

KKR Credit Income Fund (ASX:KKC)

Monthly Investment Update: As of 30 June 2024

| | | | | | |
|----------------------------------|----------------|-----------------------|---------|--|-------|
| Net Tangible Assets (NTA) | A\$795,264,932 | NTA Per Unit | A\$2.47 | Distribution Yield (NTA) | 8.11% |
| Distribution Frequency | Monthly | ASX Unit Price | A\$2.29 | Distribution Yield (Unit Price) | 8.74% |

Fund Performance

| As of 30 June 2024 | 1 Month | 3 Month | 6 Month | 1 Year | 3 Year Annualised | 4 Year Annualised | Inception* Annualised | Inception* Cumulative |
|--|---------|---------|---------|---------|-------------------|-------------------|-----------------------|-----------------------|
| Total Returns (Net) | +0.08% | +0.03% | +5.06% | +12.64% | +5.42% | +7.46% | +4.56% | +23.14% |
| Distribution (% of NTA) ⁽¹⁾ | +0.67% | +2.01% | +4.05% | +8.25% | +5.99% | +5.35% | +4.81% | +24.51% |

* Inception of KKC was 21st November 2019

| Distribution Based on Closing NTA ⁽¹⁾ (%) | Jul | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | FYTD |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| Previous Financial Year | +0.49% | +0.48% | +0.48% | +0.49% | +0.49% | +0.49% | +0.49% | +0.48% | +0.47% | +0.47% | +0.47% | +0.47% | +5.77% |
| Current Financial Year | +0.71% | +0.70% | +0.70% | +0.69% | +0.71% | +0.70% | +0.68% | - | +1.35% | +0.66% | +0.67% | +0.67% | +8.25% |

For a full list of distributions made since Inception, please visit the Investor Centre at www.kkcaustralia.com.au. Past performance is not indicative of future performance and the portfolio characteristics are subject to change.

Portfolio Update:

- KKC delivered a +0.08% return in June. High Yield bonds outperformed Loans over the month and B and CCC rated assets drove performance across asset classes.
- The weighted average price of the underlying KKC assets in the portfolio stood at 95.4% of par as at month end. The Yield to Maturity, which is inversely related to prices, stood at 11.3% and the current yield of the underlying assets in the portfolio was 9.9%⁽³⁾.
- European Direct Lending (EDL) had one new addition during the month; a Scandinavian ventilations provider. There was also one realization, a UK business management software and payment solutions provider. EDL represents ~40% of KKC's portfolio invested as at month end. A case study on one of our EDL deals can be found on page 3.

Distribution Update:

- KKC declared a distribution of A\$0.0167 (8.11% of NTA) for the month. This is in line with the announced FY24 distribution estimate of A\$0.20. The distribution guidance for the year ending 30 June 2025 will keep the monthly distribution target unchanged at A\$0.0167 per unit per month, or A\$0.20 per annum. As of 30 June, ASX Unit Price is A\$2.29, this represents a yield of ~8.74%⁽²⁾.

Market Update:

- High Yield bonds returned +0.97%⁽⁸⁾ in June, amid the lightest capital market activity of 2024 and a macro narrative that resides between Goldilocks and a Soft Landing. Loans returned +0.35%⁽⁹⁾ in June, posting an eighth consecutive monthly gain, albeit the smallest gain over that period amid a historic repricing and refinancing wave, balanced flows and the lightest CLO volume of 2024.

Attribution Analysis

| Attribution Analysis | | | |
|-------------------------|----------------------------------|---|-------------------------------------|
| MTD Performance Drivers | | YTD Performance Drivers | |
| | Top Contributors | Top Detractors | |
| By Rating | B CCC BB | CC and Below Not Rated | By Rating |
| By Sector | Media Leisure Asset Backed | Basic Industry Automotive Real Estate | By Sector |
| | | | CCC B Not Rated |
| | | | Services Leisure Asset Backed |
| | | | CC and Below - |

