

# KKR Credit Income Fund (ASX:KKC)

Monthly Investment Update: As of 31 October 2023

|                                  |                |                       |         |                                        |       |
|----------------------------------|----------------|-----------------------|---------|----------------------------------------|-------|
| <b>Net Tangible Assets (NTA)</b> | A\$763,338,830 | <b>NTA Per Unit</b>   | A\$2.37 | <b>Distribution Yield (NTA)</b>        | 8.47% |
| <b>Distribution Frequency</b>    | Monthly        | <b>ASX Unit Price</b> | A\$2.09 | <b>Distribution Yield (Unit Price)</b> | 9.59% |

## Fund Performance

| As of 31 October 2023                        | 1 Month | 3 Month | 6 Month | 1 Year  | 2 Year Annualised | 3 Year Annualised | Inception* Annualised | Inception* Cumulative |
|----------------------------------------------|---------|---------|---------|---------|-------------------|-------------------|-----------------------|-----------------------|
| <b>Total Returns (Net)</b>                   | -1.53%  | +1.58%  | +4.64%  | +13.80% | +3.54%            | +5.34%            | <b>+3.27%</b>         | <b>+13.73%</b>        |
| <b>Distribution (% of NTA)<sup>(1)</sup></b> | +0.69%  | +2.09%  | +3.73%  | +6.63%  | +5.84%            | +5.26%            | <b>+4.46%</b>         | <b>+19.06%</b>        |

\* Inception of KKC was 21<sup>st</sup> November 2019

| Distribution Based on Closing NTA <sup>(1)</sup> (%) | Jul           | Aug           | Sept          | Oct           | Nov    | Dec    | Jan    | Feb    | Mar    | Apr    | May    | Jun    | FYTD          |
|------------------------------------------------------|---------------|---------------|---------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| <b>Previous Financial Year</b>                       | +0.49%        | +0.48%        | +0.48%        | +0.49%        | +0.49% | +0.49% | +0.49% | +0.48% | +0.47% | +0.47% | +0.47% | +0.47% | <b>+5.77%</b> |
| <b>Current Financial Year</b>                        | <b>+0.71%</b> | <b>+0.70%</b> | <b>+0.70%</b> | <b>+0.69%</b> | -      | -      | -      | -      | -      | -      | -      | -      | <b>+2.80%</b> |

For a full list of distributions made since Inception, please visit the Investor Centre at [www.kkcaustralia.com.au](http://www.kkcaustralia.com.au). Past performance is not indicative of future performance and the portfolio characteristics are subject to change.

## Market Update:

- High Yield Bonds returned -1.2%<sup>(8)</sup> in October, bringing YTD performance to +4.7%. Risk asset performance weakened in October, driven by geopolitical tension in the Middle East and rising rates. High Yield Bonds were further impacted by slowing capital markets activity. Spreads continued to widen during the month, though spreads have tightened 25 basis points YTD while yields are up ~60 basis points.
- Loans performance of -0.02%<sup>(9)</sup> in October was the first negative performance of the asset class since May of this year, bringing the YTD performance to +10.1%. The asset class outperformed most of its fixed income counterparts and remains on track for the strongest YTD performance since the Global Financial Crisis.

## Dividend Update:

- KKC declared a distribution of A\$0.017 (0.69% of NTA) for the month. This is in line with the announced FY24 distribution estimate of A\$0.20. As of 31 October, ASX Unit Price of A\$2.09, this represents a yield of ~9.59%<sup>(2)</sup>.

## Portfolio Update:

- European Direct Lending (EDL) had no new additions or realizations over the month. EDL represents ~44% of KKC's portfolio invested across 40 assets as at month end.
- The weighted average price of the underlying KKC assets in the portfolio stood at 92.2% of par as at month end. The Yield to Maturity, which is inversely related to prices, stood at 12.2% and the current yield of the underlying assets in the portfolio was 10.3%<sup>(3)</sup>.

