

## KKR Credit Income Fund

Rating issued on 30 Mar 2026 | Exchange Code: KKC

### Investment objective

To deliver an absolute return of 6% p.a. to 8% p.a. (net of fees and expenses) over the medium-term, which includes a target distribution of 4% p.a. to 6% p.a. paid on a quarterly basis.

Manager	Kohlberg Kravis Roberts & Co. L.P.
Distributor	KKR Australia Investment Management
Sector	International Fixed Interest \ Private Credit
Investment Style	Senior Secured
RI Classification	Aware
Absolute Risk	Moderate
Relative Risk	Senior Secured
Investment Timeframe	5-6 Years
Zenith Benchmark	Bloomberg AusBond Bank Bill Index
Min Investment Amount	-
Redemption Frequency	Intraday
Income Distribution	Monthly
Fund Size (31 Jan 2024)	\$788.10M
Management Cost	0.90% p.a. Incl. GST
Performance Fee	5% of any excess return of the net portfolio return over the RBA Cash Rate plus 4% p.a.
Buy / Sell Spread	N/A
Inception Date	21 Nov 2019

### Fund facts

- Deep and highly-experienced investment team
- Focus on sub-investment grade securities
- Ability to opportunistically invest across a range of sub-sectors

### Viewpoint

The Trust, managed by KKR, accesses the Global Credit Opportunities Fund (GCOF); a global portfolio of high yield bonds, bank loans, structured credit and a European direct lending strategy (EDL), which invests in European senior secured loans. In our opinion, KKR's proven expertise in managing the underlying building blocks coupled with the level of inbuilt strategy diversification, positions the Trust as an attractive option in the listed investment trust (LIT) segment, for those investors seeking more aggressive fixed income returns with attendant drawdown risk.

In terms of the Trust and its underlying investment strategies, Chris Sheldon, Co-Head of Credit and Markets, is the Lead Portfolio Manager for the GCOF strategy, while Michael Small, Head of European Direct Lending is responsible for the EDL portfolio. Sheldon is based in San Francisco and maintains responsibility for the firm's leveraged credit, private credit and strategic investments groups. In our opinion, his contrarian mindset and ability to understand the intrinsic value of a business is a key contributor to the success of the underlying strategy.

The Trust invests into the US-centric GCOF strategy and the EDL portfolio, representing approximately 60% and 40% of the underlying portfolio, respectively (31 January 2026). GCOF is KKR's flagship 'traded' credit strategy, representing the 'best ideas' from across its credit platform with the investable universe including high yield, bank loans, structured products and opportunistic credit.

Zenith highlights that the focus on sub-investment grade securities is a point of differentiation and adds a layer of specialisation to the investment process. In our opinion, the approach is more resource-intensive and requires a contrarian mindset given the focus is on understanding the default risk of a business.

The GCOF portfolio is managed with a credit spread duration range of between two and five years with a bias to senior secured securities which includes both loans and bonds. Consistent with the opportunity set, KKR typically invests in lower quality credit securities with a typical credit rating of B and CCC (based on S&P's rating methodology), noting that EDL assets are not rated.

Zenith notes that this cohort of securities is subject to a high level of mark-to-market volatility and potential default risk, particularly during stressed equity periods or cyclical downturns. In our opinion, the portfolio management team's ability to objectively assess credit fundamentals, ignore short-term market sentiment and invest on a 'through the cycle' basis, is a strength of the process.

Overall, Zenith considers KKR's portfolio construction process to be well structured and consistent with attaining the Trust's investment objective. Zenith highlights that by combining a traded credit and direct loan sleeve, the portfolio is diversified across a range of spread sectors, regions and industries and importantly, lowly-correlated return drivers. For example, the performance of European direct loans can diverge from traditional high yield markets, particularly where the outlook for floating versus fixed rate securities decouples, or the market is paying a premium for loans with higher amounts of asset protection or subordination.



## Fund analysis

### Fund characteristics

Constraint	Value
<i>EDL portfolio:</i>	
First lien senior secured debt	Minimum 70% of portfolio
European portfolio exposure	Minimum 90% exposure to Europe
Single issuer limit	Up to 20% of portfolio NAV
Maximum exposure to KKR affiliates	Up to 15% of portfolio NAV

### Investment objective and philosophy

The Trust's investment objective is to deliver an absolute return of 6% p.a. to 8% p.a. (net of fees and expenses) over the medium-term, which includes a target distribution of 4% p.a. to 6% p.a. paid on a monthly basis. This is achieved by investing in a mix of global credit strategies (both private and publicly-traded) with low correlation to traditional investment grade bond markets, and an emphasis on diversification across asset classes, regions and issuers.

The investment philosophy is premised on intensive bottom-up credit analysis being a sustainable source of excess returns, particularly when applied with a capital preservation focus. KKR's approach is centred on its fundamental analysis of a company/issuer, including detailed historical and projected financial modelling.

The Trust invests into the following investment strategies:

- Global Credit Opportunities Fund (GCOF) - 45% to 100%
- European Direct Lending (EDL) - 40% to 50%

The underlying strategy mix has been constructed to achieve diversification across regions, issuers and different fixed interest sub-sectors. For example, GCOF is a US-centric strategy investing primarily in corporate bonds and loans, while the EDL portfolio invests in European loans.