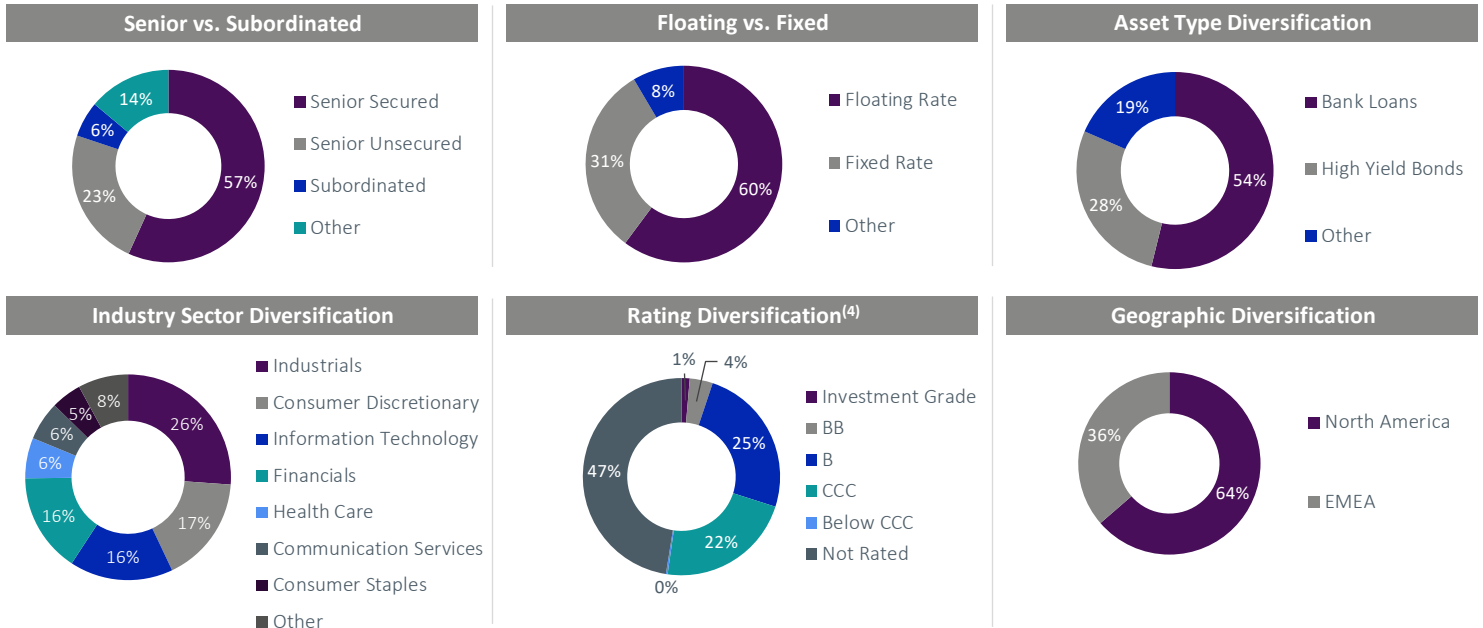
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For more information please refer to www.kkcaustralia.com.au

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Portfolio Construction⁽⁴⁾



Other Portfolio Details⁽³⁾

| Number of Issuers ⁽³⁾ | Asset Mix | Yield-to-Maturity on Underlying Assets | Portfolio Interest Rate Duration | Average Price | Current Yield on Underlying Assets |
|----------------------------------|---|--|----------------------------------|---------------|------------------------------------|
| 192 | 60% Traded Credit / 40% Private Credit | 11.3% | 1.0 | 95.45 | 9.9% |

Top 100 Issuer Summary: % of Portfolio

| Top 10 | Top 20 | Top 25 | Top 50 | Top 100 |
|--------|--------|--------|--------|---------|
| 18.7% | 33.6% | 40.0% | 63.0% | 92.5% |

Top 10 Holdings

| Holding | Weight | Type | Sector | Fixed/Floating | Security | Seniority | Country | Currency |
|-----------------------|--------|-------|--------------------------------|------------------|----------------------------|------------------------|----------------|----------|
| JetBlue Airways Corp | 2.21% | Bond | Passenger Airlines | Fixed | Unsecured | Unsecured | United States | USD |
| ICE | 2.04% | Loans | Biotechnology | Floating | Senior Secured | First Lien | Italy | EUR |
| esPublico | 2.04% | Loans | Application Software | Floating | Senior Secured / Unsecured | First Lien / Unsecured | Spain | EUR |
| PSAV Inc | 2.01% | Loans | IT Consulting & Other Services | Fixed / Floating | Senior Secured | First Lien | United States | USD |
| Corden Pharma | 1.87% | Loans | Pharmaceuticals | Floating | Senior Secured / Unsecured | First Lien / Unsecured | Germany | EUR |
| Level 3 Financing Inc | 1.80% | Bonds | Alternative Carriers | Fixed / Floating | Senior Secured | First Lien | United States | USD |
| HKA | 1.78% | Loans | Research & Consulting Services | Floating | Senior Secured | First Lien | United Kingdom | USD |
| NEP Broadcasting | 1.73% | Loans | Broadcasting | Floating | Senior Secured | First Lien | United States | USD |
| Version1 Software | 1.65% | Loans | IT Consulting & Other Services | Floating | Senior Secured | First Lien | Ireland | EUR |
| Citation Ltd | 1.61% | Loans | Human Resource & Employment | Floating | Senior Secured | First Lien | United Kingdom | AUD |
| 18.74% | | | | | | | | |

