



Perpetual 

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

20 April 2021

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

### **INVESTOR PRESENTATION AS OF 20 APRIL 2021**

We are pleased to provide a copy of the Investor presentation for the KKR Credit Income Fund (ASX: KKC).

Yours sincerely

Martin Farr  
Relationship Manager  
The Trust Company (RE Services) Limited

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This information has been prepared by KKR Australia Investment Management Pty Ltd ABN 42 146 164 454, AFSL 420 085 (“KKR”) and is issued and authorised for release 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.

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# KKR Credit Income Fund Market Update

April 2021



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## Information in this Document

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## Information about KKR

KKR Credit conducts its business through KKR Credit Advisors (US) LLC, an SEC-registered investment adviser, KKR Credit Advisors (Ireland) Unlimited Company, authorised and regulated by the Central Bank of Ireland, KKR Credit Advisors (EMEA) LLP which is authorized and regulated by the Financial Conduct Authority in the United Kingdom, and KKR Credit Advisors (Singapore) Pte. Ltd., which is regulated by the Monetary Authority of Singapore.

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# KKR Credit Income Fund Market Update

**Jeremiah Lane**

*Partner, Credit Investing Team  
(San Francisco)*



# Fund Updates

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## **Buyback**

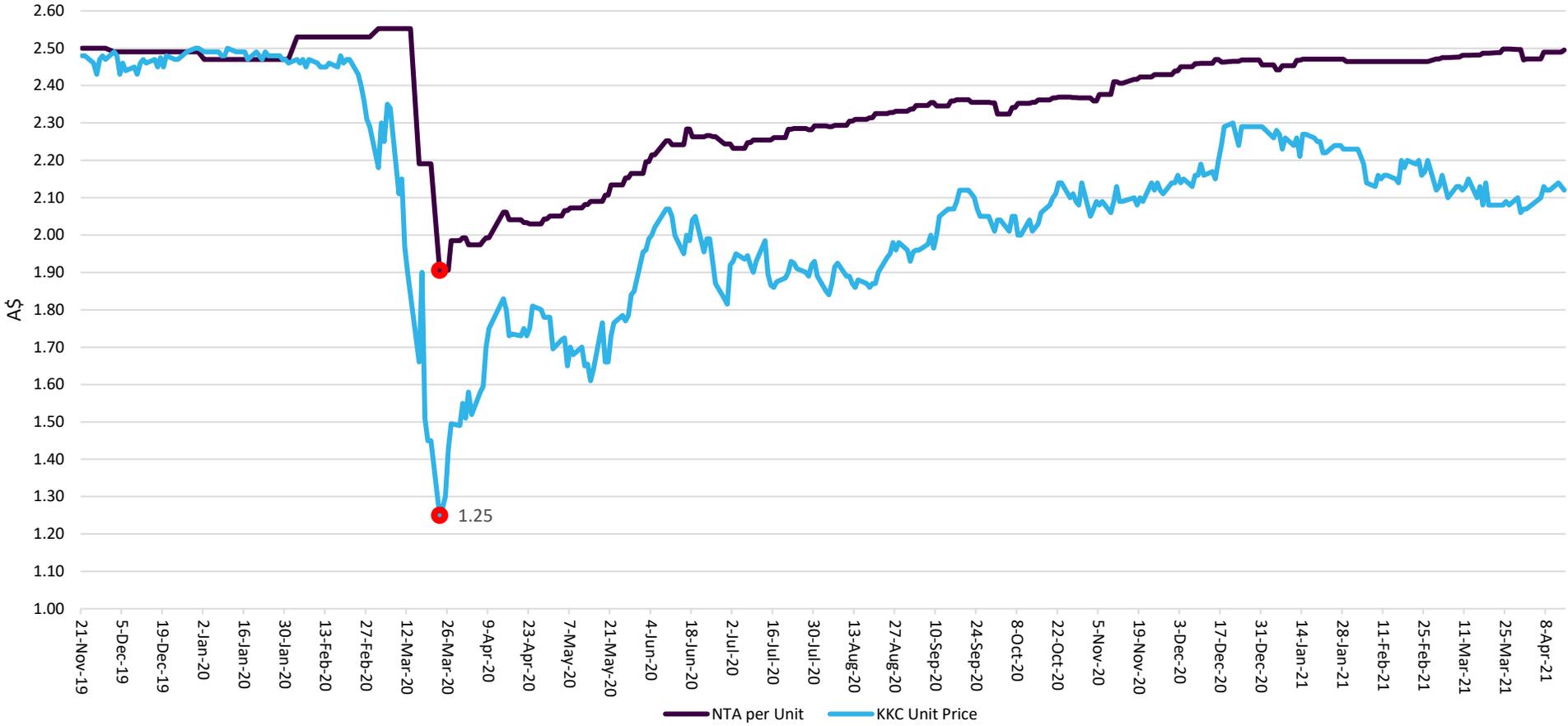
- KKR as Manager and the responsible entity believe that the current KKC ASX unit price does not reflect the fair value of the underlying assets held by KKC
- As a result, the Responsible Entity has announced that there will be a A\$20m buyback programme

