KKR Credit Income Fund

ARSN 634 082 107

Appendix 4E

For the period 12 June 2019 to 30 June 2020

Preliminary Final Report

This preliminary final report is for the period ended 30 June 2020. This is the first period of operations for KKR Credit Income Fund. Therefore, there are no prior year comparatives.

The Directors of The Trust Company (RE Services) Limited, the Responsible Entity of KKR Credit Income Fund (the "Fund"), announce the audited results of the Fund for the period ended 30 June 2020 as follows:

Results for announcement to the market

	For the period 12 June 2019 to 30 June 2020
	$'000
Total investment (loss)/income	(78,095)
Operating (loss)/profit for the period	(87,641)

Distribution information

The distributions for the period were as follows:

	For the period 12 June 2019 to 30 June 2020	
	$'000	CPU*
Distribution paid - 31 March	1,949	0.5268
Distribution payable - 30 June	9,235	2.5000
Total distributions	11,184	

* Distribution is expressed as cents per unit in Australian Dollars.

Distributions declared during the period ended 30 June 2020 represented a return of capital to unitholders.

Distribution Reinvestment Plan (DRP)

The Responsible Entity has established a Distribution Reinvestment Plan ("DRP") in relation to distributions. The Responsible Entity expects to make distributions on a quarterly basis. For such distributions, it is expected the record date will be the first ASX trading day of each quarter and the last day for electing into the DRP will be 5.00pm (Sydney time) on the first business day after the record date.

Units under the DRP are currently issued at the net asset value of a unit as determined in accordance with the Fund's constitution on the record date.

The DRP was suspended for the distributions declared during the period ended 30 June 2020.

Net tangible assets

	As at 30 June 2020
Net tangible assets per unit	$ 2.2377

Control gained or lost over entities during the period

There was no gain or loss of control of entities during the current period.

Details of associates and joint venture entities

The Fund did not have any interest in associates and joint venture entities during the current period.

Other Information

The Fund is not a foreign entity.

Independent auditor's report

This Appendix 4E is based on the period-end financial statements which have been audited by the Fund's Auditors – Deloitte Touche Tohmatsu.

KKR Credit Income Fund

ARSN 634 082 107

Annual Financial Report

For the period 12 June 2019 to 30 June 2020

KKR Credit Income Fund

ARSN 634 082 107

Annual Financial Report

For the period 12 June 2019 to 30 June 2020

Contents

This report covers KKR Credit Income Fund as an individual entity. The Responsible Entity of KKR Credit Income Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150). The Responsible Entity's registered office is:

Level 18 Angel Place
123 Pitt Street
Sydney NSW 2000.

Directors' report

The Trust Company (RE Services) Limited (ABN 45 003 278 831) is the responsible entity (the "Responsible Entity") of KKR Credit Income Fund (the "Fund"). The Directors of the Responsible Entity (the "Directors") present their report together with the financial statements of the Fund for the period 12 June 2019 to 30 June 2020.

Principal activities

The Fund is a registered managed investment scheme domiciled in Australia.

The Fund's investment objective is to provide unitholders with an income stream as well as to achieve attractive long-term capital appreciation over a full market cycle by providing investors with exposure to underlying credit investments that are diversified (by number of investments and across geographies and asset classes). These assets will typically have a high income component. The Fund will seek to achieve this objective by investing directly or indirectly in KKR Global Credit Opportunities Master Fund L.P. ("GCOF") and KKR Lending Partners Europe II (Euro) Unlevered SCSp ("EDL Euro Fund"), collectively referred to as the KKR Managed Funds.

As at 30 June 2020, the Fund's primary investment is in KKR Global Credit Opportunities Access Fund L.P. (the "GCOF Access Fund"), which in turn holds an investment in GCOF. For more information on the GCOF Access Fund and GCOF, refer to the most recent audited financial statements that have been lodged with ASX in accordance with ASX listing rules 4.8 and 4.9.

The Fund was constituted on 12 June 2019 and commenced operations on 15 November 2019.

The Fund did not have any employees during the period.

There were no significant changes in the nature of the Fund's activities during the period.

The Fund is currently listed on the Australian Securities Exchange (ASX) under the ASX code KKC.

