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KKR Credit Income Fund Market Update

January 2021



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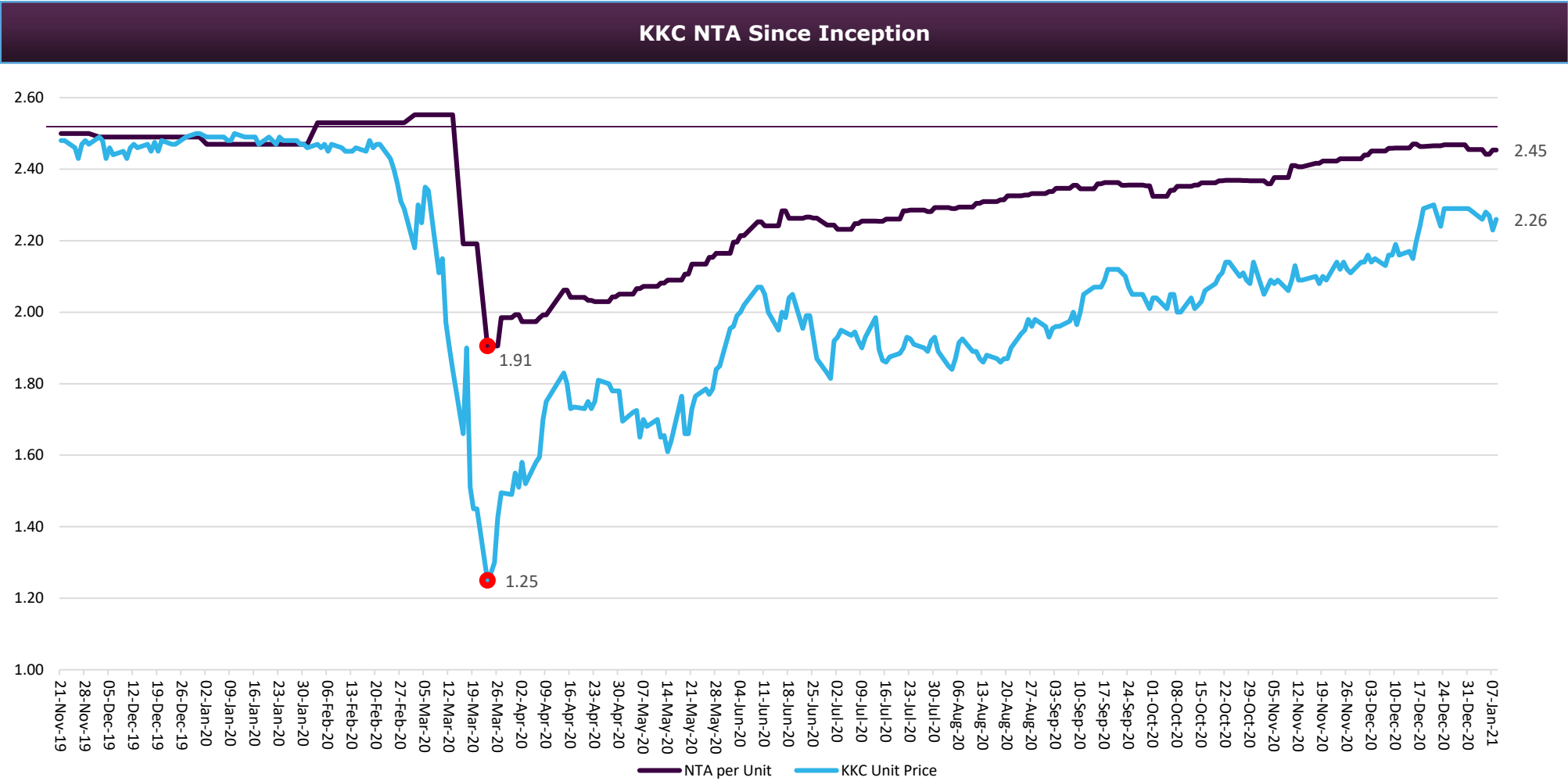


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Agenda

1. KKC Performance Update
2. Update on KKC Structure Optimization
3. Market Update
4. KKC Portfolio Overview
5. Key Takeaways

KKC Performance Update



The Discount to NTA Continues to Narrow

Update on KKC Structural Optimization

Background

- KKC is improving some of the “financial plumbing” in order to **lower cost and increase flexibility**
- KKC currently holds two fund positions; one in GCOF and the other in EDL.

Solution

- Convert KKC’s holding in GCOF into a separate managed account (“SMA”) by making an in-specie transfer (i.e. move assets across from GCOF into an account directly controlled by KKC)
- This will be done in two stages; 80% of the GCOF assets moved across to the SMA on 15th Jan’21 and the remaining 20% will move across mid April.
- KKC’s holding in EDL will not be changed
- KKC will no longer be invested in the GCOF fund but the same investment team will manage the same strategy in an SMA alongside the GCOF fund.
- KKR will continue to investigate what other changes can be made to KKC for the benefit of its investors through the structural optimisation. One potential change under investigation is more frequent distributions. This does have some operational barriers which we are working though.

There Has Been No Shortage of Headlines

March 10, 2020



October 2, 2020



December 14, 2020



March 31, 2020



September 18, 2020



January 6, 2021



August 11, 2020



August 21, 2020

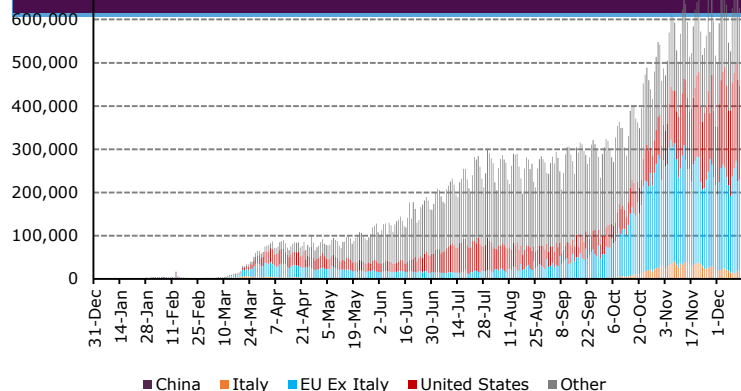


January 8, 2021



It's Been An Eventful 12 Months

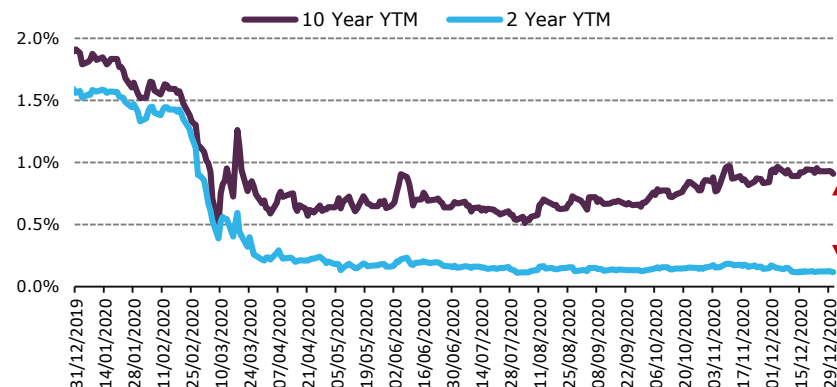
New Cases of COVID-19 Continue to Rise⁽¹⁾