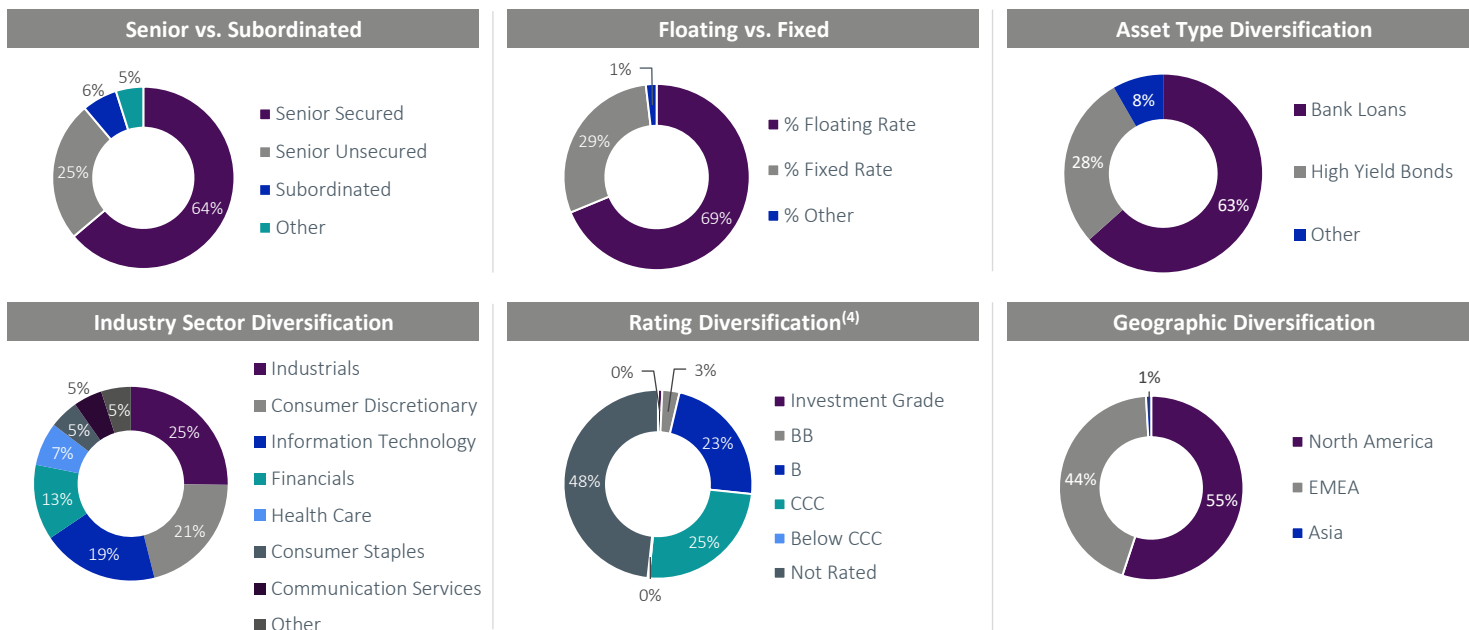
| Attribution Analysis    |                                           |                                                       |                         |                               |                |
|-------------------------|-------------------------------------------|-------------------------------------------------------|-------------------------|-------------------------------|----------------|
| MTD Performance Drivers |                                           |                                                       | YTD Performance Drivers |                               |                |
| Top Contributors        |                                           | Top Detractors                                        | Top Contributors        |                               | Top Detractors |
| <b>By Rating</b>        | BB<br>CC and Below<br>BBB                 | CCC<br>B                                              | <b>By Rating</b>        | CCC<br>B<br>CC and Below      | -              |
| <b>By Sector</b>        | Capital Goods<br>Automotive<br>Healthcare | Technology & Electronics<br>Leisure<br>Transportation | <b>By Sector</b>        | Leisure<br>Services<br>Retail | -              |

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For more information please refer to [www.kkcaustralia.com.au](http://www.kkcaustralia.com.au)

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## Portfolio Construction<sup>(4)</sup>



## Other Portfolio Details<sup>(3)</sup>

| Number of Issuers <sup>(3)</sup> | Asset Mix                                 | Yield-to-Maturity on Underlying Assets | Portfolio Interest Rate Duration | Average Price | Current Yield on Underlying Assets |
|----------------------------------|-------------------------------------------|----------------------------------------|----------------------------------|---------------|------------------------------------|
| 198                              | 56% Traded Credit /<br>44% Private Credit | 12.2%                                  | 1.0                              | 92.18         | 10.3%                              |

## Top 100 Issuer Summary: % of Portfolio

| Top 10 | Top 20 | Top 25 | Top 50 | Top 100 |
|--------|--------|--------|--------|---------|
| 18.3%  | 33.5%  | 40.3%  | 65.3%  | 91.8%   |