Zenith highlights that GCOF invests in publicly-traded bonds and loans and therefore will exhibit greater variability of performance, while the EDL strategy comprises a portfolio of direct loans which are priced less frequently, with performance variations generally representative of the performance of underlying borrowers. Zenith highlights the embedded level of diversification between the two strategies, with the EDL allocation expected to smooth portfolio volatility at the Trust level.

The following section includes a detailed overview of each of the underlying strategies.

#### GCOF portfolio

The GCOF strategy represents the firm's 'best ideas' from across KKR's traded credit platform including high yield, bank loans, structured credit and opportunistic credit. KKR can invest up to 20% of the portfolio in an 'Opportunistic Bucket' and other opportunities including bilateral lending transactions.

The portfolio managers employ a range of bottom-up strategies, which are classified based on the following:

- **Event driven** - identifying securities with short-term catalysts for price appreciation which can include mergers and acquisition activity, restructuring and/or positive ratings movements
- **Dislocation/relative value** - high yielding securities from companies experiencing earnings/revenue challenges and/or its underlying sector is facing structural challenges
- **Proprietary sourcing** - leveraging the firm's industry networks to access niche financing opportunities, which can include cornerstone or large block trades
- **Stressed credits** - distressed companies that require refinancing or restructuring of debt arrangements. Typically these companies operate in structurally challenged industries or sectors going through transition
- **Structured credit** - can include a range of structured credit opportunities, including investing in lower tranches of collateralised loan obligations (CLO's)
- **Illiquidity premium** - typically smaller businesses or industries, that are more illiquid and less frequently traded, thereby offering a market premium

The event driven and dislocation/relative value allocations strategies are expected to account for the majority of portfolio risk, however the underlying portfolio weightings will change over time and reflect the prevailing opportunity set.

In sum, the GCOF strategy draws on the extensive network of the broader KKR business. In our opinion, the quality and depth of the bottom-up due diligence process, enables the portfolio management team to invest lower down the risk continuum to generate attractive risk-adjusted returns.

#### EDL portfolio

The EDL portfolio is a pool of loans, that have been sourced from across KKR's origination networks. As a lender, KKR prioritises larger transactions, where the borrower has a minimum of \$EUR 25 million of EBITDA (earnings before interest, depreciation and amortisation), coupled with strong fundamentals and high quality private equity (PE) sponsors. A typical tranche size is generally between \$EUR 100 million and \$EUR 250 million, with a preference for being the sole lead lender on the majority of deals.

The majority of loans are floating rate in nature, with borrowers paying a spread above Euribor (European Inter-Bank Offered Rate), generally in the range of 5% p.a. to 7% p.a., subject to market pricing. Further, KKR typically invests in senior and unitranche loans (which is a form of combining senior and subordinated loans to generate a blended exposure), with a lower exposure to second lien loans.

Zenith notes that investing in loans is a highly specialised skill set, that extends well beyond traditional credit investing. For example, this includes a detailed understanding of the origination process, funding structures (i.e. revolving facilities), term loans with different amortisation features, and the ability to manage impaired assets. In addition, KKR's approach is augmented by its vast networks and business relationships which should ensure a strong pipeline of lending opportunities.



## Portfolio applications

The Fund provides exposure to an actively-managed credit strategy that invests across a broad range of global spread sectors, including US and European high yield, bank loans, structured credit and private debt.

Zenith believes the Fund may be suitable for investors seeking exposure to a higher yielding portfolio with 'equity like' return expectations which may improve a portfolio's potential risk/return profile. However, given the Fund can invest in sub-investment grade and unrated assets, it may not be suitable for the more risk-averse investor.

From a portfolio perspective, the Fund may be suitable as a component in the income-producing portion of a well-diversified portfolio. The Fund is considered appropriate as a component of a defensive allocation; however, given the higher return and volatility profile of the strategy, Zenith believes that investors may partly fund the allocation from the growth portion of a portfolio. Due to the anticipated moderate to high levels of volatility, with the potential for capital losses, Zenith recommends taking a medium to long-term investment time frame.

Investors also need to be aware that as a listed Trust, the units will have their own trading patterns and may deviate from NTA and also the actual investment returns generated by KKR.

To access the underlying investment strategies, KKR employs a master/feeder structure with the Australian Trust investing in a Singapore domiciled partnership (referred to as a feeder fund), which in turn, invests in the GCOF strategy, a Cayman based company (the master fund).

The Trust gains its exposure to the underlying investment strategy via a Profit Participating Note (PPN) which is issued by the Singapore-based entity. The PPN is a debt instrument paying a variable investment return based on the underlying performance of the GCOF and EDL portfolios.

Zenith highlights that the investment structure is complex, including the use of an interposed entity to manage potential Controlled Foreign Company (CFC) obligations. While our preference is for a more simplified approach, in our opinion, the structure effectively creates the same investment and tax outcomes as a direct investment, albeit with less risk of being taxed on an accruals basis under the CFC provisions.

CFC is a complex area of tax legislation and Zenith recommends investors seek their own personal tax advice with respect to the suitability of the structure.