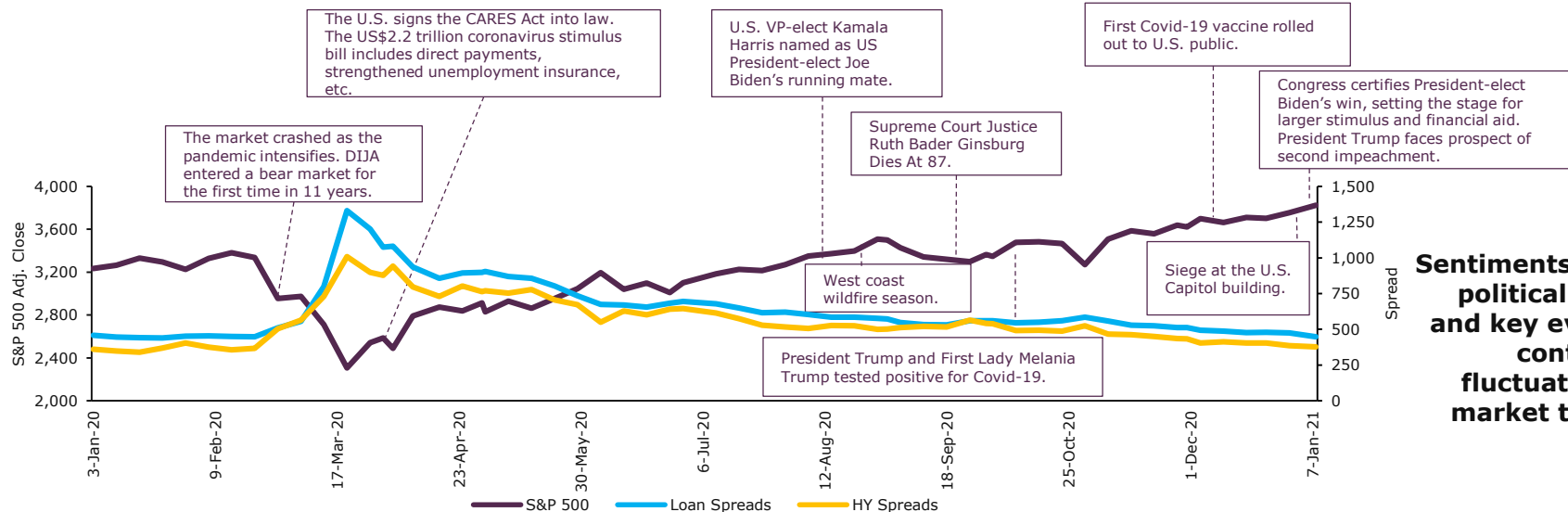
While Vaccine Deployment Continues to Lag Behind Expectations ...

~34% Of Doses Distributed in the United States Have Been Used⁽²⁾

Steepening Yield Curve⁽³⁾



Government Stability⁽⁴⁾



Sentiments about the political landscape and key events have contributed to fluctuations in the market throughout 2020...

1. EU Database as of December 14, 2020

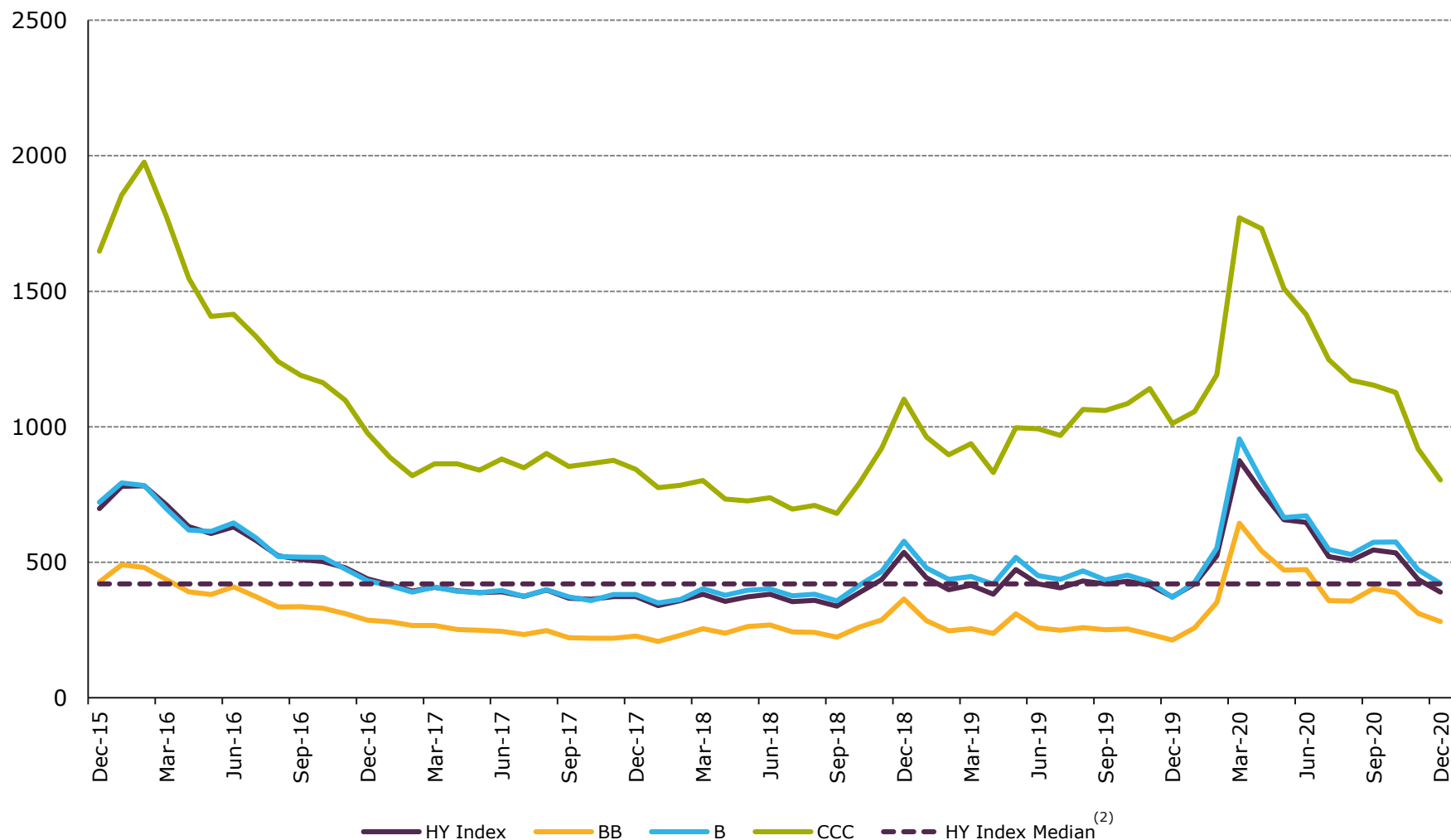
2. Bloomberg Covid Vaccine Tracker as of January 6, 2021. Bloomberg has not provided its consent to the inclusion of this data in this presentation.

3. BAML ICE (GA10 & GA02) as of December 31, 2020. BAML has not provided its consent to the inclusion of this data in this presentation.

4. S&P, BAML, and various news sources as of January 8, 2021. These sources have not provided its consent to the inclusion of this data in this presentation.

