



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

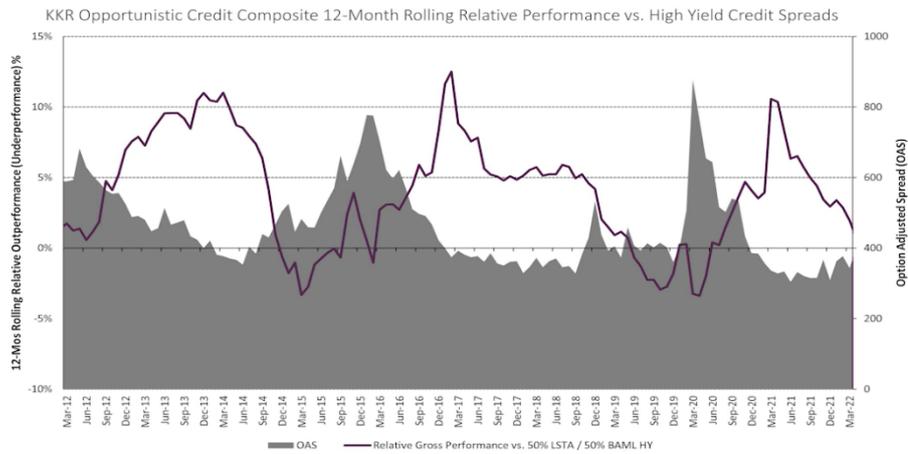
Jeremiah explains that currently all markets are experiencing disruption, fundamentally due to the change in the Federal Reserve policy. For example, the Federal Reserve's change in posture from quantitative easing to tightening has in turn caused banks to look for higher returns in AAA assets. This 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.^[1]

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 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.



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 issued by Seed Partnerships Pty Ltd ABN 32 606 230 639 AFSL 492973 on behalf of the Manager and The Trust Company (RE Services) Limited ABN 45 003 278 831, AFSL 235150 (the "Responsible Entity" or "TTCRESL"). TTCRESL is the responsible entity and issuer of units in the KKR Credit Income Fund ARSN 634 082 107 ("KKC" or the "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.

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 or can be obtained by calling 1300-131-856 within Australia.

None of KKR, its affiliates or its related bodies corporate, 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 update

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. Any term not defined in this document has the same meaning as defined in the PDS.

Copyright © 2022 Seed Partnerships Pty Ltd, All rights reserved. ABN 32 606 230 639 AFSL 492973

You are receiving this email as you have opted to receive KKC updates. The Manager gathers and analyses non-personal data regarding the use of the KKC website (www.kkcaustralia.com.au) and advertisements, including domain names, number of hits, pages visited, length of user session, etc., to evaluate the usefulness of the site/advertisements. This data is collected for statistical purposes only and may be shared with TTCRESL and KKC's unit registry, Boardroom Pty Limited ABN 14 003 209 836. Your personal information is kept to provide you with this update. We may disclose your personal information to external parties who provide services to the Manager (for example, mail houses, and database management services) and, unless you tell us otherwise, your financial adviser. Otherwise, we will not disclose your personal information to any other external parties unless required by law.

You may be entitled to access information which the Manager holds about you. If you would like access or you do not want to receive other information, please contact the Manager.

The Manager's privacy policy is available on the KKC website www.kkcaustralia.com.au or by contacting the Manager as follows:

KKR Australia Investment Management Pty Ltd
Level 42, Gateway Building
1 Macquarie Place
Sydney NSW 2000
Kapil.Kirpalani@kk.com
+852 36027376

If you do not want to receive further updates, please [unsubscribe](#) here.

Unit Registry - Boardroom Pty Ltd · Grosvenor Place · Level 12, 225 George Street · Sydney, NSW 2000 · Australia