## Fund responsible investment attributes

Key Information	Description
Zenith RI classification*	Aware
Has Responsible Investment Policy	Yes
PRI Status	
PRI Signatory	Yes

\*Zenith RI Classification scale:

- Traditional
- Aware
- Integrated

- Thematic
- Impact



# Absolute performance

Performance as at 28 Feb 2026

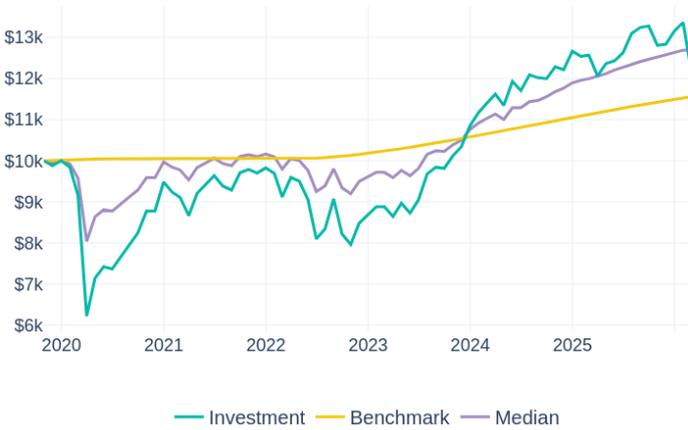
## Monthly performance history (% , net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	BM YTD*	BM2 YTD**
2026	1.58%	-8.47%											-7.03%	0.59%	-1.76%
2025	-1.01%	0.25%	-4.04%	2.49%	0.57%	1.57%	3.74%	1.11%	0.27%	-3.55%	0.20%	2.53%	3.89%	3.97%	-3.43%
2024	2.95%	2.01%	1.99%	-2.35%	5.12%	-1.88%	3.30%	-0.60%	-0.18%	2.41%	-0.60%	3.71%	16.72%	4.47%	1.26%
2023	2.34%	-0.04%	-2.65%	3.69%	-2.66%	3.69%	6.96%	1.68%	-0.27%	3.14%	2.14%	4.95%	24.99%	3.89%	10.19%
2022	-1.37%	-5.88%	5.19%	-0.96%	-4.68%	-10.57%	2.97%	8.79%	-9.43%	-3.08%	6.48%	2.37%	-11.64%	1.25%	-11.62%

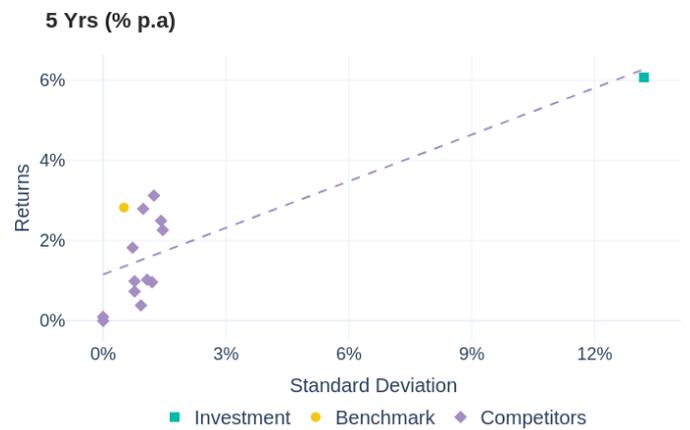
\*Bloomberg AusBond Bank Bill Index

\*\*KKC Net Portfolio Returns

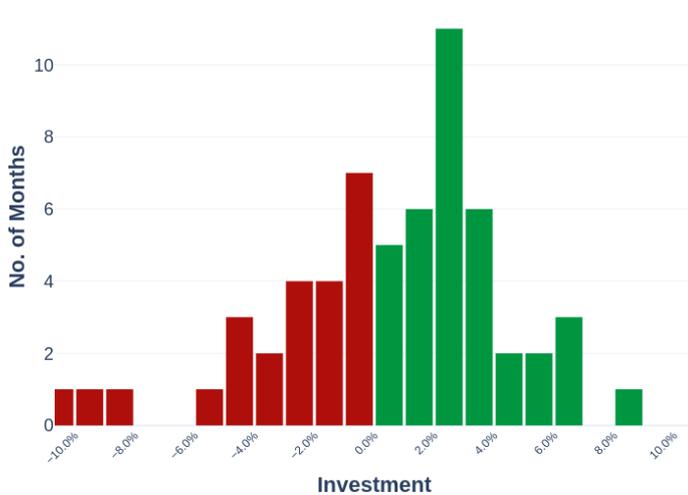
## Growth of \$10,000



## Risk / return



## Monthly histogram



## Minimum and maximum returns (% p.a.)





## Absolute performance analysis

Instrument	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Investment	-2.68%	3.61%	11.26%	6.07%	3.23%
Benchmark	3.83%	4.15%	4.14%	2.83%	2.31%
Median	5.90%	7.32%	9.33%	5.38%	3.85%
Cash	3.83%	4.15%	4.14%	2.83%	2.31%