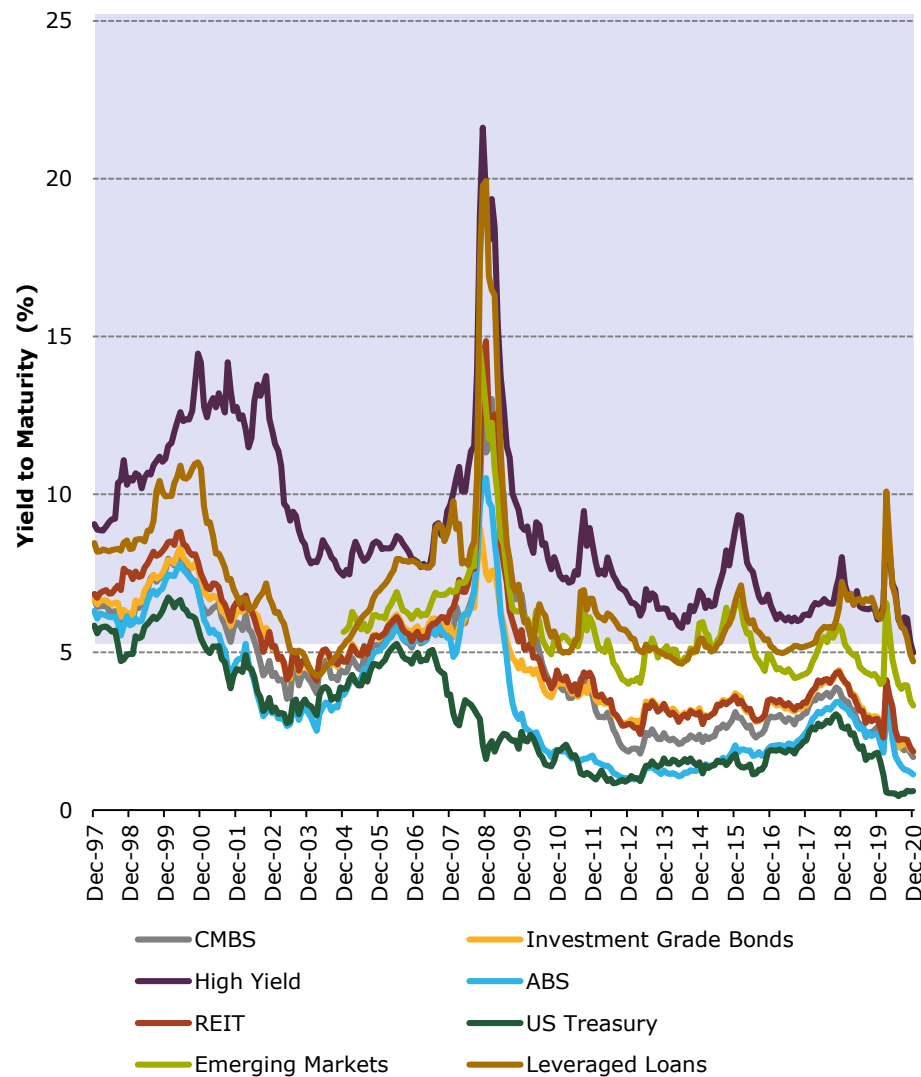
Spreads in the Market Have Tightened Since the March Selloff

