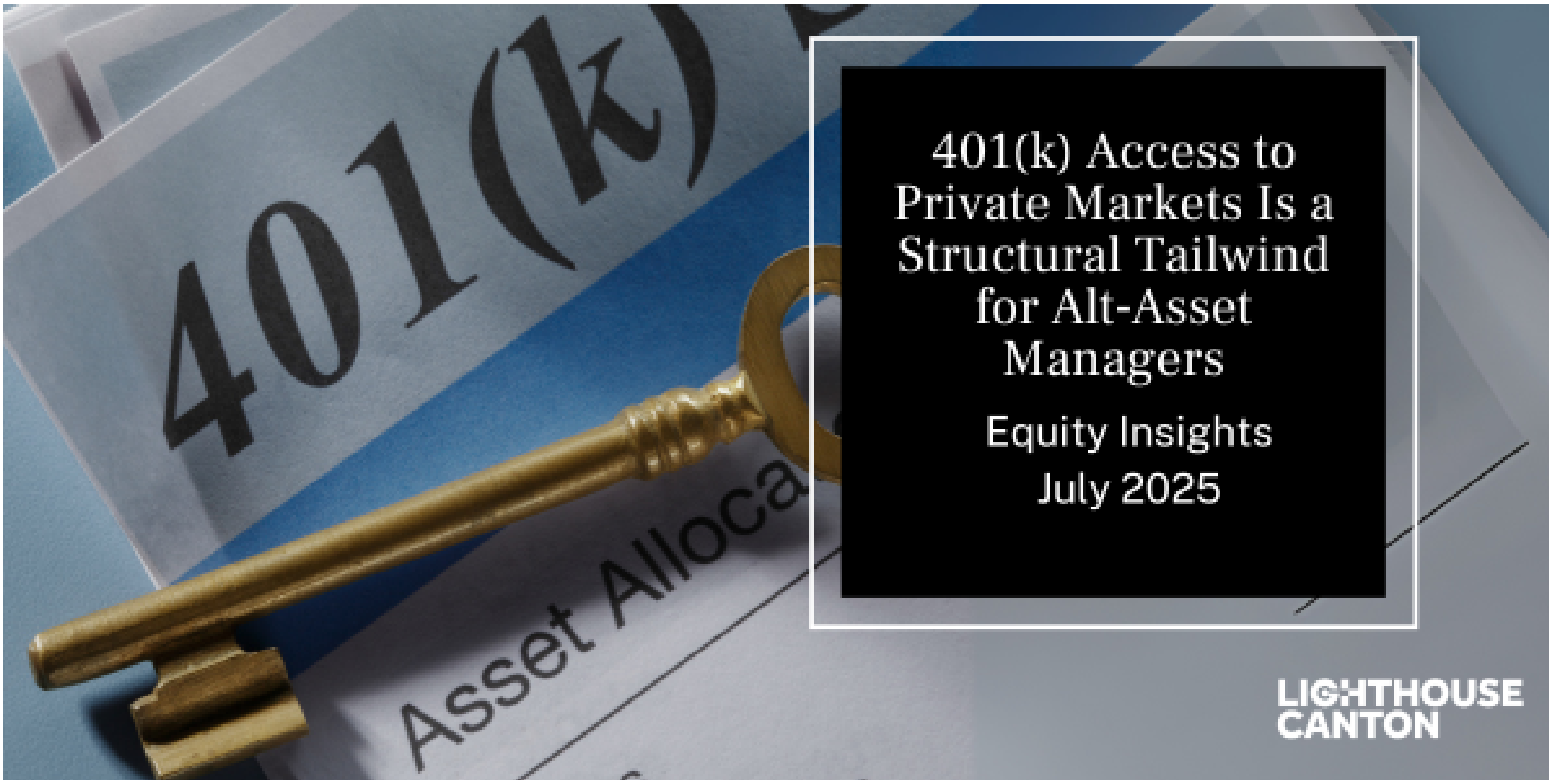

401(k) Access to Private Markets Is a Structural Tailwind for Alt-Asset Managers

Introduction – A Policy Shift With Trillion-Dollar Implications

This morning, the Trump administration signalled its intent to allow U.S. 401(k) plans broader access to private-market strategies. While defined-contribution plans have long been constrained to mutual funds and public-market vehicles, the proposed executive order would instruct the Department of Labor and other regulators to provide clear "safe-harbour" guidance for plan sponsors to incorporate private equity, private credit, and infrastructure funds. With the 401(k) market approaching $12 trillion in assets, even a modest 5% allocation could redirect more than $600 billion into alternative strategies over time.

The administration's proposal does more than unlock a new distribution channel; it cements private markets as a core allocation within America's retirement architecture. For Blackstone, KKR, and Apollo, this represents the most significant retail-market opening since interval funds gained traction a decade ago. Over the next cycle, fee-earning AUM is likely to accelerate, margins should expand with scale, and performance fees will benefit from a deeper, stickier capital base.

In short, the policy shift is a durable catalyst that aligns regulatory momentum with the secular trend of private-market penetration. For investors seeking compounders in asset management, the large alt-asset platforms stand out as prime beneficiaries.

Why This Matters – A New Growth Engine for Blackstone, KKR, and Apollo

Large alternative-asset managers have spent the past decade diversifying away from pure carry-dependent earnings toward stable, management-fee income. Blackstone's **BX Trust**, KKR's Prisma platform, and Apollo's Athene/Alternatives sleeves already offer semi-liquid vehicles tailored to the high-net-worth channel. Broadening 401(k) eligibility would give these firms direct access to tens of millions of retail savers — a client base that has, until now, been effectively off-limits.

- **Fee Model Advantage:** These managers charge a headline management fee (typically 75–125 bp) on committed or invested capital, alongside performance fees. Incremental fee-earning AUM from 401(k) flows translates into high-margin, recurring revenue.
- **Structural Diversification:** Because private-market returns are generally low-beta to public equities, plan sponsors are actively seeking ways to lower volatility without sacrificing return targets. Regulatory clarity removes a key fiduciary obstacle.
- **Scale Benefits:** The "big three" already control global distribution pipelines, in-house administration, and brand recognition — formidable barriers for smaller competitors.

Headline Numbers – What a 5 % DC Allocation Could Mean

Scenario	Incremental AUM	Annual Mgmt. Fees *	Implied Fee-Related Earnings **
1% Shift	$120 Bn	$1.0 - 1.3 Bn	$0.8 - 1.1 Bn
5% Shift	$600 Bn	$5.0 – 6.5 Bn	$4.0 – 5.5 Bn

*Assumes a blended 85 bps management fee.
**Assumes 80 % fee margin after compensation & overhead.

Even a conservative adoption curve would provide a multi-year tailwind to fee-related earnings and boost carried-interest potential once funds season.

Conclusion – A Structural Catalyst, Not a One-Time Pop

The administration's proposal does more than unlock a new distribution channel; it **cements private markets as a core allocation within America's retirement architecture.** For Blackstone, KKR, and Apollo, this represents the most significant retail-market opening since interval funds gained traction a decade ago. Over the next cycle, fee-earning AUM is likely to accelerate, margins should expand with scale, and performance fees will benefit from a deeper, stickier capital base.

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