## Ranking within sector (p.a.)

Ranking within Sector	1 Yr	2 Yrs	3 Yrs	5 Yrs
Fund Ranking	5 / 5	1 / 2	1 / 2	1 / 2
Quartile	4th	-	-	-

## Absolute risk

Instrument	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
<b>Standard Deviation (% p.a.)</b>					
Investment	11.55%	10.06%	10.29%	13.20%	19.28%
Benchmark	0.08%	0.11%	0.11%	0.51%	0.53%
Median	0.52%	2.14%	3.34%	5.94%	9.31%
<b>Downside Deviation (% p.a.)</b>					
Investment	10.03%	7.47%	6.47%	9.25%	15.49%
Benchmark	0.00%	0.00%	0.00%	0.01%	0.01%
Median	0.00%	0.83%	1.28%	4.01%	7.47%

## Absolute risk/return ratios

Instrument	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
<b>Sharpe Ratio (p.a.)</b>					
Investment	-0.56	-0.05	0.69	0.25	0.05
Benchmark	0.00	0.00	0.00	0.00	0.00
Median	3.96	1.48	1.56	0.43	0.16
<b>Sortino Ratio (p.a.)</b>					
Investment	-0.65	-0.07	1.10	0.35	0.06
Benchmark	NaN	NaN	NaN	0.00	0.00
Median	infinity	3.80	4.05	0.64	0.21

Zenith benchmarks funds in the 'International Fixed Interest - Private Credit' peer group against the Bloomberg AusBond Bank Bill Index. While this benchmark may not be consistent with the one adhered to by all rated participants, it has been adopted to provide investors with a common reference point against which similarly structured strategies may be assessed.

The following commentary is effective as at 28 February 2026.

The Trust's investment objective is to deliver an absolute return of 6% p.a. to 8% p.a. (net of fees and expenses) over the medium-term, which includes a target distribution of 4% p.a. to 6% p.a. paid on a quarterly basis.

On a since inception basis, the Fund has broadly achieved its investment objective, while ranking in the upper quartiles of the peer group.

Zenith ratings applied to LITs do not explicitly take into account share prices vs. NAV and do not represent a buy/sell recommendation based on a LIT's valuation. Potential investors should make their own determination of the appropriateness of prevailing premiums or discounts to NAV when acquiring or disposing of a LIT.



## Relative performance

### Excess returns

Statistic	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Excess Return	-6.51%	-0.55%	7.13%	3.24%	0.92%
Monthly Excess (All Mkts)	58.33%	50.00%	58.33%	55.00%	53.95%
Monthly Excess (Up Mkts)	58.33%	50.00%	58.33%	55.17%	54.79%
Monthly Excess (Down Mkts)	0.00%	0.00%	0.00%	50.00%	33.33%

### Capture ratios (% p.a.)

Statistic	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Downside Capture	0.00%	0.00%	0.00%	809.81%	8497.12%
Upside Capture	-71.99%	87.08%	264.03%	212.44%	149.50%

### Tracking error (% p.a.)

Instrument	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Investment	11.53%	10.03%	10.25%	13.11%	19.25%
Median	0.48%	2.11%	3.29%	5.82%	9.26%

### Information ratio

Instrument	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Investment	-0.56	-0.05	0.70	0.25	0.05
Median	4.30	1.50	1.58	0.44	0.17

### Beta statistics

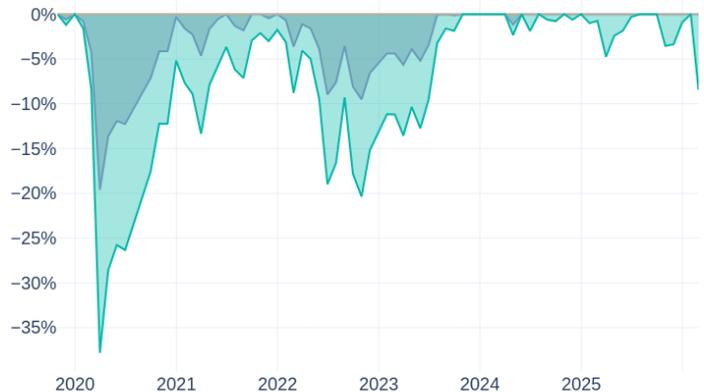
Statistic	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Beta	39.27	30.00	36.33	5.10	2.85
R-Squared	0.07	0.11	0.15	0.04	0.01
Correlation	0.26	0.33	0.38	0.20	0.08

The following commentary is effective as at 28 February 2026.

Zenith typically seeks to identify funds which can outperform their index in greater than 50% of months as we believe this represents a persistence of manager skill. The Trust has been successful in outperforming the benchmark in more than 50% of 'all' markets across all periods of assessment. Zenith notes the down-market assessment is less relevant given the cash-based sector benchmark.

### Drawdown analysis (since inception)

*Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.*



Investment Benchmark Median Cash

The following commentary is effective as at 28 February 2026.

The Fund's drawdown profile has been commensurate with the broader risk/return profile of the strategy. To date, the Fund's largest drawdown has been 37.8% through the COVID period which captures the movement in the listed price (as opposed to the performance of the underlying portfolios).