High Yield – Spread to Worst⁽¹⁾

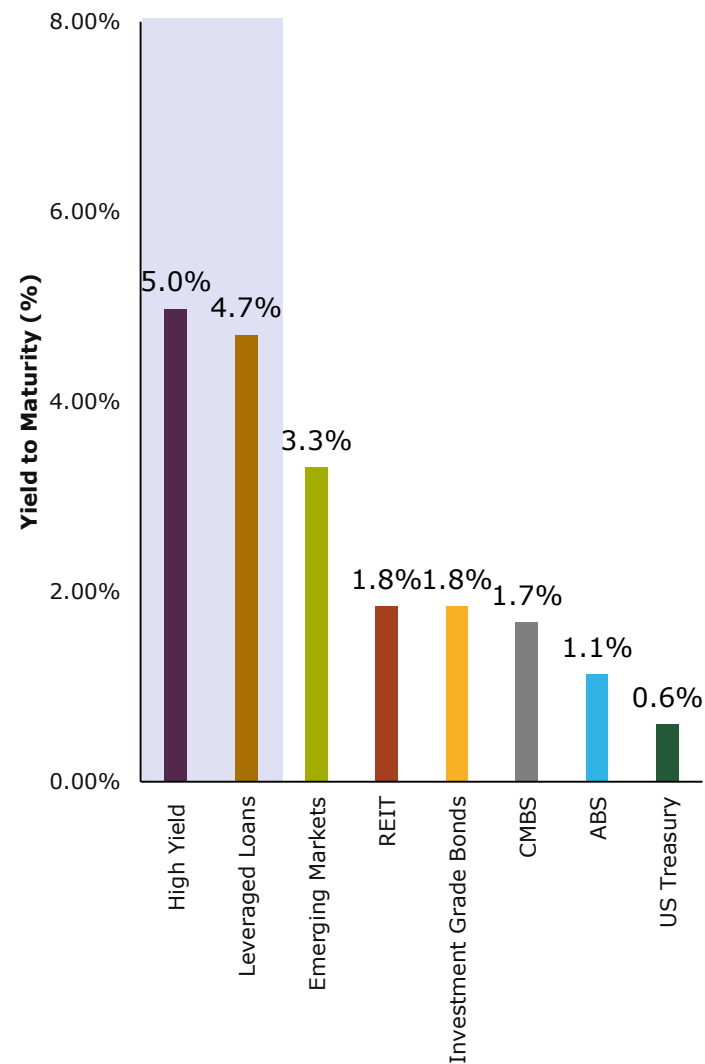


Credit Looks Attractive vs. Other Asset Classes

Yield Across Various Asset Classes over time⁽¹⁾

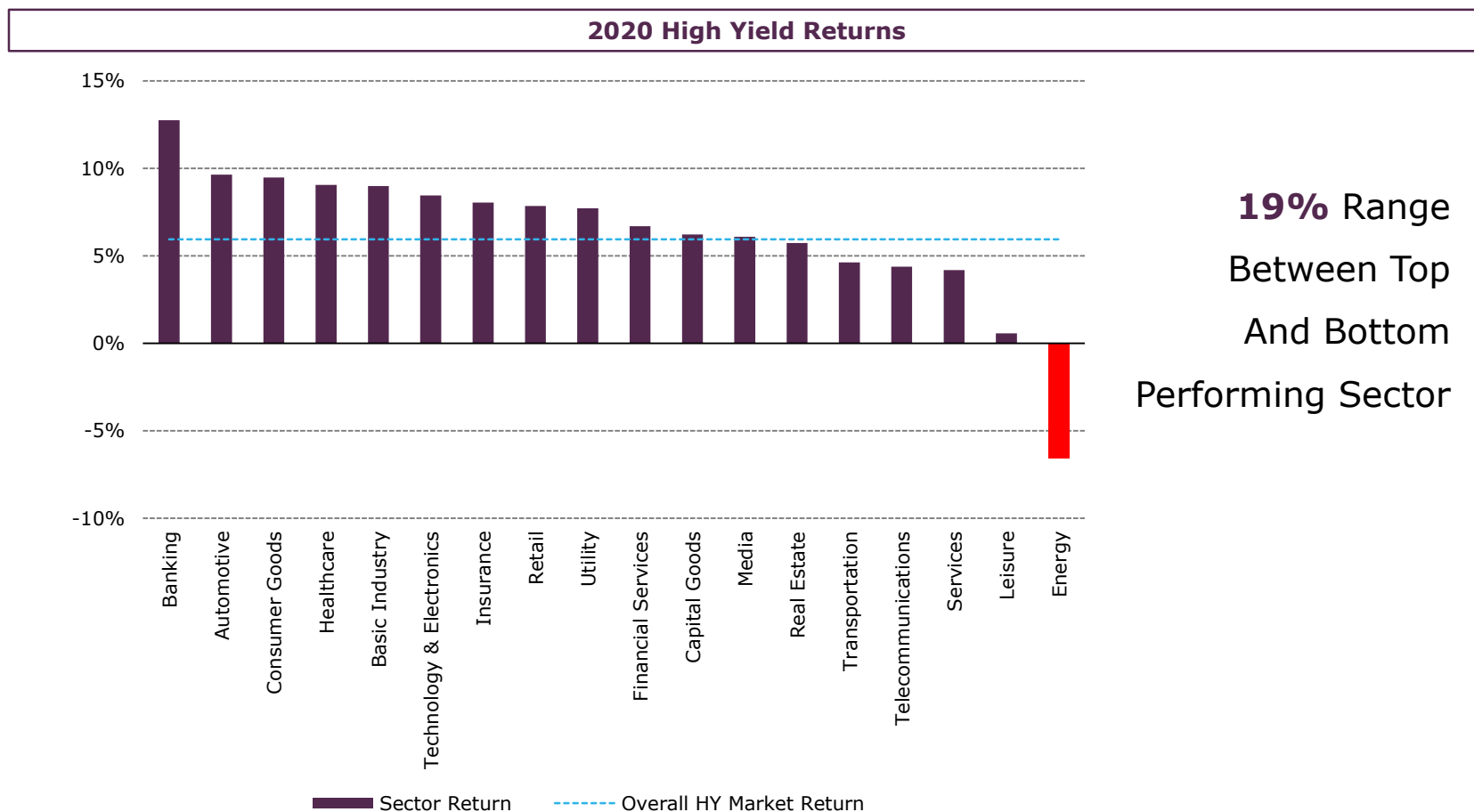


Yield Across Various Asset Classes⁽¹⁾



2020 Was a Year of Winners and Losers

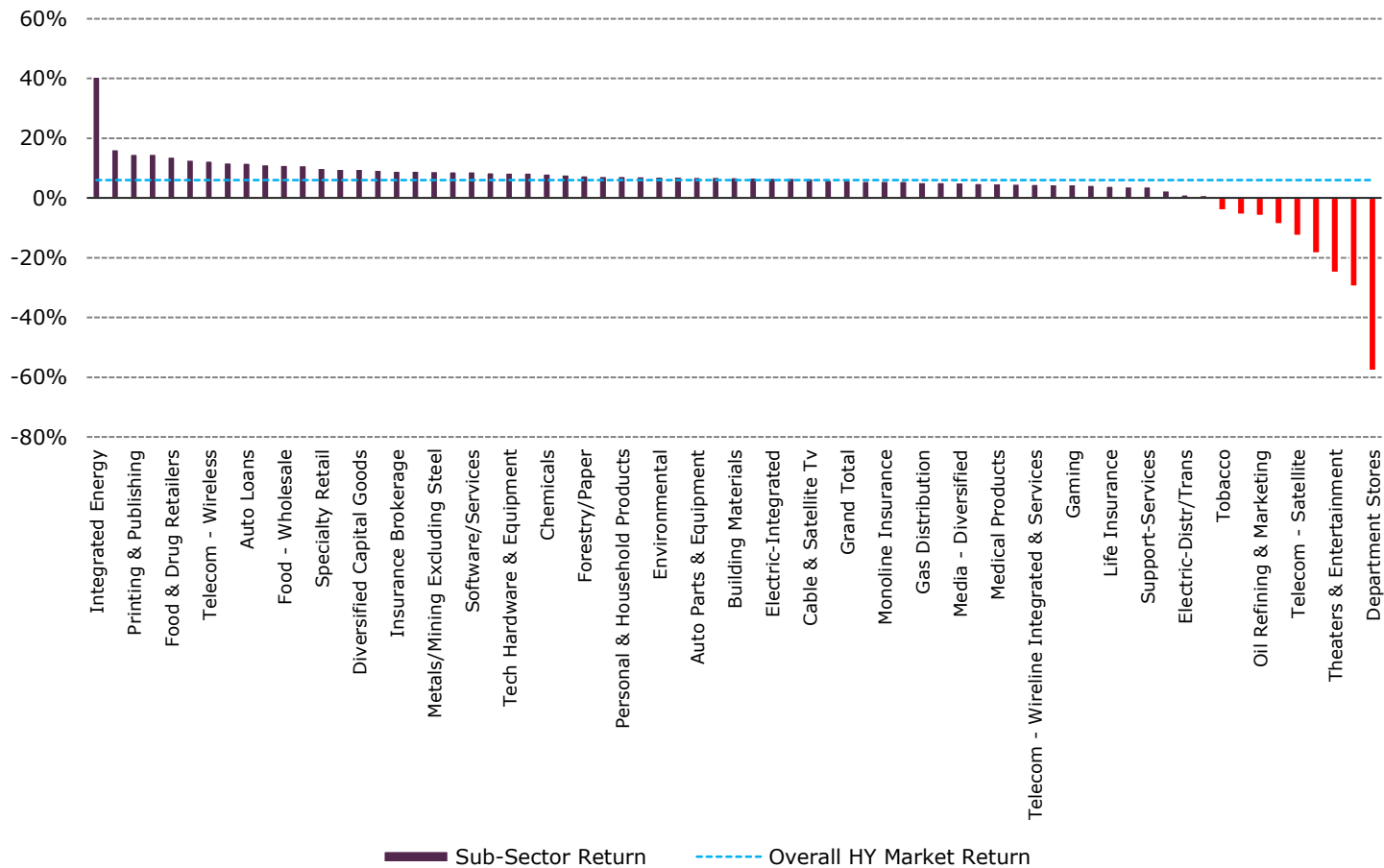
Reinforcing The Importance Of An Active Approach



