



The Trust Company (RE Services) Limited  
ABN 45 003 278 831, AFSL 235150

26 March 2020

The Manager  
ASX Market Announcements  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

### **NTA UPDATE**

Through engagement with market participants and due to recent market volatility, KKR Credit Income Fund (KKC) is aware of a desire for a net tangible asset per unit (NTA) calculation.

The NTA per unit is estimated to be A\$1.9057 as of end of day 23rd March 2020 (US time).\*

### **Performance Update**

Today, KKR announced a NTA estimate of \$1.9057 as of 23rd March 2020. This estimate is down approximately 13.0% from the 16 March 2020 estimated NTA of \$2.1914. Things have moved rapidly in the market since then. This reduction in NTA has been driven primarily by market volatility due to Covid-19 concerns. KKR has provided a closer look at this below.

Global equity and credit markets have declined materially in response to the uncertainty around Covid-19 and the global demand for goods and services. The opposite side of the equation is also under pressure as investors try to understand how social distancing will disrupt supply chains. It is KKR's view that credit markets should experience fewer extreme swings than seen in the equity markets. This is only somewhat true today as the extent of the sell down in equity markets has resulted in material price depression in the credit markets as well. So far, KKR has seen indiscriminate selling of credit assets across the markets, with little regard for underlying company performance. KKR believes the reason for this is that some managers who offer daily liquidity funds have seen large redemption requests which require them to sell into a depressed market to generate cash. These managers target the larger, more liquid names to sell where they feel they can get the best price rather than trying to sell problem credits. KKR has not seen any defaults in the portfolio as a direct result of Covid-19 and the recent market volatility but continue to monitor the portfolio closely. At this point in the market, KKR is focused on high quality assets that are senior in the capital structure and that they believe can generate attractive risk-adjusted returns. These are companies in more defensive sectors that KKR believe have demonstrated the ability to generate consistent free cash flows through periods of stress.

Yours sincerely,

Kevin Razavi  
Senior Corporate Client Manager  
The Trust Company (RE Services) Limited

\*All figures are stated in Australian dollars (AUD) unless otherwise stated. All figures have been prepared by KKR's manager, KKR Australia Investment Management Pty Limited, are unaudited and approximate and have not been verified by JP Morgan, KKR's administrator. While KKR considers its estimates and expectations about future prospects to be based on reasonable grounds, there is no guarantee that those expectations will be met. Past performance is not indicative of future performance.

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The Trust Company (RE Services) Limited ABN: 45 003 278 831, AFSL: 235150 as Responsible Entity of the KKR Credit Income Fund (ARSN 634 082 107)

## Important Information

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