## **Distribution Frequency**

- Beginning in the new financial year, KKC will move to monthly distributions
- For example, the first monthly distribution will be paid in 12<sup>th</sup> August covering July
- Guidance for the next financial year is expected to be announced in June 2021

# KKC Performance Update

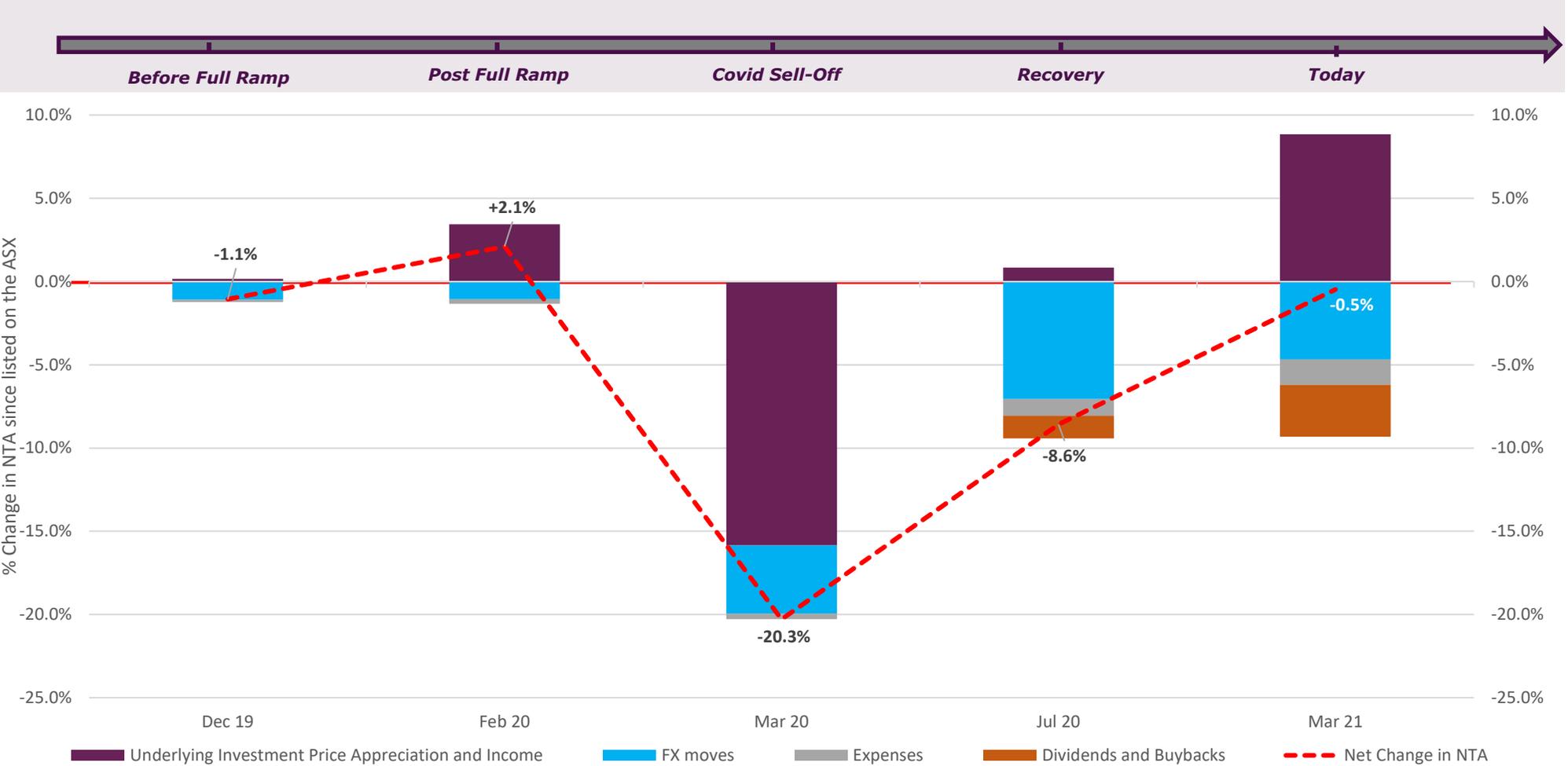
## KKC NTA Since Listed on the ASX



The NTA was back to A\$2.48 as at 31st March 2021

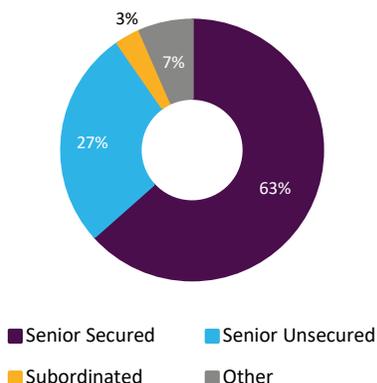
# NTA Attribution<sup>(1)</sup>

## % Change in Original A\$925m NTA since listed on the ASX At Different Times

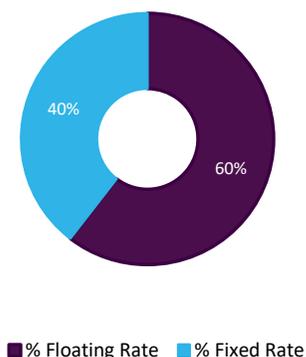


# KKC - Current Portfolio Positioning

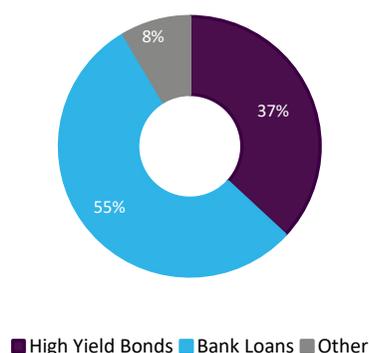