2020 Was a Year of Winners and Losers...

Reinforcing The Importance Of An Active Approach

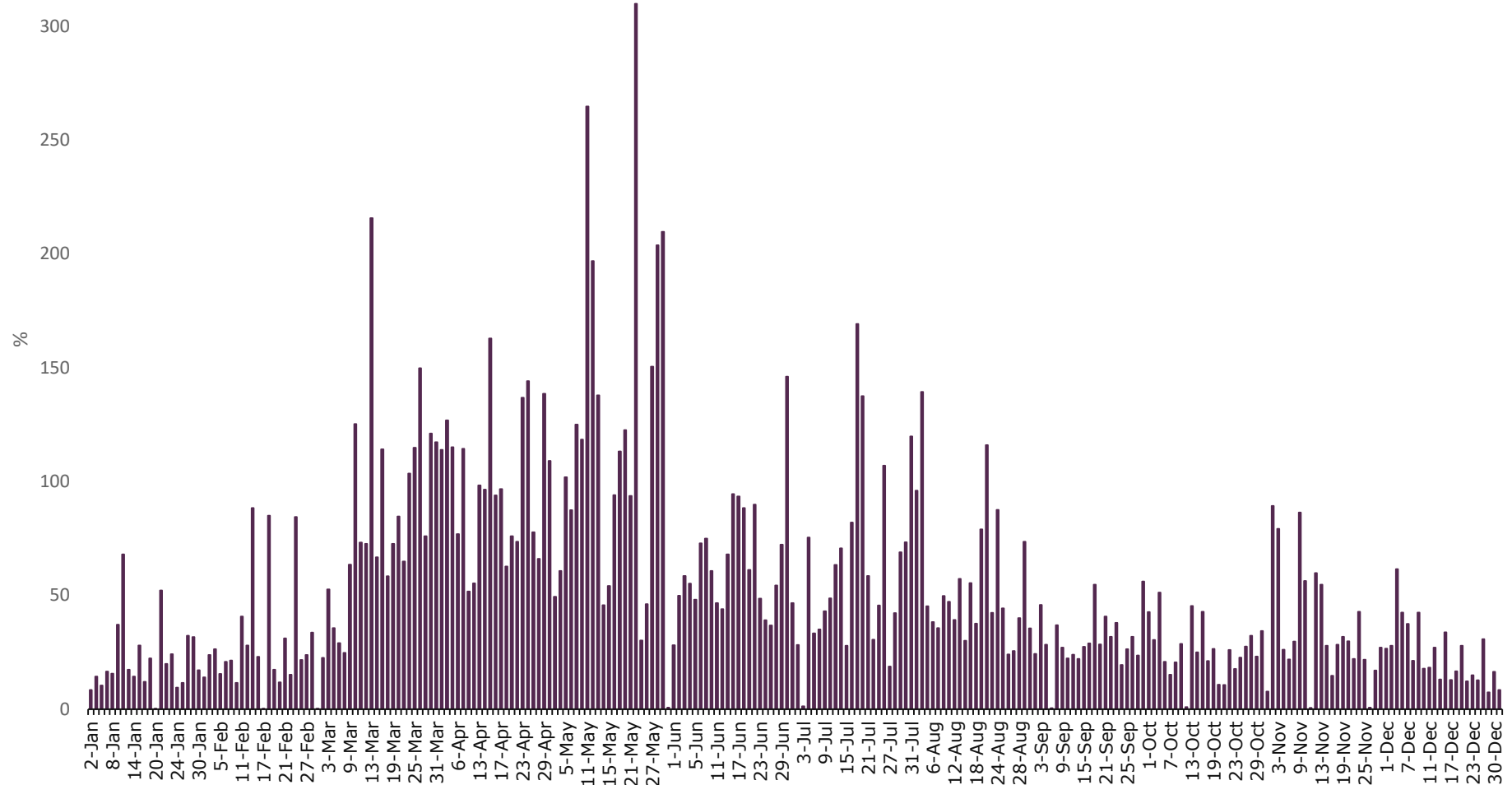
2020 High Yield Returns



98% Range
Between Top
And Bottom
Performing
Subsector

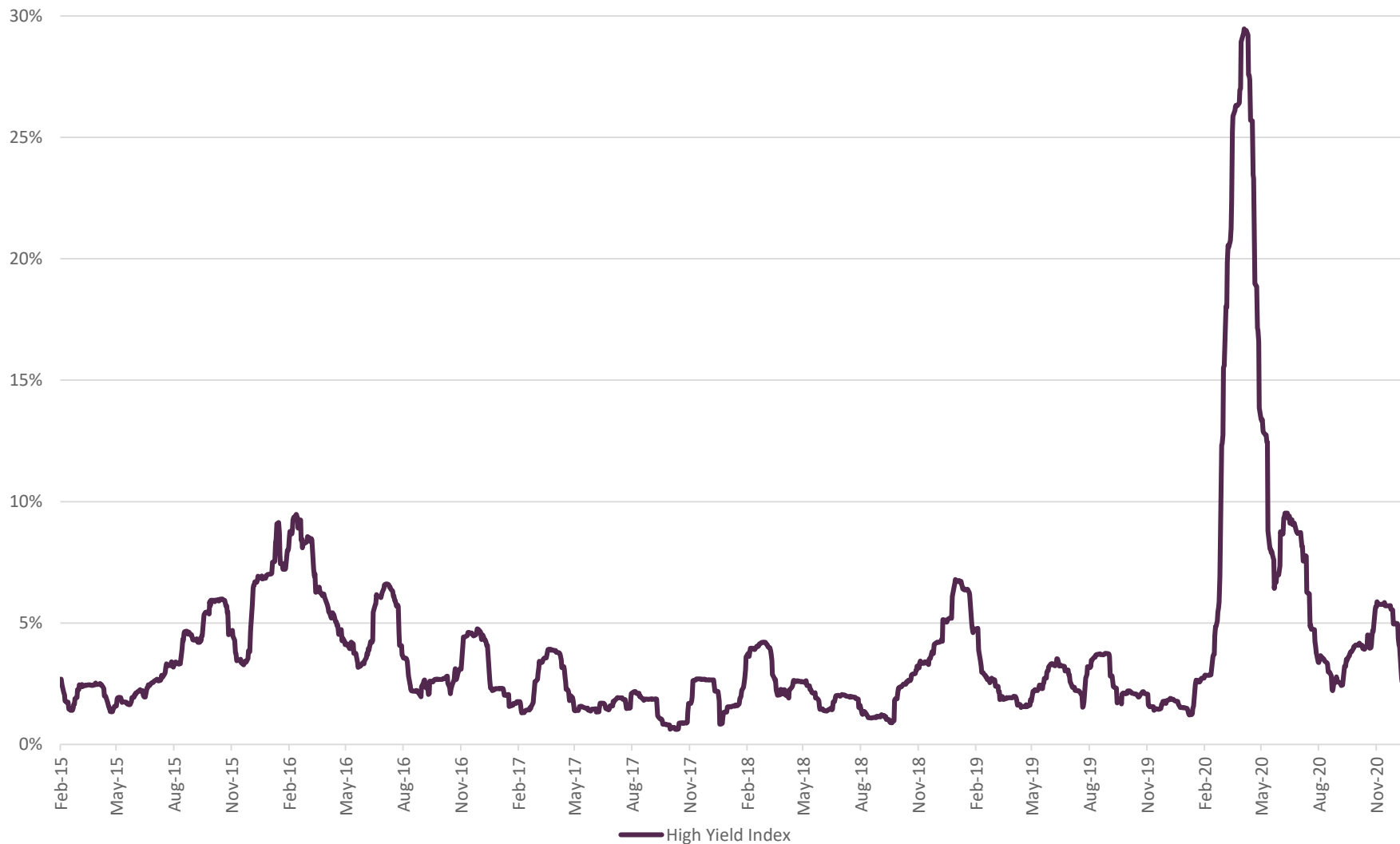
...Which Enhances the Importance of Credit Selection

Daily Dispersion of Returns for Individual Names in the High Yield Index (2020)