Zenith reiterates that despite the relative attractiveness of the strategy, the performance of the Trust reflects the movement in the underlying portfolio, as well as the performance of the ASX vehicle. The latter is subject to the impact of market sentiment, which can result in the Trust trading at a significant discount/premium to net tangible assets.

## Product exposures

### Holdings not provided by the manager



## Fund commentary

### Fund risks

Zenith has identified the following key risks of the Trust. Although Zenith believes the risks noted are all significant, we have listed them in order of importance. In addition, we have not intended to highlight all possible risks.

**Key person risk:** Given the collegiate nature of the business, Zenith considers key person risk to be low. However, if Sheldon was to depart, this would warrant a reassessment of our rating.

**Discount to NTA risk:** Investors are exposed to the performance of the underlying portfolio and movements in the share price of the ASX vehicle. The latter is subject to the impact of market sentiment, which can result in the Trust trading at a significant discount/premium to net tangible assets.

**Structuring risk:** The Trust invests in a Profit Participating Note (PPN) structure, which is issued by a separate KKR entity and effectively provides the Trust with an economic interest in the underlying GCOF and EDL portfolios. The use of interposed entities introduces additional structuring risk including complexity, regulatory risk and the inability of the Responsible Entity to effectively monitor the underlying investment portfolio.

**Leverage risk:** The underlying KKR funds to which the Trust is exposed may use financing to manage their lending commitments and ultimately achieve their investment objectives. This may magnify gains and losses on underlying holdings.

**Valuation risk:** Given the idiosyncratic nature of loans investing coupled with the limited secondary market, valuation risk is considered moderate for the Trust. While KKR has a robust and clearly defined valuation policy, there is a risk that the realisable value of securities may not align with the mark-to-market value carried by KKR.

**Liquidity risk:** As an over-the-counter 'private market', liquidity can vary significantly through different market conditions. While the listed structure obviates most of the liquidity risk, this can have an effect on market pricing and the mark-to-market of specific assets.

**Sub-investment grade credit risk:** By its nature and as reflected by its rating, sub-investment grade debt has a higher potential of default. Although investors have historically been compensated, in the form of excess returns, there is the potential for the strategy to experience more defaults than the broader market. Additionally, defaults tend to cluster in certain years and therefore investors should expect periodic episodes of higher defaults. Nevertheless, given the Trust holds a significant proportion of sub-investment grade debt, investors should be aware of the increased risk involved in this allocation.

**Utilisation risk:** The Trust will invest in loans whose level of draw down may vary over time. Returns to the Trust will vary according to the level of utilisation by borrowers of such revolving credit facilities.

### Security/asset selection

The security selection process is based on traditional bottom-up credit analysis with the following section outlining the key steps of KKR's approach.

The first step involves sourcing potential investment opportunities which are identified across a range of channels and networks. KKR's global network of CEO's managing large companies, co-investors, advisory firms and other intermediaries provide a continual source of investment ideas. As detailed earlier, investment opportunities can range from companies experiencing short-term liquidity needs, seeking M&A financing and/or industries facing transient challenges.

Each opportunity is supported by deep diligence analysis, with a clear investment thesis identified and formalised in each proposal. While the approach varies based on the nature of the investment (i.e. loan or bond), it typically includes traditional financial statement and pro forma analysis and qualitative research with a focus on understanding a borrower's operating environment.

The analysis includes a comparison with the broader peer group, both in terms of pricing and risk. With respect to qualitative research, key metrics assessed include industry structure, management strategy and governance, corporate structure, capital structure of the firm (i.e. level of subordination and equity support) and the level of operational risk. In terms of durability of earnings, each proposal includes earnings stress tests under a number of downside scenarios.

Prior to investment, all Investment Committee (IC) memos are reviewed and ratified by the U.S. Leveraged Credit Investment Committee, which is responsible for approving and maintaining eligible securities on an approved security list.

In our opinion, the quality and depth of KKR's bottom-up research process is a key competitive advantage, particularly when assessed relative to the nature of the underlying investments (i.e. sub-investment grade or potentially dislocated assets). Further, the role of the committee in reviewing and approving all submissions adds a layer of oversight.

### Responsible investment approach

KKR has been a signatory to the United Nations Principles for Responsible Investment since 2009.

KKR has an established Responsible Investment Policy that was last updated in June 2025. The firm's senior leadership provides oversight of its responsible investment efforts, while an internal Global Public Affairs team, represents the core of the ESG related expertise. Where applicable, the IC oversees ESG issues that are material to an investment, both on a pre and post-investment basis.

Where ESG risk has the potential to impact a company's earnings and profitability, it will be considered as part of the due diligence process. When material issues are identified, they will typically be explored and discussed at the IC, with the option of appointing specialist ESG advisors to undertake additional due diligence. In the instance where ESG-related risks have been identified, a detailed remediation plan will be outlined and agreed upon, and remain a standing item for the IC until resolution.

In Zenith's opinion, while ESG is considered as part of the due diligence process, the approach is less invasive relative to the broader peer group.



## Portfolio construction

The portfolio construction process involves combining the two underlying investment strategies, while managing the funding and liquidity requirements of each portfolio. The process is overseen by the IC which meets on a quarterly basis, to review the underlying performance of each portfolio and address any funding or asset allocation decisions.