SENIOR vs. SUBORDINATED



FLOATING vs. FIXED



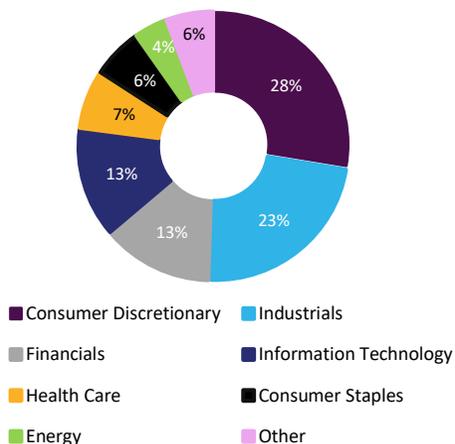
ASSET TYPE DIVERSIFICATION



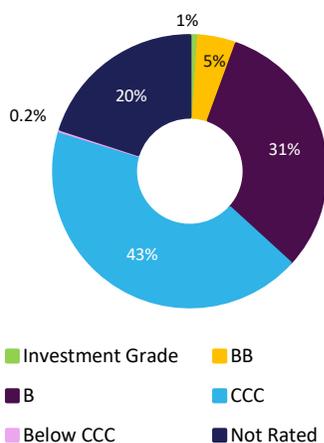
## Key Points

- 90% senior in capital structure
- Majority of portfolio is floating rate
- Greater focus on loans
- No new defaulted positions in the portfolio
- European exposure will continue to grow as EDL deploys
- EDL is ~36% net deployed and expected to be ~45% net deployed by end of June

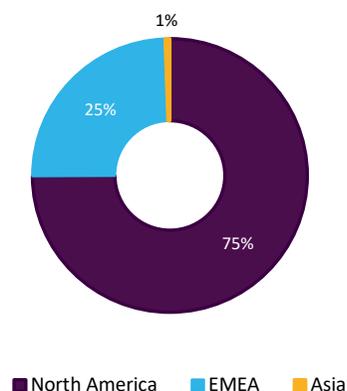
SECTOR DIVERSIFICATION



RATING DIVERSIFICATION<sup>(1)</sup>



GEOGRAPHIC DIVERSIFICATION



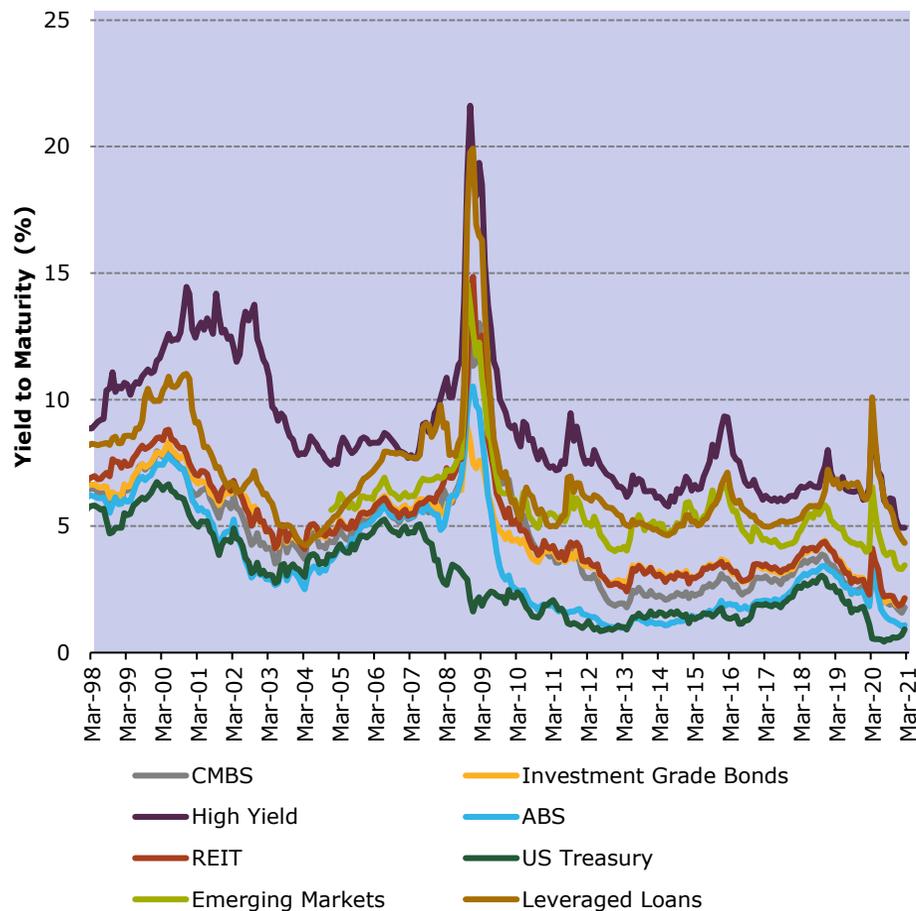
Source: KKR As of 31 March 2021 and based on look through to assets in KKC's underlying funds.