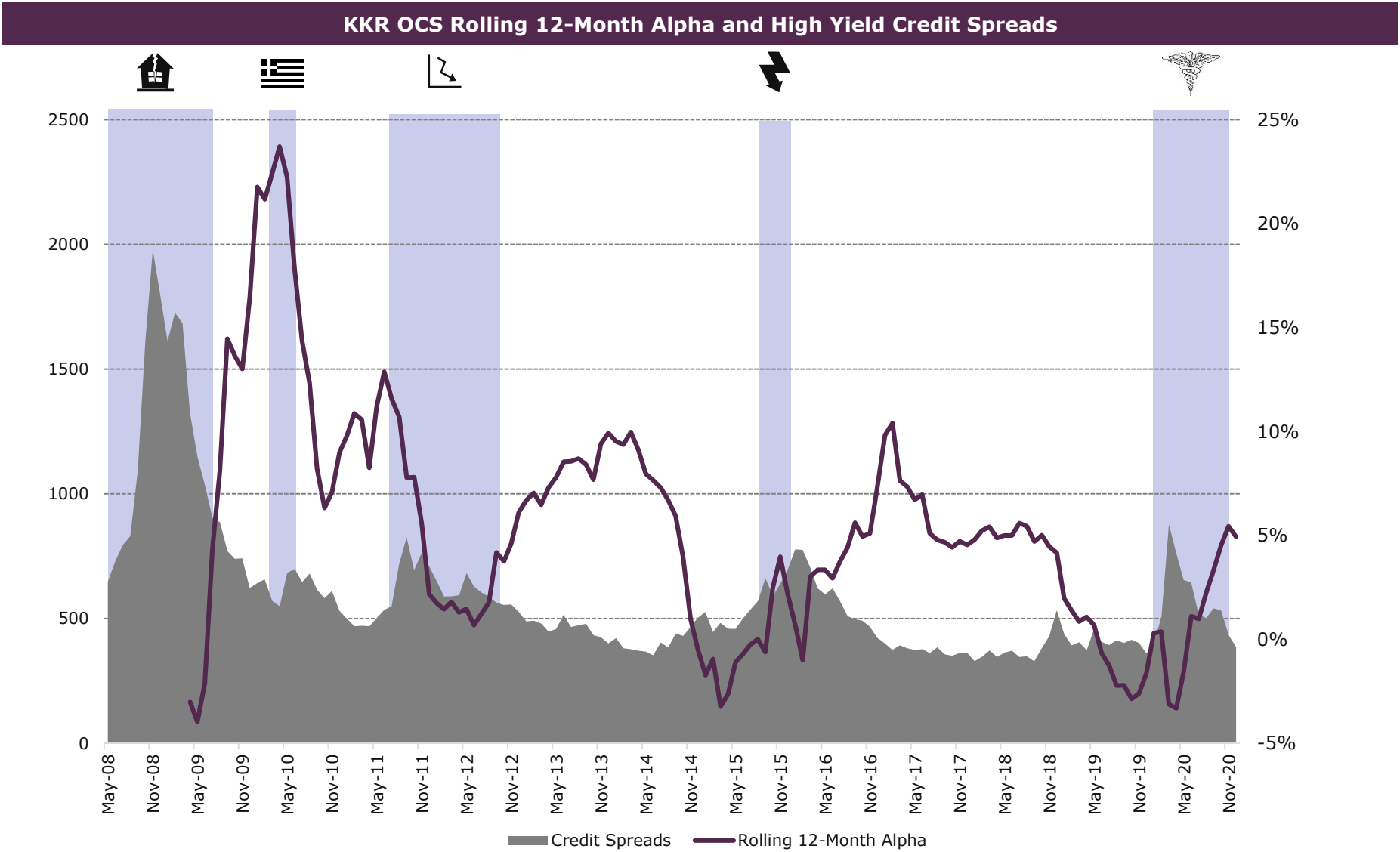


Volatility is the New Normal

High Yield Daily Standard Deviation (30-Day Moving Windows)



GCOF has Outperformed Following Periods of Volatility



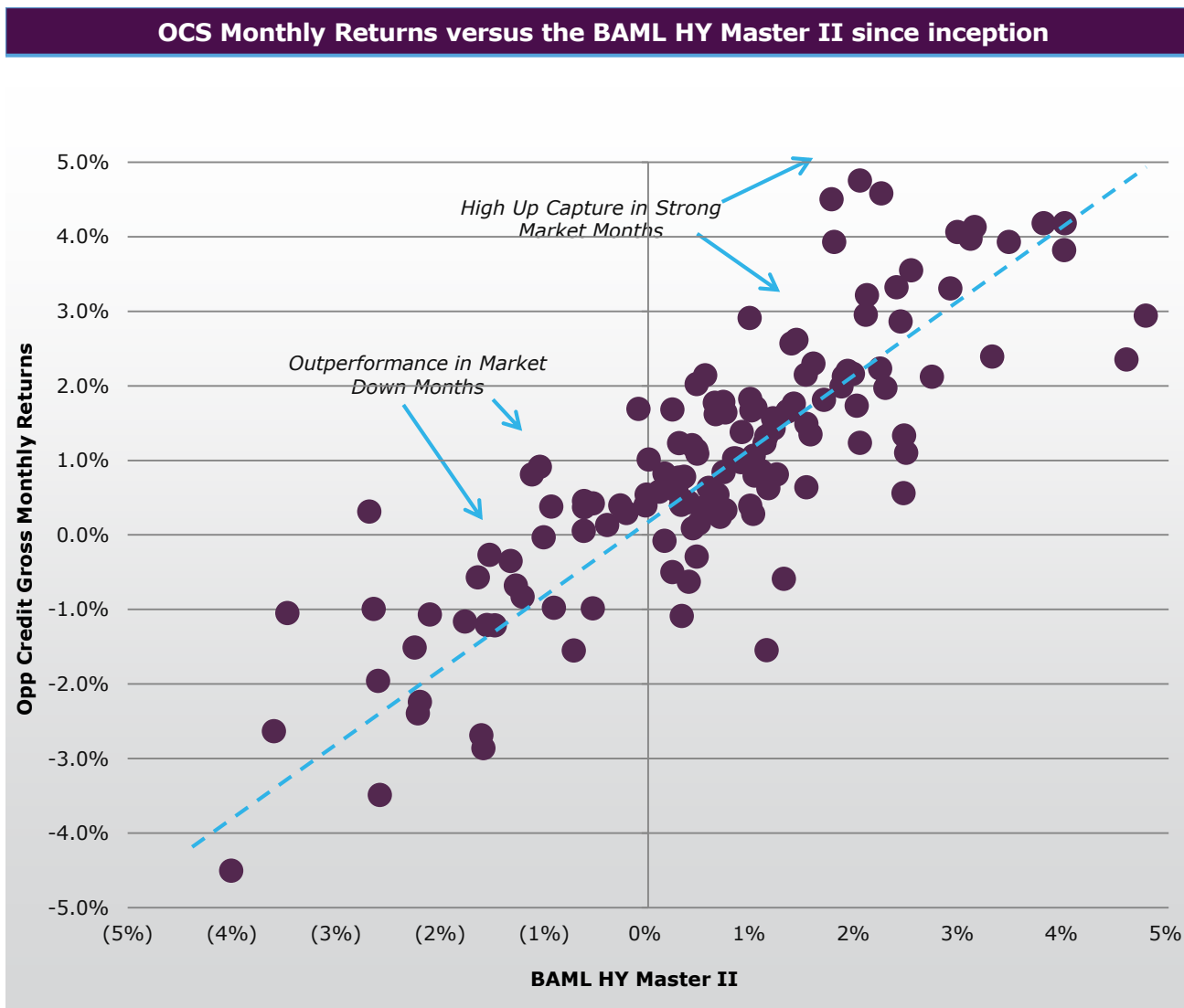
Returns Not Dependent on Market Direction

112%

Up Capture since Inception⁽¹⁾

78%

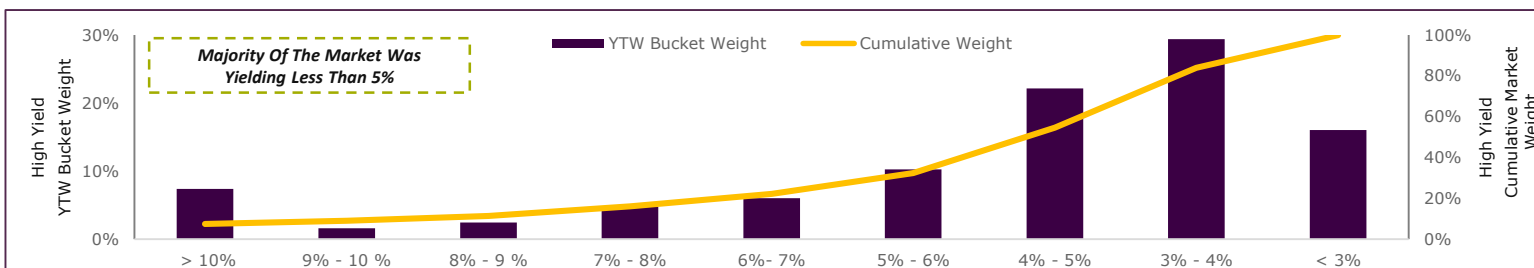
Down Capture since Inception⁽¹⁾



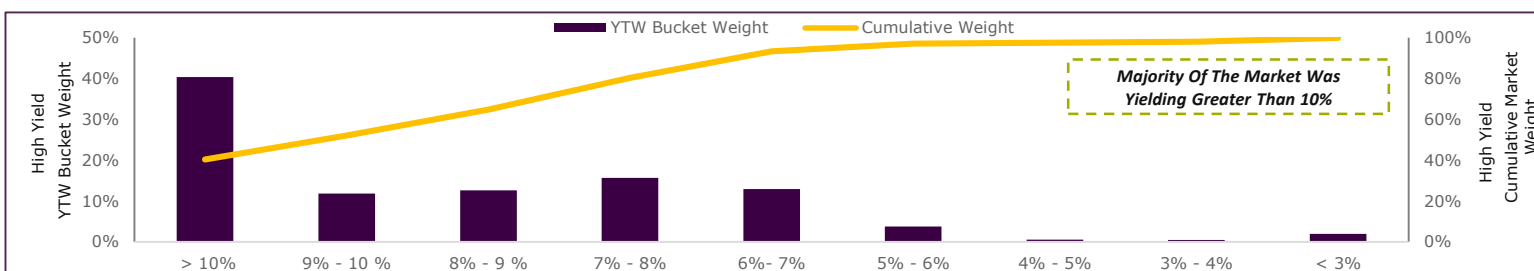
Dispersion Dissipates Quickly As The Market Constantly Evolves