This investment update and the statistics surrounding the top 10 holdings in the KKR Credit Income Fund is provided solely for informational purposes. The information contained herein is only as current as of the date indicated, and may be superseded by subsequent market events or for other reasons. For more information please refer to www.kkcaustralia.com.au

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Portfolio Case Study



Company Overview

- Corsearch Intermediate Inc. ("Corsearch") is an international provider of IP software and services used to protect and manage a company's portfolio of brands and trademarks.
- The company operates across three main divisions, Brand Establishment (46% of sales), Online Brand Protection (31%) and Trademark Watch (20%).

| Company | |
|----------|----------------------|
| Country | United States |
| Industry | Application Software |
| Sponsor | Astorg |

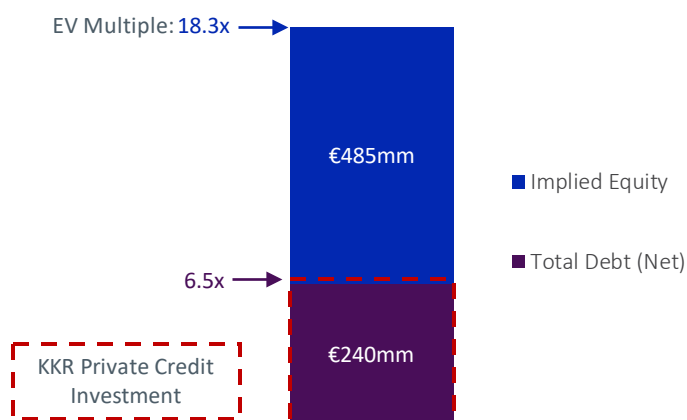
Transaction Overview

- In April 2021, Astorg acquired Corsearch for \$750 million (~18x EBITDA).
- KKR Credit participated in a \$275 million Unitranche and \$75 million Delayed Draw Term Loan (6.5x net leverage at close).
- We were familiar with the sector having completed another similar investment in the space with Astorg previously.
- KKR Private Equity also spent time evaluating the IP management sector and we were able to efficiently leverage this existing knowledge base.
- Our investment thesis is supported by: (i) high recurring revenue with over 65% in recurring subscriptions; (ii) strong market tailwinds driven by increased e-commerce penetration and awareness of counterfeiting issues; and (iii) attractive free cash flow generation.

| Investment (Add-On) | |
|-------------------------------|-----------------------|
| Date of Investment | April 2021 |
| KKR Private Credit Investment | \$110mm |
| KKR Role | Club |
| Use of Proceeds | Acquisition Financing |
| Revenue at Add-On | \$106mm |
| EBITDA Add-On | \$41mm |
| EV Add-On | \$750mm |

Capital Structure at Investment

Based on LTM December 2020 Run-Rate Adj. EBITDA of \$41 million



| Facilities | First Lien Term Loan | Delayed Draw Term Loan |
|-----------------------|----------------------|------------------------|
| Facility Size | \$275mm | \$75mm |
| KKR Credit Investment | \$87mm | \$24mm |
| Currency | USD | |
| Coupon | L+550bps | |
| Floor | 1.0% | |
| OID / Fees | 2.5% | |
| Call Protection | MW, 101, 100 | |
| Covenants | Total Net Leverage | |

Note: The specific investment identified is not representative of all of the securities purchased, sold or recommended for advisory clients, and it should not be assumed that the investment in the company identified was or will be profitable. There is no guarantee that the strategy will hold any or all of the securities identified. Our investment thesis is subject to change. In instances where our view on the issuer changes, the KKR portfolio may adjust its positioning. Please refer to "Important Information" at the end of this report for further information on KKR's inside information barrier policies and procedures. Please note that all third party trademarks included in this report are registered trademarks of the company represented by such trademark and such companies have no affiliation with KKR except as indicated. For illustrative purposes only. For more information please refer to www.kkcaustralia.com.au

KKR Credit Income Fund (ASX:KKC)

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KKC Overview

The Trust aims to provide investors with attractive, risk-adjusted returns and access to a diversified portfolio of income generating alternative credit investments through the Trust's investment across strategies managed by the credit investment teams of Kohlberg Kravis Roberts & Co. L.P. ("KKR").