(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.

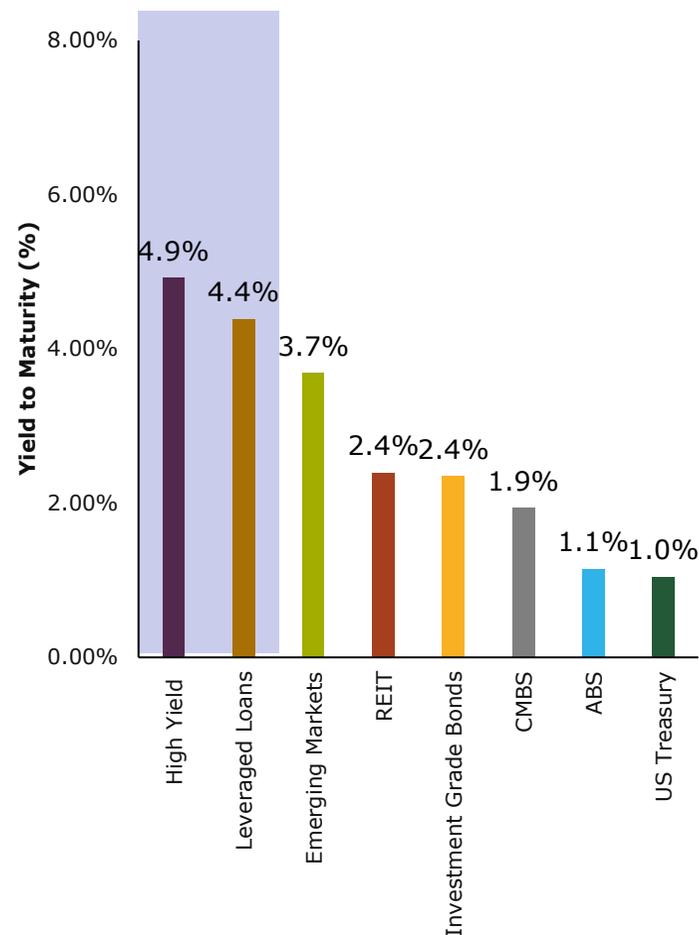
How Does It Look From Here?