Markets Will Change Rapidly And The Resulting Investment Opportunities Are Often Brief And Fleeting; Successfully Investing In These Moments Requires Nimble And Flexible Capital To Execute On Time Sensitive Opportunities

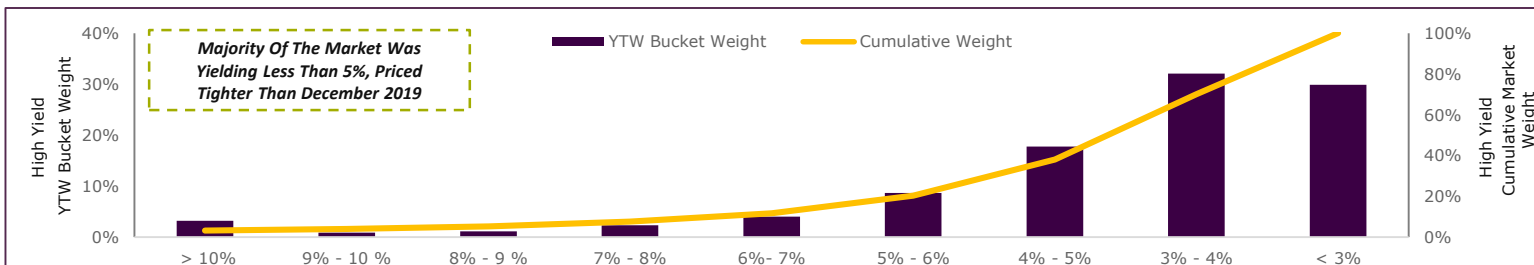
**December
2019**



**March
2020**



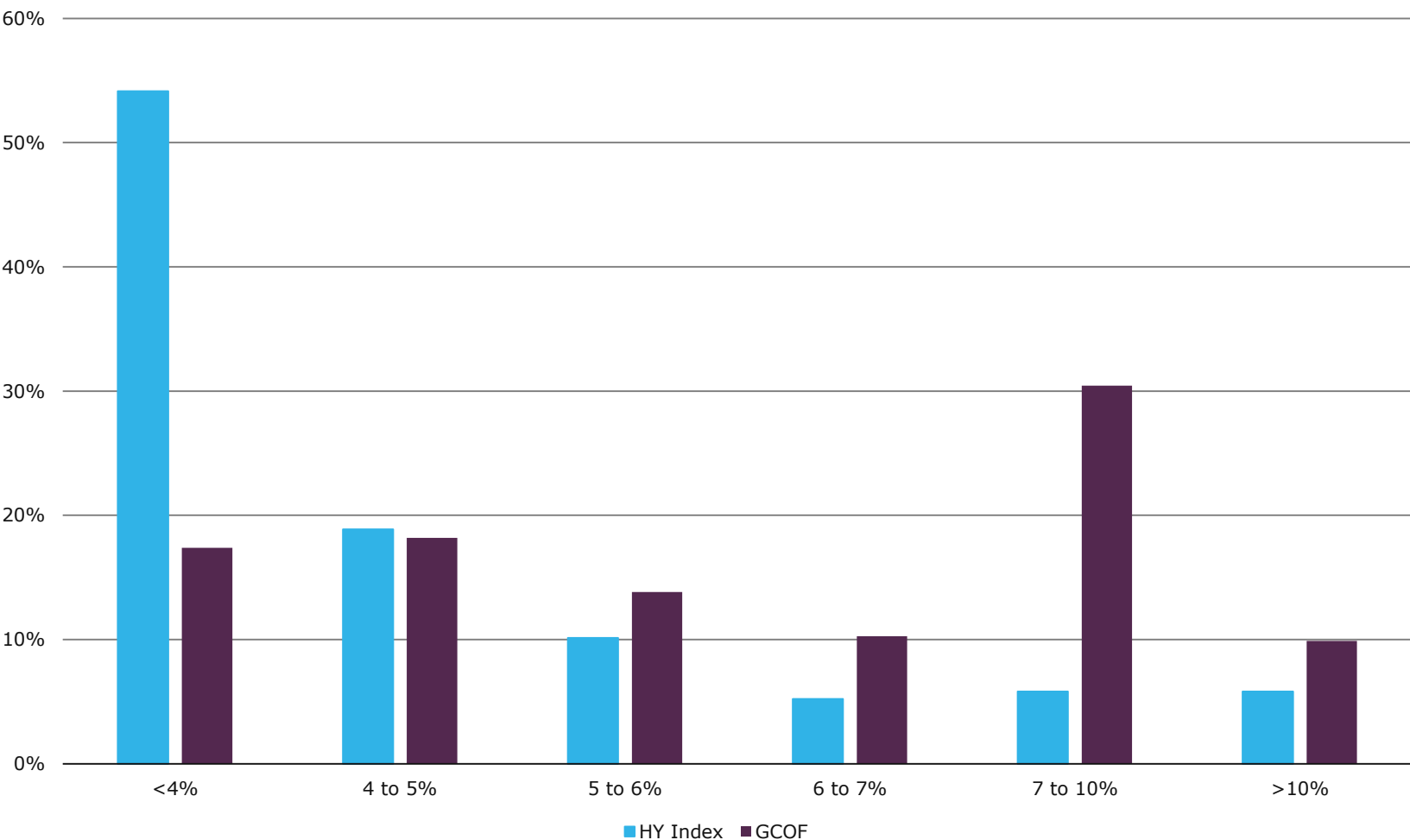
**December
2020**



GCOF Portfolio is Not the Index

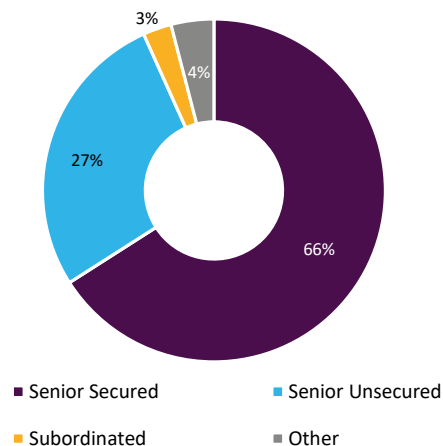
Reinforcing The Importance Of An Active Approach

GCOF Yield to Worst ("YTW") v. High Yield Index YTW (% of Issuers)

