<u>"KKR/pension plans: throwing their toys" by Opinion Lex, *Financial Times*, June 25, 2018</u>

https://www.ft.com/content/14e246b2-77fe-11e8-bc55-50daf11b720d?accessToken=zwAAAWSQ-ZSokc8U4kayd_4R6NO8VVDa8RtyDQ.MEYCIQCRsWNTabCkVXrZgU12dNGdJp4X4sk6GFUNKeM5F6QOyAIhAPy5cwmAz7bnR9_Fj-tu7VA4ZsKgYZ6-PlB3JQkUCi-U&sharetype=gift

Summary: The real Masters in the Universe are not in New York or London but nondescript towns such as Olympia, Sacramento and St. Paul…Two state pension systems, Washington and Minnesota, have questioned their allocations to KKR, the private equity titan. KKR was one of the longtime owners of Toys R Us. The ugly liquidation of the toy retailer may see 30,000 ordinary workers lose their jobs without severance pay. Struggling pension plans have relied on outsized returns from alternative assets such as private equity and hedge funds to pay out benefits…

LS Comment: *No magic on how Private Equity has earned outsized returns: use of leverage (debt) and cost cutting (under the guise of streamlining the business operations) to cover the higher interest expenses and to pay back the investors.*