# Credit Still Looks Attractive vs. Other Asset Classes

## Yield Across Various Asset Classes over Time



## Yield Across Various Asset Classes

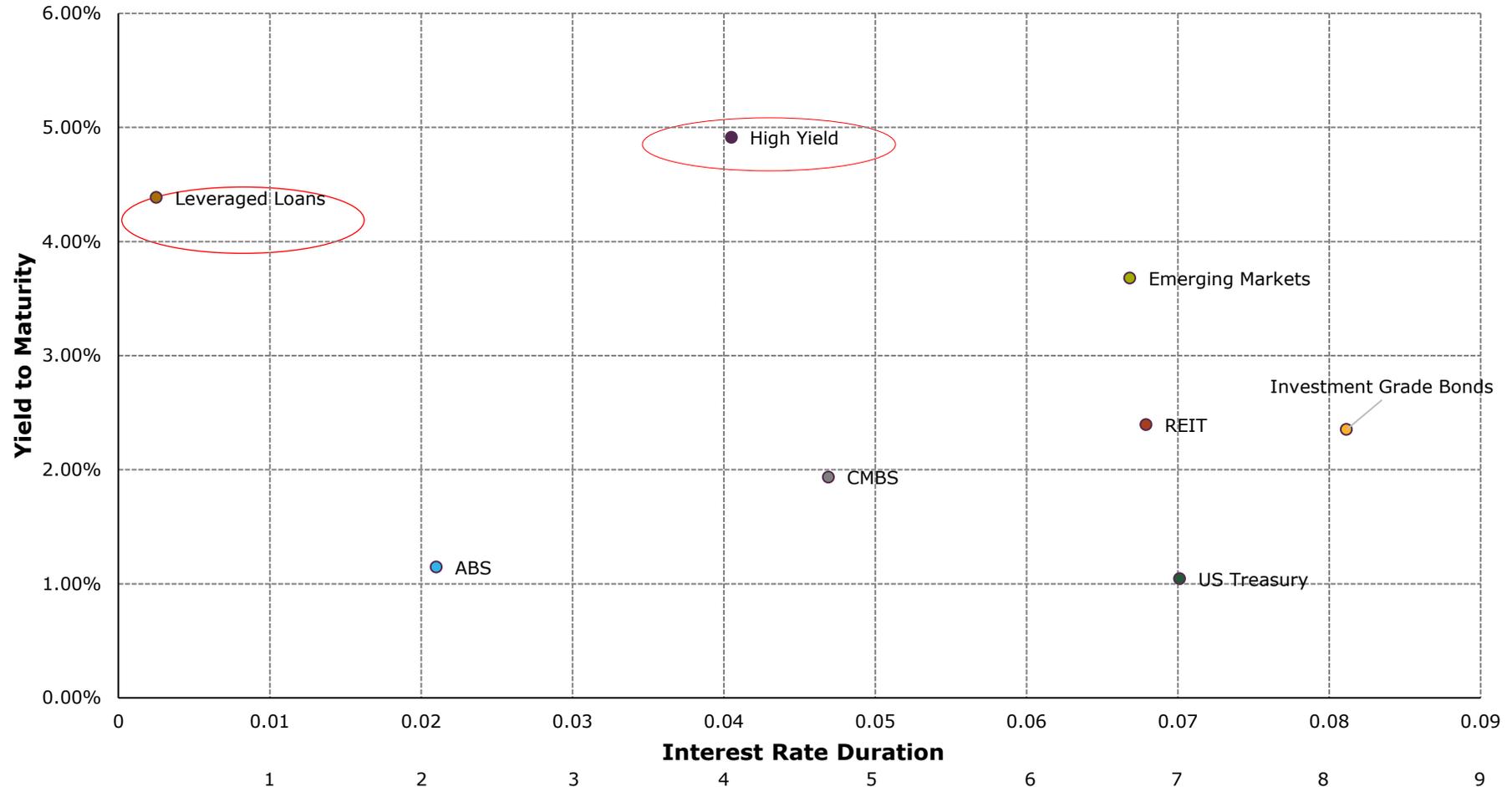


Source: Bloomberg, S&P and ICE Indices as of March 31, 2021. These data providers have not consented to the inclusion of this data in this document.

Note: High Yield Returns represents the BAML HY Master II Yield to Maturity. Leveraged Loan Returns represents S&P LSTA USLLI Yield to Maturity. Emerging Markets: BAML Emerging Markets Diversified Corporate Master (EMSD), REIT: BAML US REIT (CREI), Investment Grade: BAML US Corp Master (COA0), CMBS: BAML CMBS Fixed Rate (CMBS), ABS: BAML ABS Master Fixed Rate (ROA0), US Treasury: BAML US Treasury Master (GOQ0). The chart on the right shows a snapshot of current Yields to Maturity for the eight indices shown on the left side chart to highlight relative yields today.