The Trust inter-funds into the US-centric GCOF strategy and a European Direct Lending (EDL) portfolio, representing approximately 60% and 40% of the underlying portfolio, respectively (31 January 2026). A leverage facility of up to 30% of net asset value (NAV) is in place, to manage cashflows between the two underlying strategies.

In terms of portfolio composition, the GCOF portfolio comprises 60 to 80 core holdings (including bonds and loans) with position sizes ranging between 0.5% and 4%. The portfolio is managed with a credit spread duration range of between two and five years with a bias to senior secured securities which includes both loans and bonds. Consistent with the targeted opportunity set, KKR typically invests in lower quality credit securities with an indicative credit rating of B and CCC based on S&P's rating methodology.

Zenith notes that this cohort of securities is subject to a high level of mark-to-market volatility and potential default risk, particularly during stressed equity periods or cyclical downturns. In our opinion, the portfolio management team's ability to objectively assess credit fundamentals, ignore short-term market sentiment and invest on a 'through the cycle' basis, is a strength of the process.

The EDL portfolio comprises 97 loans, diversified across borrowers, issuers and sectors. Position sizing is determined by the size of the loan, maturity profile of the existing portfolio, achieving sector diversification and managing the unfunded commitment of the strategy.

The Trust's currency exposure is expected to be hedged back to Australian dollars with the process supported by a proprietary currency management tool. This system allows KKR to monitor foreign exchange exposures against derivatives and liability-based hedges at the currency, portfolio and asset levels.

Overall, Zenith considers KKR's portfolio construction process to be well structured and consistent with attaining the Trust's investment objective. Zenith highlights that by combining a traded credit and direct loan sleeve, the portfolio is diversified across a range of spread sectors, regions and industries and importantly, lowly-correlated return drivers. For example, the performance of European direct loans can diverge from traditional high yield markets, particularly where the outlook for floating versus fixed rate securities decouples, or the market is paying a premium for loans with higher amounts of asset protection or subordination.

## Risk management

KKR's risk management process is largely an outworking of the firm's application of its due diligence and underwriting process, which is complemented by issuer and diversification limits (applying to the EDL portfolio).

Zenith highlights that the GCOF portfolio is managed with no formal limits or restrictions, albeit, the portfolio is highly diversified across issuers and sectors. In our opinion, this aspect of the process could be enhanced with the inclusion of a range of position, asset class, sector, industry and quality limits.

The EDL process is supported by the Portfolio Monitoring Unit (PMU) which is a separate body within KKR, responsible for monitoring all private credit investments. This team is most active through the post-investment phase with its remit including: monitoring company performance versus KKR assumptions; compliance with covenants; leading the quarterly valuation process and managing a 'Watch List' of underperforming companies. In terms of the latter, this is list of distressed or impaired companies that is subject to more intensive scrutiny and monitoring by the Credit Portfolio Management Committee.

In our opinion, the PMU introduces an important layer of separation between the research team and the portfolio monitoring/valuation process, which is important given the nature of the underlying assets (e.g. potentially illiquid) and the level of subjective inputs in the valuation process.

The Risk team comprises four Risk Managers with a reporting line to KKR's Market Risk Committee. The team utilises a number of risk management tools and is integrated with the investment team to promote real-time discussions between portfolio managers, analysts and traders. The firm uses a range of external tools including FactSet, Black Mountain, Risk Metrics and Credit QB.

In terms of valuation, the portfolio is valued externally by Lincoln International with each valuation comprised of the following: 50% based on the pricing of comparable bonds (including credit quality, tenor etc) and 50% based on a standardised discounted cash flow (DCF) methodology. The DCF approach is coordinated by Lincoln in consultation with the responsible analyst.

Zenith highlights the quarterly valuation frequency of the EDL portfolio versus the monthly quoting of the Trust's Net Tangible Assets (NTAs) on the ASX. While this creates a potential mismatch between the underlying value of the portfolio versus the NTA, this is common for these strategies where an illiquidity premium is being harvested. Notwithstanding this, Zenith is confident that the quoted NTA will be representative of the most recent valuation of the underlying portfolio.

In terms of external oversight, the Trust is subject to the governance and compliance structures designed by the responsible entity (RE) (Perpetual Group). The RE has formulated a monitoring and review process to ensure adherence to service agreements, including minimum standards. The Trust will be externally audited by Deloitte Touche Tohmatsu, including an audit of KKR's adherence to its obligations under its AFS Licence.

Overall, Zenith believes KKR's risk management framework is robust and consistent with best practice.



## Investment fees

	Fund	Sector Average
Total Fees and Costs (RG 97)	Not disclosed	1.98% p.a.
Management Fees and Costs	Not disclosed	1.67% p.a.
Transaction Costs	Not disclosed	0.06% p.a.
Performance fees	Not disclosed	0.41%
Performance fees description	5% of any excess return of the net portfolio return over the RBA Cash Rate plus 4% p.a.	
Management Cost	0.90% p.a.	1.16% p.a.
Buy / Sell spread	N/A	0.00% / 0.00%

All fees and costs are inclusive of GST unless indicated otherwise. The Performance Fee shown is the performance fee disclosed in the PDS. It is calculated by taking the average performance fees charged over the last five financial years (or less if the investment or performance fee mechanism has not been in place for five financial years).

