



## 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

## Video: Investment Update with Jeremiah Lane, Portfolio Manager

11 July 2022

Dear KKC Investor,

This month Jeremiah Lane, a partner and portfolio manager within the KKR Credit team provides a video update on current market conditions, how the KKC portfolio is positioned and discusses KKC's planned increase to its distribution to KKC unit holders.

A summary is below and you can watch the video [here](#).

# KKC Market Update

## 1. The market is disrupted

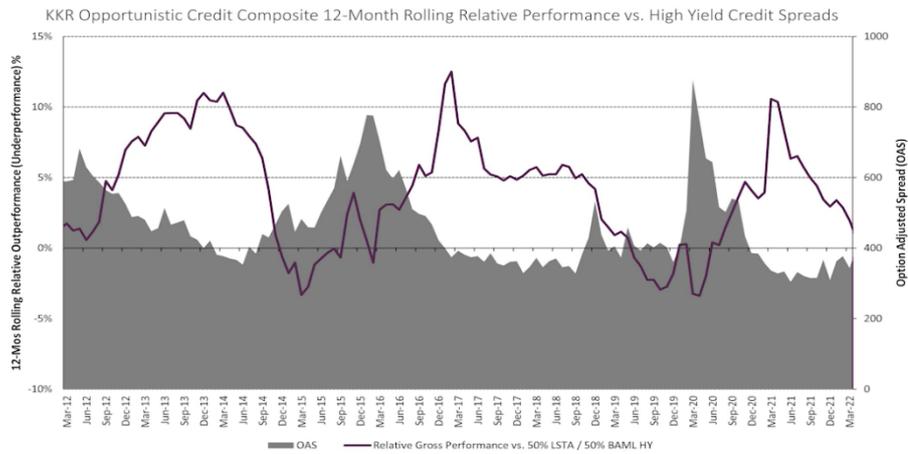
Jeremiah explains that currently all markets are experiencing disruption, fundamentally due to the change in the Federal Reserve policy. For example, the Federal Reserve's change in posture from quantitative easing to tightening has in turn caused banks to look for higher returns in AAA assets. This has caused a decrease in demand for loans, and triggered loans to trade with a wider spread. Jeremiah also details the macroeconomic impact on the high yield markets.

KKC's portfolio performance has been in line with the market. Indexed on a six-month basis, the portfolio is down 4.1%, roughly in between the performance of high yield index and the loan index, which are down 6% and 1.8% respectively, which is in line with expectation.

## 2. KKC is familiar with disrupted markets and is well positioned to take advantage of the opportunities it will present

KKR's opportunistic credit strategy (which KKC is invested in) has a track record of performing particularly well coming out of periods of significant disruption. The graph below showcases the opportunistic strategy's outperformance versus the index in the periods following volatility. The outperformance is where the purple line moves above the grey line.<sup>[1]</sup>

## KKR's Opportunistic Credit Composite Has Outperformed Following Periods of Volatility



### 3. Due to strong performance, KKC will increase the distribution to KKC unit holders

KKC's investment approach to hold a concentrated portfolio of its highest conviction ideas has been highly successful over a long period of time.

Given the income being generated from the underlying portfolio of assets and the portfolio's success post periods of market volatility, KKC is able to increase the distribution to unit holders, starting from the next fiscal year. From July 1, KKC will be increasing the distribution target for FY23 to 5.82% based on current NTA of 2.2552.

We appreciate your ongoing support and look forward to keeping you updated on KKC.

**[1]** Past performance is not indicative of future performance.

## KEY BENEFITS AND RISKS

## BENEFITS

The key benefits of investing in the Fund include:

- **Attractive Target Distribution**
- **Attractive Target Return**
- **Diversified exposure**
- **Alignment of interests with Unitholders**
- **KKR product access**
- **Highly experienced KKR Credit team**

## RISKS

Key risks include:

- **Allocation risk** in relation to the Investment Strategy
- **Illiquid and long term investments** in relation to the Investment Strategy
- **Potential conflicts of interests of the Responsible Entity and the Manager and its affiliates**
- Entities within the “**Perpetual Group**” may also act in various capacities for other funds or accounts, which may conflict with the role the Responsible Entity plays with respect to the Trust.
- **Market and economic risks** in relation to an investment in the Trust
- **Currency risk** in relation to an investment in the Trust
- **Pricing risk** in relation to an investment in the Trust
- **Liquidity risk** relating to Units in the Trust in relation to an investment in the Trust
- **Operational risk** in relation to an investment in the Trust
- **High yield investments risk** in relation to debt investments
- **Credit risk** in relation to debt investments
- **Interest rate risk** in relation to debt investments
- **Bankruptcy risk** in relation to debt investments

If you are uncertain as to whether an investment in the Trust is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.

**About KKR**

46

years of  
experience

US\$479

billion total assets  
under management<sup>1</sup>

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.



## Important Information

### General

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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.

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The Manager's privacy policy is available on the KKC website [www.kkcaustralia.com.au](http://www.kkcaustralia.com.au) or by contacting the Manager as follows:

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