These strategies comprise the Global Opportunistic Credit strategy and European Direct Lending strategy, which seek to take advantage of the attractive opportunities that KKR sees in the market. The Trust's investment objective is to provide an income stream as well as to achieve attractive long-term capital appreciation over a full market cycle.

KKC has announced that for the financial year ending June 2024, KKC is targeting a distribution of +8.6% based on the issue NTA per unit of A\$2.3308⁽²⁾ (20.0c per year). The Trust continues to target a medium-term average total return of 6% - 8% per annum⁽⁵⁾ through the market cycle.

The Trust is appropriate for investors seeking income distribution to be used as a satellite allocation within a portfolio where the investor has a 5+ year investment timeframe and a medium to high risk/return profile. Investors should refer to the Target Market Determination ([TMD](#)) document for further information.

KKR Overview

Established in 1976, KKR is a global investment firm with industry-leading investment experience, a pioneering attitude to ESG management and a strong culture committed to teamwork.

As of 31 March 2024, KKR had A\$886.0 billion of assets under management, of which A\$356.1 billion sits within KKR Credit.⁽⁶⁾

KKR has a global presence with offices in 26 cities across 4 continents, including Sydney, Australia. KKR employs approximately 165 investment professionals in the Credit business.

KKC represents the largest pool of capital for KKR's Australian business and KKR now has three permanent members of its Client Partner Group based in Sydney. The Client Partner Group is responsible for client and market engagement across KKR's breadth of funds and strategies

KEY TRUST INFORMATION AS AT 30 June 2024

| | |
|------------------------------|---|
| Trust Name | KKR Credit Income Fund (ARSN 634 082 107) |
| ASX Code | KKC |
| ASX Listing | 21 November 2019 |
| Market Capitalisation | 738,602,587 |
| Units On Issue | 322,533,881 |
| Investment Manager | KKR Australia Investment Management Pty Ltd (ABN 42 146 164 454) |
| Responsible Entity | The Trust Company (RE Services) Limited (ABN 45 003 278 831) |
| Management Fee | 0.88% per annum of the NTA, plus net GST of 0.022% per annum of the NTA ⁽⁷⁾ |
| Performance Fee | Up to 5.125% of the net annualised return (inclusive of net GST, less RTIC), multiplied by the 'Adjusted NAV' with a hurdle of RBA cash rate plus 4.00% and subject to a high water mark ⁽⁷⁾ |
| Asset Class | Fixed Income, AUD Hedged |

CONTACT INFORMATION

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RESEARCH

BondAdviser

INDEPENDENT
INVESTMENT RESEARCH

Zenith
INVESTMENT PARTNERS

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Footnotes

- (1) Distribution % calculated as the distribution per unit divided by the closing NTA of the previous month. The multi period calculations sum the dividend yields received and does not compound them.
- (2) Net of fees and expenses incurred by the Trust, but before tax. The target distribution is only a target and may not be achieved. All investments are subject to risk which means you may lose all or a portion of the amount you invest or you may otherwise achieve distributions and returns that are lower than any target distribution or target return. Before making an investment decision, it is important to understand the risks that can affect the value of your investment. Investors should read the risks described in Section 8 of the PDS.
- (3) Represents KKR estimates of the yields of the portfolio's underlying assets, excluding cash, as of 30 June 2024.
- (4) Source: KKR as of 30 June 2024. 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.
- (5) Target medium-term average total return net of fees and expenses incurred by the Trust, before tax. The distribution yield over a given period may be lower than the total return in this period to the extent that the total return includes unrealised gains. Investors should review the Risk summary set out in Section 1 and Section 8 of the PDS for important information regarding Target Total Returns and the Trust's ability to achieve them. Past performance is not indicative of future results.
- (6) The KKR Credit group is comprised of KKR Credit Advisors (US) LLC, KKR Alternative Investment Management and KKR Credit Advisors (EMEA) LLP. AUM is updated quarterly in line with KKR's public filings.
- (7) This is a summary only – see section 9 of the PDS for more detail.
- (8) High Yield Bond returns represented by ICE BofA US High Yield Master II Index and are presented in USD.
- (9) Leveraged Loan returns represented by Morningstar LSTA US Leveraged Loan Index and are presented in USD.

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 authorized for release and issued by The Trust Company (RE Services) Limited ABN 45 003 278 831, AFSL 235150 ("TTCRESL"). TTCRESL is the responsible entity and issuer of the KKR Credit Income Fund ARSN 634 082 107 ("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. Any term not defined in the document has the same meaning as defined in the PDS.

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 corporate bodies, 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 Document

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.

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For more information please refer to www.kkcaustralia.com.au