This investment is not required to disclose fees under RG 97.

The sector average is based on the average management fee of all funds within the International Fixed Interest - Private Credit sector as surveyed by Zenith.

Zenith considers the overall cost structure to be consistent with the specialised nature of the asset class and investment approach.

Zenith highlights that while the performance fee structure includes a number of threshold tests that must be satisfied prior to fees becoming payable (i.e. recouping any previous losses), it will generally apply on the absolute return generated by the Trust (subject to achieving the RBA Cash Rate plus 4% p.a. return hurdle). In our opinion, while the quantum of the performance fee is highly competitive, we would prefer that it was only applied to the excess return component.

(The fees mentioned above are reflective of the flagship version only, fees may differ when the product is accessed through an alternate investment vehicle such as a platform).

## About the fund manager

### Organisation

KKR was founded in 1976 by Jerome Kohlberg, Henry Kravis and George Roberts with its origins as a private equity firm. In 2010, the firm listed on the New York Stock Exchange and over time, has expanded its business activities and currently includes a private, public and capital markets divisions. While each business unit operates autonomously, a range of support functions are shared across the business including: KKR Capstone - a dedicated business unit that works closely with portfolio managers to extract operational efficiencies across portfolio companies; and a Stakeholder Management team, which is responsible for ensuring that all investment transactions are executed and managed in accordance with best practice.

A key tenet of KKR's value proposition is the level of co-investment with investors, which has exceeded \$US 30 billion, including both the firm's proprietary investments and capital invested by employees. Zenith is supportive of the level of commitment, which in our opinion, aligns the interests of investors to that of portfolio managers.

As at 31 December 2025, KKR managed approximately \$US 744 billion in client assets.

KKR manages \$US **tb**c billion in the GCOF strategy (as at 31 January 2026). At the same date, the underlying Net Tangible Assets (NTA) of the Trust was \$A 760 million.

### Investment personnel

Name	Title	Industry Experience (yrs)	Tenure (yrs)	Location
Chris Sheldon	Co-Head of Credit and Markets	28	22	San Francisco, USA
Michael Small	Head of European Direct Lending	30	4	London, UK
Jeremiah Lane	Head of US Leveraged Credit	25	21	San Francisco, USA

KKR's credit platform comprises 190 investment professionals, principally located in San Francisco and London.

In terms of the Trust and its underlying investment strategies, Chris Sheldon, Co-Head of Credit and Markets, is the Lead Portfolio Manager for the GCOF strategy, while Michael Small, Head of European Direct Lending is responsible for the EDL portfolio. Sheldon is based in San Francisco and maintains responsibility for the firm's leveraged credit, private credit and strategic investments groups. In addition, he is a member of a number of key committees including the US Leveraged Credit and the Global Private Credit Committees. Prior to KKR, Sheldon worked at Wells Fargo as part of the High Yield Group.

On a day-to-day basis, Jeremiah Lane, Portfolio Manager and Partner, works closely with Sheldon to manage GCOF's portfolio's positioning and individual security selection. Lane joined KKR in 2004 and maintains responsibility for a number of the firm's Leveraged Credit strategies. Further, assisting Lane in the day-to-day portfolio management of the strategy is Richard Schoenfeld, Portfolio Manager, who was recently appointed to the role.

Zenith highlights Lane's contribution to the strategy's long-term track record and his ability to extract the 'best ideas' from across the KKR Credit platform. In our opinion, his ability to identify mispriced assets in dislocated environments and invest with an appropriate investment horizon, has been a key source of outperformance.

London-based, Small oversees KKR's European Private Corporate Credit platform and is a member of the Global Private Credit Investment Committee and European Direct Lending Investment Committee. Prior to joining KKR in 2021, Small held a number of senior investment roles at Park Square Capital and Dresdner.



In our opinion, Small is a highly experienced asset originator with an established origination network of private equity (PE) sponsors and corporate networks. Furthermore, KKR's lending platform is well resourced and has multiple governance structures in place, which protect against the impact of any potential key departures.

KKR's investment teams are supported by a well-defined governance structure, with a number of investment committees responsible for both approving investments and monitoring the composition and performance of underlying portfolios. A Credit Portfolio Management Committee is ultimately responsible for the performance of all KKR funds including adherence with investment guidelines and exposure limits.

At the strategy level, a U.S. Leveraged Credit Investment Committee is responsible for approving and maintaining eligible securities for the GCOF portfolio. Zenith is supportive of KKR's investment structure, noting the additional layer of governance from the committee approach. While each committee is effectively a sub-set of senior investment professionals, the centralised decision-making structure ensures that all proposals are rigorously tested prior to investment.

An IC of six senior partners oversees the implementation of the investment strategy and ensures the portfolio is managed in accordance with its stated investment objectives. The IC includes Sheldon, Lane and John Reed, Head of Trading for KKR Credit.

KKR's remuneration structure is based on a global approach where firm-wide profitability is used as the basis for all incentive payments. Senior members of the investment team receive an industry-benchmarked salary and are also eligible for a cash bonus and equity. The cash bonus/equity component is largely discretionary and reflects a combination of firm and business unit performance, individual contribution and the performance of underlying funds managed.