# And Offers an Attractive Risk Reward

## Yield to Maturity vs. Interest Rate Duration



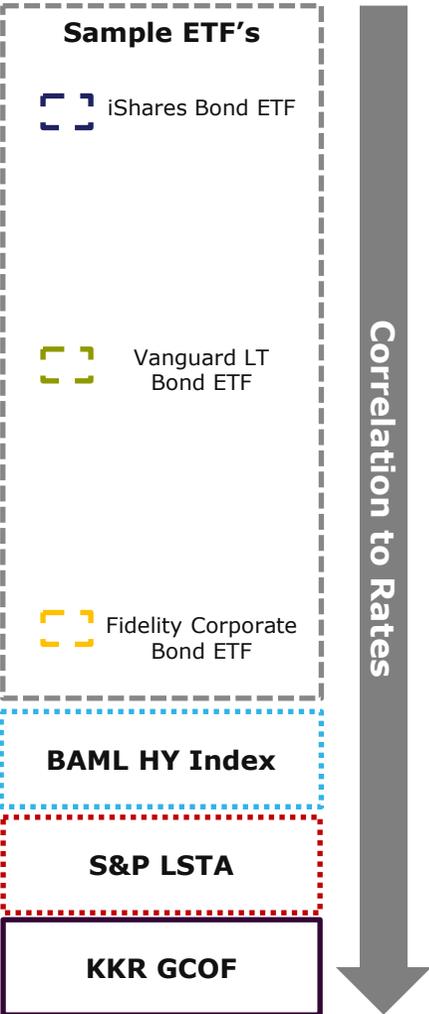
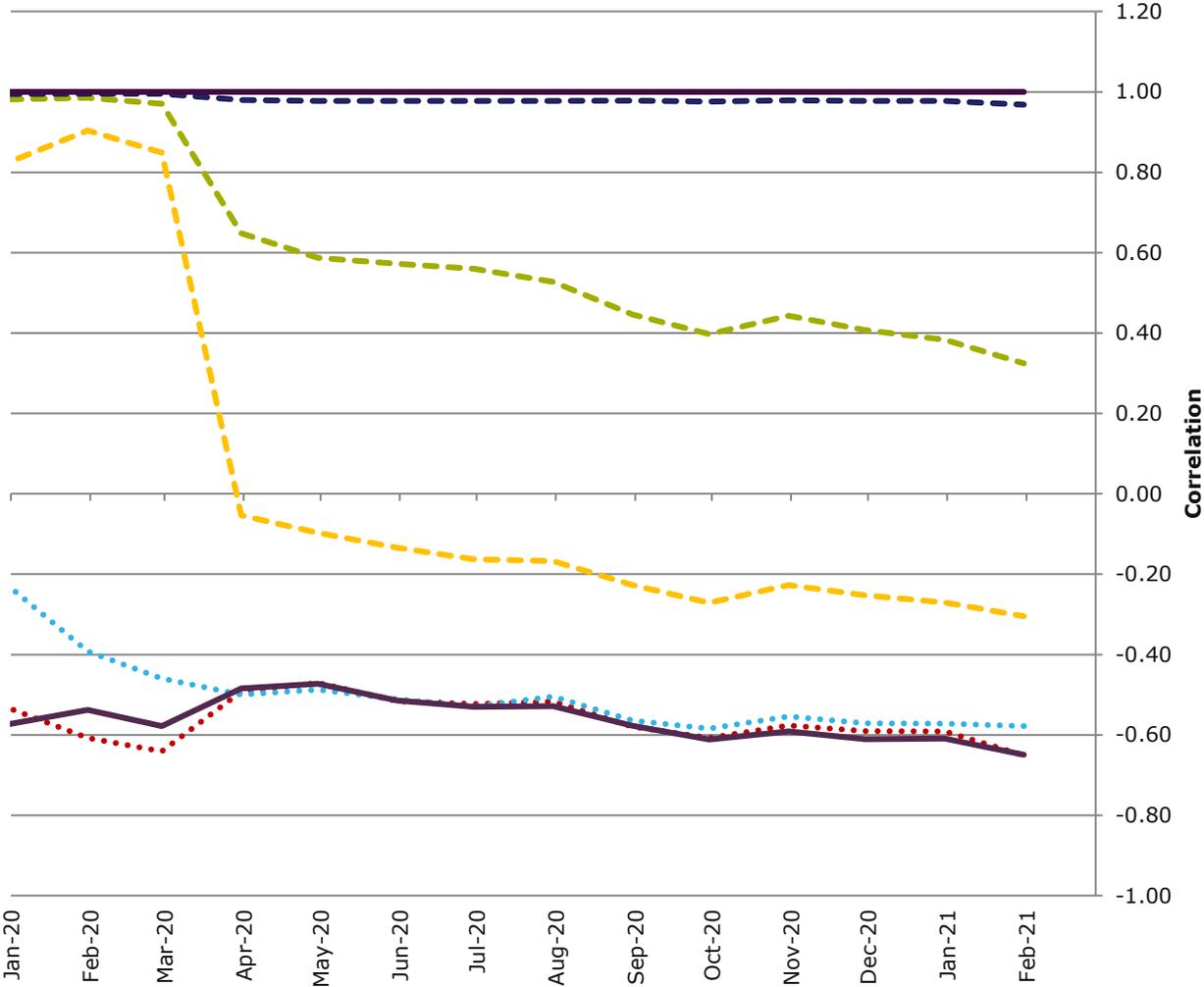
Source: Bloomberg, S&P and ICE Indices as of March 31, 2021. These data providers have not consented to the inclusion of this data in this document.

Note: High Yield represents the BAML HY Master II. Assumes S&P LSTA Effective Duration of 0.25, Duration stat not tracked by LSTA. Emerging Markets: BAML Emerging Markets Diversified Corporate Master (EMSD), REIT: BAML US REIT (CREI), Investment Grade: BAML US Corp Master (C0A0), CMBS: BAML CMBS Fixed Rate (CMBS), ABS: BAML ABS Master Fixed Rate (R0A0), US Treasury: BAML US Treasury Master (G0Q0)

