



KKR CREDIT INCOME FUND (ASX: KKC)

The KKR Credit Income Fund aims to provide Australian and New Zealand investors with attractive, risk-adjusted returns and access to a diversified portfolio of income generating alternative credit investments

KKC Investment Update: Video Interview with Portfolio Manager

10 May 2022

Dear KKC Investor,

This month Jeremiah Lane, a partner and portfolio manager within the KKR Credit team spoke with Glenn Freeman from Livewire Markets.

In the interview, Jeremiah talks to KKC's outlook for the credit markets, KKC's portfolio investment strategy and opportunities for 2022.

Watch the video [here](#), or read the summary below.



1. Outlook for credit markets in the face of the Ukraine conflict

While KKC doesn't have any exposure to the Ukraine or Russia, Jeremiah talks to the impact the Ukraine war has had more broadly on global energy markets and soft commodities in the agriculture sector. He explains that Russia exports approximately 7% of the global oil supply, therefore the war caused a supply shock and price spike in the oil market. Similarly, historically Europe has really relied on Russia for its natural gas and as a result, energy costs have risen significantly in Europe.

However, Jeremiah notes a wide-reaching macro-economic effect hasn't been felt in global credit markets. While the market initially moved to a "risk-off" posture, this has largely dissipated as investor attention has moved to the actions of the US Federal Reserve, inflation and interest rates.

2. KKC's North Star in credit investing: durability of cash flow and downside protection

Jeremiah reminds us that KKC finds traded credits that are misunderstood by the market, and brings to bear its diligence expertise to validate the durability of cash loan downside protection that are fundamental to its investment decisions. Lane cited an example of his team's approach during the earlier stages of the COVID-19 pandemic with US amusement park business Six Flags.

"If ... we can find opportunities where the market doesn't understand but we do, we can have some very successful investments for our investors."

3. Opportunities in 2022

Lastly, Jeremiah says we are in a period idiosyncratic company selection. The supply-demand dynamics and changes caused by the banks, the US Federal Reserve, changes in investor's posture towards interest rates and their desire for credit risk exposure and so on, are all creating big opportunities for KKR and remain the portfolio's focus.

About KKR

46

years of
experience

US\$479

billion total assets
under management¹

US\$184

billion credit assets
under management

+650

KKR Investment
Professionals

US\$32

billion invested
alongside our clients

(1) Figures as of 31 March 2022. Represents assets managed by KKR or its strategic partners (on a proportionate basis) as to which KKR is entitled to receive a fee or carried interest (either currently or upon deployment of capital) and proprietary general partner capital. (2) Includes investments/commitments made by KKR's balance sheet, KKR employees and other affiliates. Investments made by current and former KKR employees are retained by those individuals personally. Includes unfunded commitments made by individuals.

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