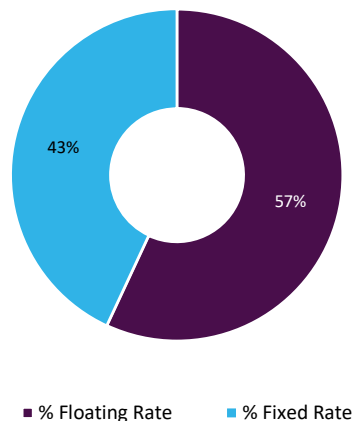


KKC - Current Portfolio Positioning

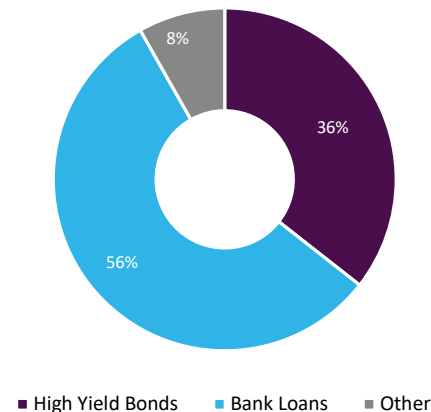
SENIOR vs. SUBORDINATED



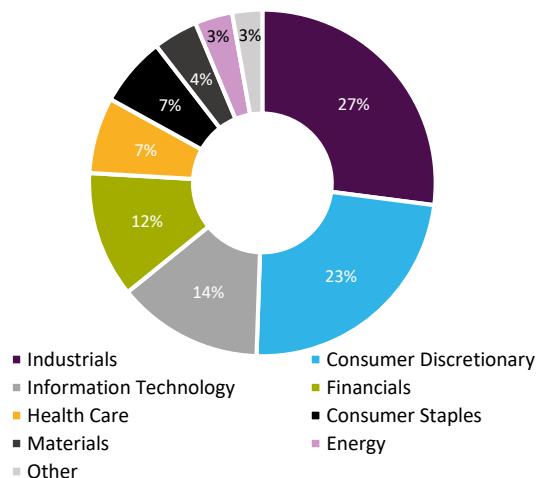
FLOATING vs. FIXED



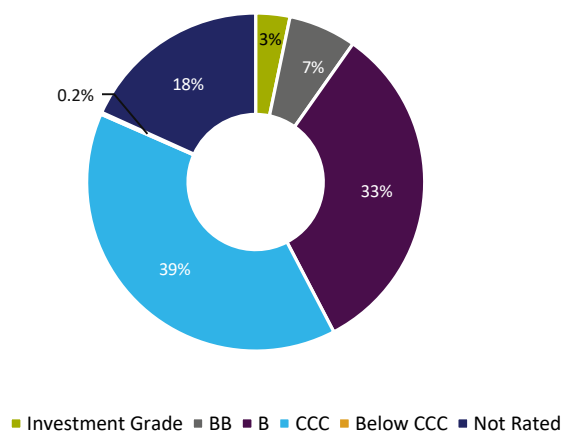
ASSET TYPE DIVERSIFICATION



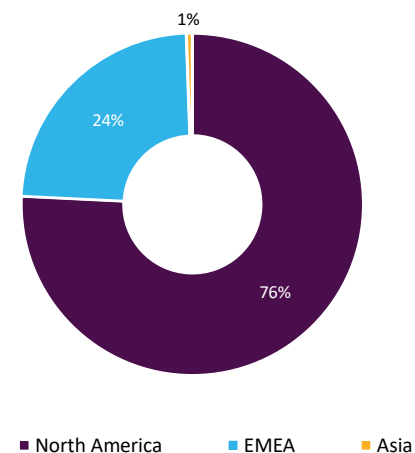
SECTOR DIVERSIFICATION



RATING DIVERSIFICATION⁽¹⁾



GEOGRAPHIC DIVERSIFICATION

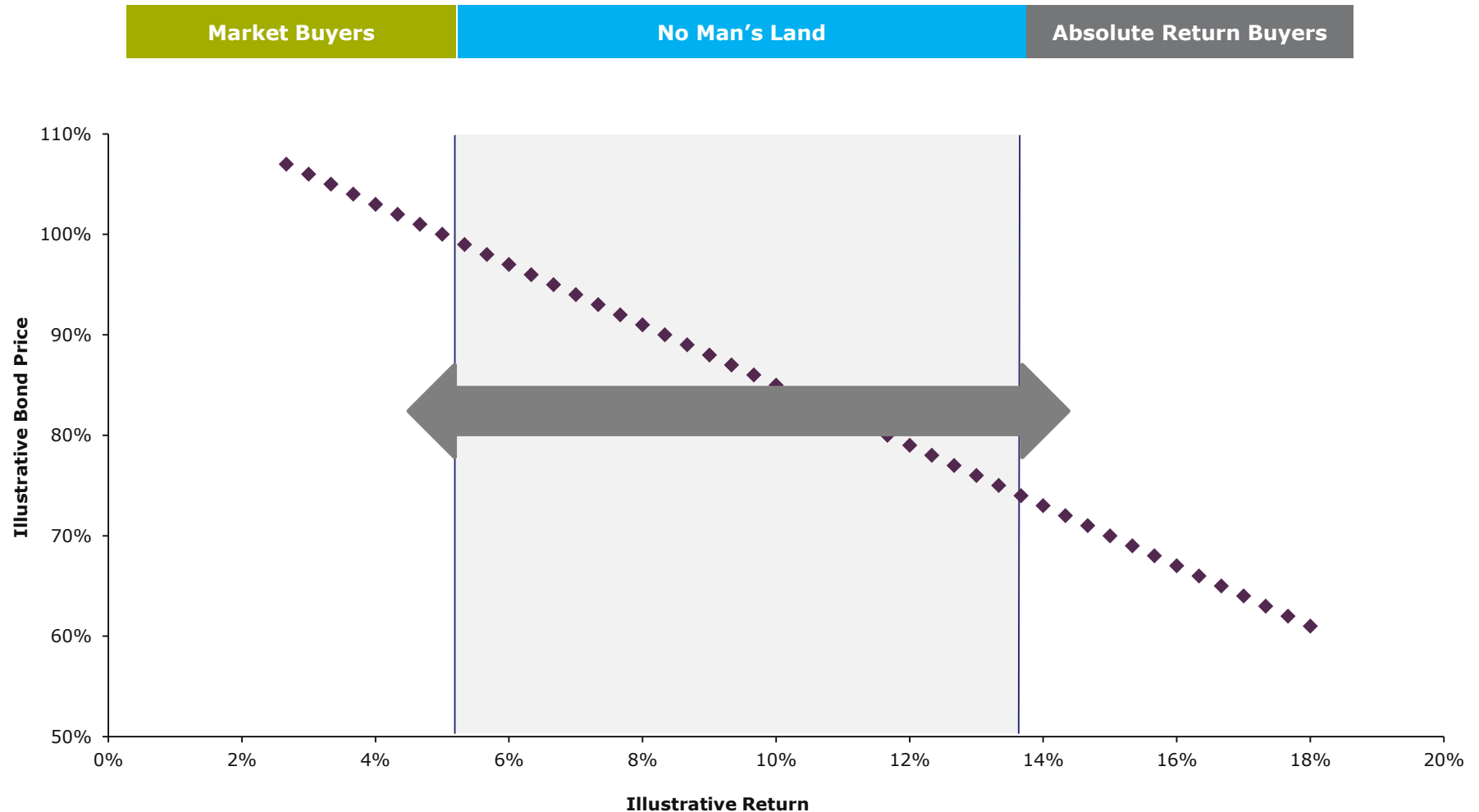


Source: KKR As of 31 December 2020 and based on look through to assets in KKC's underlying funds.

(1) 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.

The Opportunity

Value in 'No Man's Land' by Providing Liquidity Where Others May Not Go



Key Takeaways

- KKC's NTA has almost recovered to its issue NTA. Discount to NTA continues to narrow
- KKC is currently undergoing a structural optimization that could lead to lower cost and increased flexibility
- 2020 was a year of winners and losers, illustrating why credit selection is important
- Nimble strategies such as KKC can opportunistically buy across assets classes and across the capital structure
- Value in 'No Man's Land' by providing liquidity where others may not go