## Top 10 Holdings

| Holding            | Weight        | Type  | Sector                              | Fixed/Floating | Security                      | Seniority  | Country        | Currency |
|--------------------|---------------|-------|-------------------------------------|----------------|-------------------------------|------------|----------------|----------|
| ICE                | 2.02%         | Loans | Biotechnology                       | Floating       | Senior Secured                | First Lien | Italy          | EUR      |
| Ardonagh Group Ltd | 2.01%         | Loans | Insurance Brokers                   | Floating       | Senior Secured                | First Lien | United Kingdom | GBP      |
| esPublico          | 1.89%         | Loans | Application Software                | Floating       | Senior Secured                | First Lien | Spain          | EUR      |
| PIB Inc            | 1.89%         | Loans | Insurance Brokers                   | Floating       | Senior Secured                | First Lien | United Kingdom | GBP      |
| PSAV Inc           | 1.83%         | Loans | IT Consulting & Other Services      | Floating       | Senior Secured / Subordinated | Unsecured  | United States  | USD      |
| Advania Sverige AB | 1.83%         | Loans | IT Consulting & Other Services      | Floating       | Senior Secured                | First Lien | Sweden         | SEK      |
| HKA                | 1.72%         | Loans | Research & Consulting Services      | Floating       | Senior Secured                | First Lien | United Kingdom | GBP      |
| Wella Corp/The     | 1.72%         | Loans | Personal Care Products              | Floating       | Senior Secured                | First Lien | Switzerland    | GBP      |
| Varsity Brands Inc | 1.69%         | Loans | Apparel, Accessories & Luxury Goods | Floating       | Senior Secured                | First Lien | United States  | USD      |
| Caldic BV          | 1.67%         | Loans | Distributors                        | Floating       | Senior Secured                | First Lien | Netherlands    | USD      |
|                    | <b>18.26%</b> |       |                                     |                |                               |            |                |          |

This investment update and the statistics surrounding the top 10 holdings in the KKR Credit Income Fund is provided solely for informational purposes. The information contained herein is only as current as of the date indicated, and may be superseded by subsequent market events or for other reasons. For more information please refer to [www.kkcaustralia.com.au](http://www.kkcaustralia.com.au)

# KKR Credit Income Fund (ASX:KKC)

## Monthly Investment Update: As of 31 October 2023

### KKC Overview

The Trust aims to provide investors with attractive, risk-adjusted returns and access to a diversified portfolio of income generating alternative credit investments through the Trust's investment across strategies managed by the credit investment teams of Kohlberg Kravis Roberts & Co. L.P. ("KKR").

These strategies comprise the Global Opportunistic Credit strategy and European Direct Lending strategy, which seek to take advantage of the attractive opportunities that KKR sees in the market. The Trust's investment objective is to provide an income stream as well as to achieve attractive long-term capital appreciation over a full market cycle.

KKC has announced that for the financial year ending June 2024, KKC is targeting a distribution of +8.6% based on the issue NTA per unit of A\$2.3308<sup>(2)</sup> (20.0c per year). The Trust continues to target a medium-term average total return of 6% - 8% per annum<sup>(5)</sup> through the market cycle.

The Trust is appropriate for investors seeking income distribution to be used as a satellite allocation within a portfolio where the investor has a 5+ year investment timeframe and a medium to high risk/return profile. Investors should refer to the Target Market Determination ([TMD](#)) document for further information.

### KKR Overview

Established in 1976, KKR is a global investment firm with industry-leading investment experience, a pioneering attitude to ESG management and a strong culture committed to teamwork.

As of 30 September 2023, KKR had A\$820.7 billion of assets under management, of which A\$314.6 billion sits within KKR Credit.<sup>(6)</sup>

KKR has a global presence with offices in 24 cities across 4 continents, including Sydney, Australia. KKR employs approximately 170 investment professionals in the Credit business.

KKC represents the largest pool of capital for KKR's Australian business and KKR now has two permanent members of its Client Partner Group based in Sydney. The Client Partner Group is responsible for client and market engagement across KKR's breadth of funds and strategies

### KEY TRUST INFORMATION AS AT 31 October 2023

|                       |                                                                                                                                                                                                         |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Trust Name            | KKR Credit Income Fund (ARSN 634 082 107)                                                                                                                                                               |
| ASX Code              | KKC                                                                                                                                                                                                     |
| ASX Listing           | 21 November 2019                                                                                                                                                                                        |
| Market Capitalisation | 674,095,811                                                                                                                                                                                             |
| Units On Issue        | 322,533,881                                                                                                                                                                                             |
| Investment Manager    | KKR Australia Investment Management Pty Ltd (ABN 42 146 164 454)                                                                                                                                        |
| Responsible Entity    | The Trust Company (RE Services) Limited (ABN 45 003 278 831)                                                                                                                                            |
| Management Fee        | 0.88% per annum of the NTA, plus net GST of 0.022% per annum of the NTA <sup>(7)</sup>                                                                                                                  |
| Performance Fee       | Up to 5.125% of the net annualised return (inclusive of net GST, less RTIC), multiplied by the 'Adjusted NAV' with a hurdle of RBA cash rate plus 4.00% and subject to a high water mark <sup>(8)</sup> |
| Asset Class           | Fixed Income, AUD Hedged                                                                                                                                                                                |