# Low Correlation to Recent US Treasury Movements

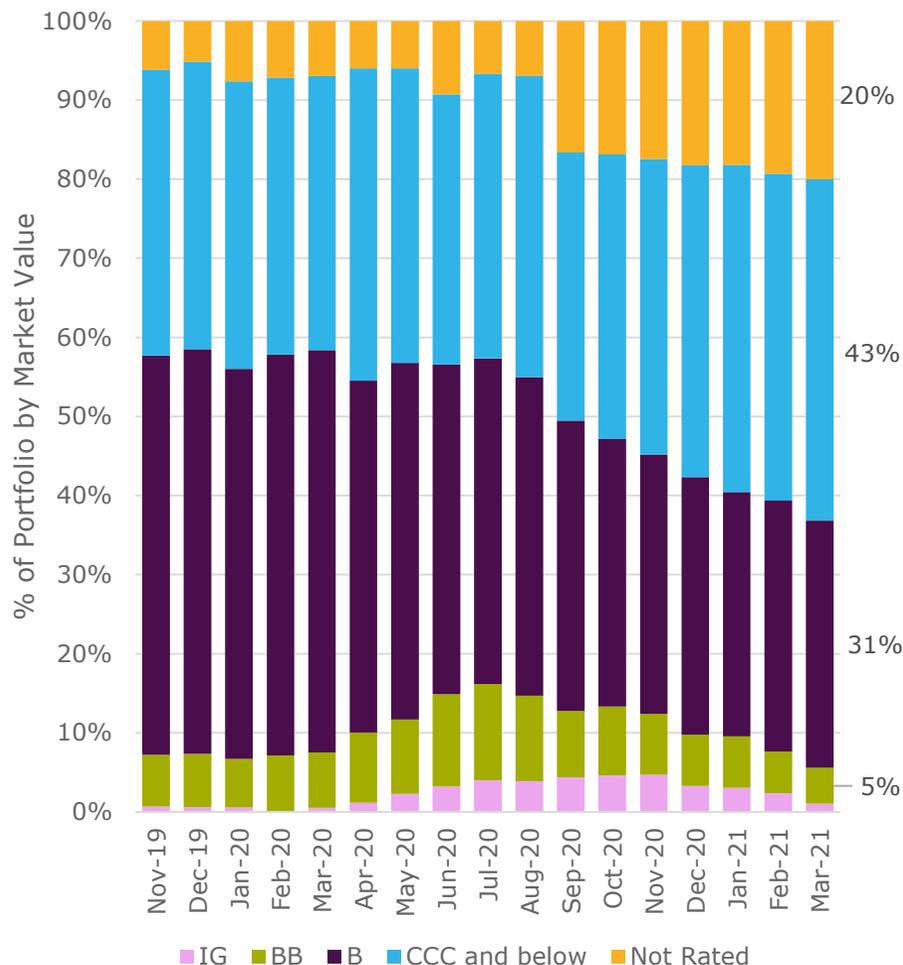
## Correlation to 10-Year US Treasury (GA10)

January 2020 – February 2021 (12-Month Moving Windows, Computed Monthly)



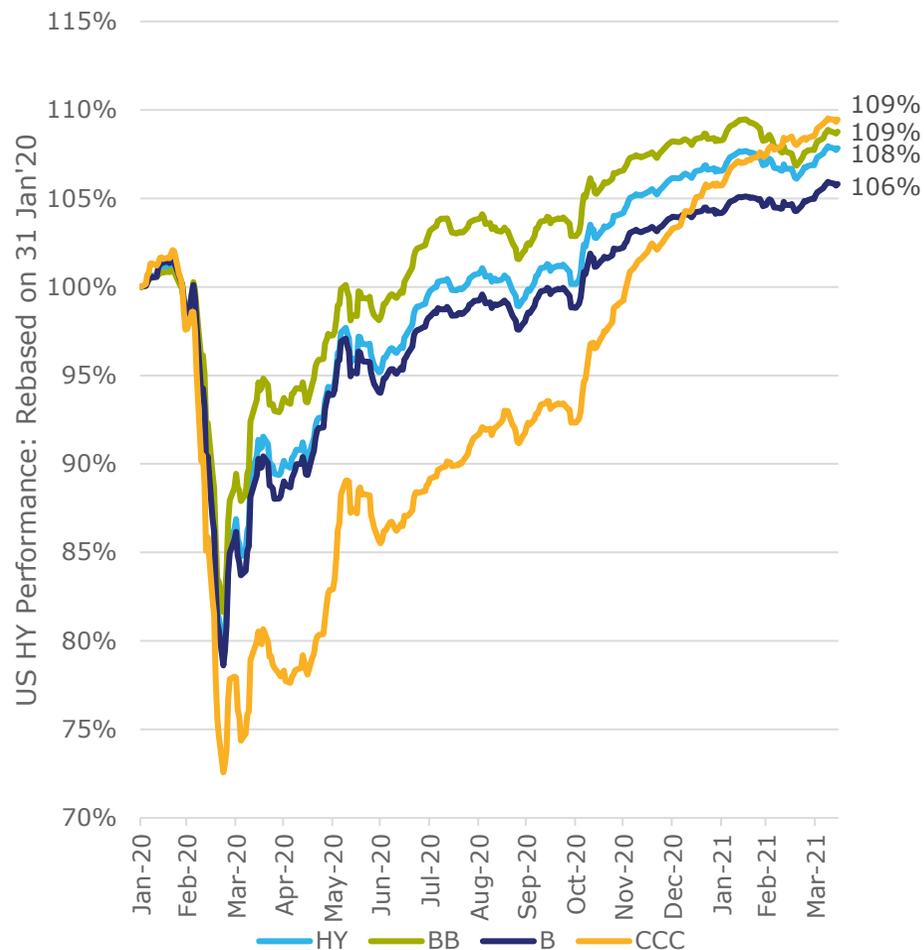
# Deeper Dive into High Yield Performance by Rating<sup>(1)</sup>

### Ratings Evolution of KKC Exposures



Source: KKR as at 31 March 2021. Exposures are shown ex-cash.