To retain staff over the long-term, bonus payments are vested over multiple years and also include a portion that invests in underlying KKR funds under a system internally referred to as 'Dollars at Work'. In simple terms, the 'Dollars at Work' structure means that the economic return derived from the KKR investments changes over time, in line with each employees' overall contribution to performance. In our opinion, the approach embeds a strong co-alignment of interest, ensuring investment performance and remuneration are closely tied.

In sum, Zenith is supportive of the resourcing structure, effectively combining specialist bottom-up investors with a strong governance framework and a range of ancillary support functions. Further, the GCOF portfolio management team's counter-cyclical approach to building portfolios is a key point of differentiation.

## About the sector

### Sector characteristics

The Zenith 'International Fixed Interest – Private Credit' sector consists of funds that primarily offer floating-rate loans to corporate borrowers based in the US, Europe and the rest of the world. These firms can be backed by private equity (PE) sponsors, or the lender may engage directly with a borrower on a bilateral basis. Loans can be used to fund merger and

acquisitions, organic growth initiatives and/or general working capital. Loans may also be provided to refinance existing debt or to optimise a borrowing company's debt/equity mix.

Fund managers within this sector primarily add value through bottom-up loan structuring, tailoring covenant packages, sector and industry positioning and managing distressed loans in the event of a defaulting borrower.

Private credit funds typically target higher yields and lower volatility relative to public fixed income and liquid corporate/securitised debt, as well as low correlation to traditional credit sectors. Notwithstanding this, private credit funds have lower levels of liquidity, less frequent valuation of loans, and generally higher costs to investors when compared to traditional public fixed income.

Within the global private debt sector, loans can include direct lending (directly negotiated between borrower and lender(s)), mezzanine debt (subordinated loans, often with equity-like features), distressed debt (buying or restructuring debt in workout situations), and asset-backed debt (loans secured against hard or financial assets).

Further, certain private credit strategies can permit equity exposures, typically arising from debt-to-equity swaps. Whilst equity exposures are generally below 5%, this remains an ongoing feature of the asset class.

Zenith benchmarks all funds in this space against the Bloomberg AusBond Bank Bill Index, which may or may not be reflective of the underlying benchmark, in addition to a spread, used by many of the managers in this category. The index has an average term to maturity of approximately 45 days, comprising 13 bank bills of equal face value, each with a maturity of approximately seven days apart.

### Sector risks

Products within the 'International Fixed Interest – Private Credit' sector are exposed to the following broad risks:

**Default risk:** Given most underlying assets in these funds are private loans to corporate, sub-investment grade borrowers, there is a risk that borrowers default on interest and/or principal repayments. Defaults are expected within the asset class, with the level of capital losses, closely linked to a manager's underwriting standards and ability to negotiate security packages.

**Interest rate risk:** Private credit is generally a floating-rate asset class, with the level of cash rates directly affecting the absolute level of returns. Therefore, in a declining cash rate environment, returns will be impacted, albeit the margin above cash should remain constant over the term of a loan.

**Liquidity risk:** Private credit loans are illiquid investments, and currently there is a limited and immature secondaries market. Whilst fund managers often have liquidity measures in place to facilitate redemptions, investors may be limited by how much of their investment can be withdrawn at any one time and in some instances, funds will suspend redemptions with no liquidity available to investors.

**Valuation risk:** Given the nature of private credit investing, where valuations are conducted on a less frequent basis and through different approaches, valuation risk is considered high relative to public listed markets. As such, the reported value of investments may be higher than the ultimate realisable value.



**Covenant risk:** There is a risk that the loan covenants covering private credit transactions are either too weak, unstructured or afford too much flexibility to the borrower. As a result, lenders (and ultimately investors) may potentially face loss or decreased control if a borrower's financial situation deteriorates.

**Equity risk:** Most private credit strategies allow for exposure to equity positions, typically arising from debt-to-equity swaps. Whilst equity exposures are often incidental, it can increase a fund's risk profile.

and Traditional Index Ratings can be found on the Zenith website.

## Zenith rating

### Report certification

Date of issue: 30 Mar 2026

Role	Analyst	Title
Analyst	Rodney Sebire	Head of Alternatives & Global Fixed Interest
Sector Lead	Rodney Sebire	Head of Alternatives & Global Fixed Interest

### Association & relationship

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### Rating history

As At	Rating
30 Mar 2026	Recommended
18 Mar 2025	Recommended
07 Mar 2024	Recommended
09 Mar 2023	Recommended
02 Mar 2022	Recommended

*Last 5 years only displayed. Longer histories available on request.*

In March 2021, Zenith implemented a new ratings methodology for products classified as Traditional Index. Any rating issued from this date forward for Traditional Index products only reflect this change in methodology, with the relevant Traditional Index ratings being Index Approved, Index Recommended and Index Highly Recommended. Ratings issued for Traditional Index products prior to March 2021 are retained for historical purposes in line with our regulatory requirements and were issued in line with Zenith's Fund Research Methodology. Further information in relation to Zenith's Traditional Index Research Methodology



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