### CONTACT INFORMATION

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KKR CREDIT INCOME TRUST  
[www.kkcaustralia.com.au](http://www.kkcaustralia.com.au)

### RESEARCH

BondAdviser

INDEPENDENT  
INVESTMENT RESEARCH

Zenith  
INVESTMENT PARTNERS

For more information please refer to [www.kkcaustralia.com.au](http://www.kkcaustralia.com.au)

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### Footnotes

- (1) Distribution % calculated as the distribution per unit divided by the closing NTA of the previous month. The multi period calculations sum the dividend yields received and does not compound them.
- (2) Net of fees and expenses incurred by the Trust, but before tax. The target distribution is only a target and may not be achieved. All investments are subject to risk which means you may lose all or a portion of the amount you invest or you may otherwise achieve distributions and returns that are lower than any target distribution or target return. Before making an investment decision, it is important to understand the risks that can affect the value of your investment. Investors should read the risks described in Section 8 of the PDS.
- (3) Represents KKR estimates of the yields of the portfolio's underlying assets, excluding cash, as of 31 October 2023.
- (4) Source: KKR as of 31 October 2023. Credit ratings are statements of opinion of a relevant credit agency about the likelihood of a borrower to meet its interest and principal payment and repayment obligations when they fall due. Credit ratings are not statements of fact or recommendations to purchase, hold or sell securities. Credit ratings do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied upon as investment advice.
- (5) Target medium-term average total return net of fees and expenses incurred by the Trust, before tax. The distribution yield over a given period may be lower than the total return in this period to the extent that the total return includes unrealised gains. Investors should review the Risk summary set out in Section 1 and Section 8 of the PDS for important information regarding Target Total Returns and the Trust's ability to achieve them. Past performance is not indicative of future results.
- (6) The KKR Credit group is comprised of KKR Credit Advisors (US) LLC, KKR Alternative Investment Management and KKR Credit Advisors (EMEA) LLP. AUM is updated quarterly in line with KKR's public filings.
- (7) This is a summary only – see section 9 of the PDS for more detail.
- (8) High Yield Bond returns represented by ICE BofA US High Yield Master II Index.
- (9) Leveraged Loan returns represented by Morningstar LSTA US Leveraged Loan Index.

### IMPORTANT INFORMATION

#### GENERAL

This information has been prepared by KKR Australia Investment Management Pty Ltd ABN 42 146 164 454, AFSL 420 085 ("KKR" or "The Manager"), and authorized for release and issued by The Trust Company (RE Services) Limited ABN 45 003 278 831, AFSL 235150 ("TTCRESL"). TTCRESL is the responsible entity and issuer of the KKR Credit Income Fund ARSN 634 082 107 ("Trust"). TTCRESL has appointed KKR to act as the manager of the Trust. This update is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not indicative of future performance. This information is believed to be accurate at the time of compilation and is provided in good faith. This information may contain information contributed by third parties. KKR and TTCRESL do not warrant the accuracy or completeness of any information contributed by a third party. Any term not defined in the document has the same meaning as defined in the PDS.

Before making any investment decisions you should consider the Product Disclosure Statement (PDS) and Target Market Determination (TMD) for the Trust issued by TTCRESL and the Trust's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at [www.kkcaustralia.com.au](http://www.kkcaustralia.com.au) or can be obtained by calling 1300-131-856 within Australia.

None of KKR, its affiliates or its related corporate bodies, or any company in the Perpetual Group (Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of the Trust or the return of an investor's capital. This information does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of the Trust's units.

#### Information in this Document

This information is only as current as the date indicated, and may be superseded by subsequent market events or for other reasons.

This information may contain projections or other forward-looking statements and comments regarding future events, including targets or expectations regarding the Trust's business, plans and strategies. Forward-looking statements also include prospective financial information for the Trust. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar words that involve risks and uncertainties. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is no assurance that such events or targets will be achieved. A number of important factors could cause the Trust's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements, and many of these factors are beyond the control of TTCRESL and KKR. This information is not a promise or representation as to the future and past performance is not a guarantee of future performance. Statements or assumptions in this information as to future matters may prove to be incorrect and may be superseded by subsequent market events or for other reasons. You acknowledge that the circumstances may change and that this information may become outdated as a result.

You should make your own independent assessment of this information and seek your own independent professional advice in relation to the information and any action taken on the basis of the information.

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