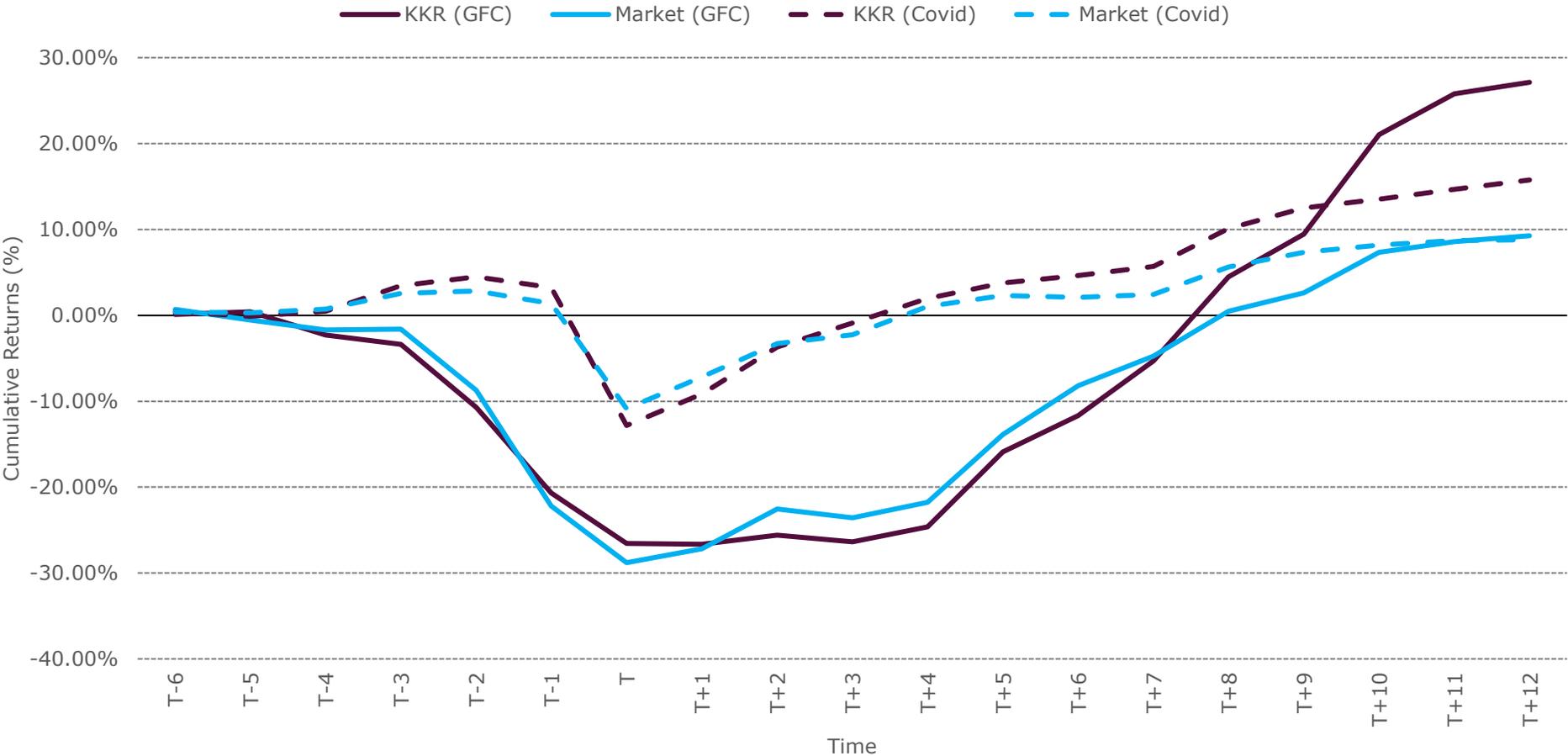
### US HY Performance: Rebased on 31 Jan'20



Source: Bloomberg as at 14 April 2021. Bloomberg has not provided its consent to the inclusion of this data in this presentation. BAML HY Master II represents US High Yield Bonds.

# Scenario Analysis: GFC vs. COVID

Returns During Periods of Volatility<sup>(1)</sup>



**GCOF strategy has historically out-performed in periods of volatility**

Past performance is not indicative of future performance.



(1). Represents rolling monthly gross returns beginning T-6 of the KKR Opportunistic Credit Composite for periods from May 2008 – November 2009 (“GFC”) and September 2019 – March 2021 (“Covid”). T-1 refers to one month before max drawdown. Market here refers to the GCOF benchmark (50% S&P LSTA Loan Index and 50% BAML HY Index). Source: S&P LCD and BAML as at 31 March 2021. S&P LCD and BAML have not provided its consent to the inclusion of this data in this presentation.

# The Opportunity

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