Directors

The Directors of the Responsible Entity during the period and up to the date of this report are shown below. The Directors were in office for this entire period except where stated otherwise:

Name	Date of appointment/resignation
Glenn Foster	
Michael Vainauskas	Resigned as Director on 27 September 2019
Andrew McIver	Resigned as Alternate Director for Michael Vainauskas on 2 September 2019, Appointed as Alternate Director for Glenn Foster on 2 September 2019, Resigned as Alternative Director for Glenn Foster on 27 September 2019
Vicki Riggio	
Phillip Blackmore	Alternate Director for Vicki Riggio
Richard McCarthy	
Simone Mosse	Appointed as Director on 27 September 2019

Review and results of operations

During the period, the Fund invested in accordance with investment objective and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

Directors' report (continued)

Results

The performance of the Fund, as represented by the results of its operations, was as follows;

	For the period 12 June 2019 to 30 June 2020
Operating (loss)/profit ($'000)	(87,641)
Distributions paid and payable ($'000)	11,184
Distributions (cents per unit)	3.0268

Operating loss for the period 12 June 2019 to 30 June 2020 includes listing expenses of $1,593,858, representing expenses associated with the listing of the Fund's units on the ASX. The Fund also incurred costs directly attributable to the issuance of units of $30,363,441, which were recorded as a reduction of the proceeds received from the initial public offering. Pursuant to the terms of the Investment Management Agreement, the Investment Manager agreed to pay in full out of its own pocket all upfront establishment fees, costs and expenses of the IPO to ensure that the net assets per unit at the beginning of the day on which trading of units commenced on the ASX was not less than the subscription price of $2.50 per unit. The payment of these costs of $31,957,299 is recorded as a capital contribution in the Statement of changes in equity. The listing expenses and issue costs associated with the Fund's IPO are one-time costs and are not expected to recur in future periods.

Significant changes in state of affairs

The Fund was listed on the Australian Securities Exchange (ASX) on 19 November 2019 and is quoted under ticker code KKC.

During the period ended 30 June 2020, 719,642 units, representing 0.19% of issued capital were bought back in the on-market buyback. The units were purchased for an aggregate amount of $1,419,543.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the period.

COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") continues to impact countries throughout the world. In March 2020, the World Health Organization declared COVID-19 to be a pandemic. In connection with this declaration, various governments around the world have instituted measures to slow the transmissions of COVID-19, which substantially restrict individual and business activities. These measures have included, for example, closures of non-essential businesses, limitations of crowd size, stay-at-home orders, quarantines, heightened border controls and limitations on travel. Governments around the world have responded with fiscal and monetary stimuli that aim to provide emergency assistance to individuals and businesses negatively impacted by COVID-19. The outbreak of COVID-19 and the actions taken in response have had far reaching impact on global economies, contributing to significant volatility in the financial markets, resulting in increased volatility in equity prices and lower interest rates, and causing furloughs and layoffs in the labour market.

The COVID-19 outbreak and subsequent market volatility resulted in depressed asset prices, and the Fund's performance return in the month of March 2020 was negative 21.9%, as compared to the previous month. Since this period global central banks and governments have implemented accommodative monetary and fiscal stimulus that has improved asset prices. Since the end of March, the Fund has generated returns of 12.3% to the end of June 2020.

Given the ongoing nature of the outbreak, at this time the Directors cannot reasonably predict the magnitude of the ultimate impact that COVID-19 will have on the Fund's financial performance and operating results. The Directors believe COVID-19's adverse impact on the Fund's financial performance and operating results will be significantly driven by a number of factors that are not able to be predicted or controlled, including, for example: the severity and duration of the pandemic; the pandemic's impact on global economies; the timing, scope and effectiveness of additional governmental responses to the pandemic; and the timing and speed of economic recovery, including the availability of a treatment or vaccination for COVID-19.

The Directors continue to assess the potential financial and other impacts of the coronavirus (COVID-19) outbreak to the Fund.

Directors' report (continued)

Matters subsequent to the end of the financial period

On 1 July 2020, the Fund has agreed to reduce its commitment to EDL Euro Fund to €234 million. The income and investment gains of EDL Euro Fund that will be allocated to the Fund will be determined as if the reduced commitment of €234 million had been in place since the inception of EDL Euro Fund, which is in accordance with EDL Euro Fund's Limited Partnership Agreement ("LPA"). Thus, the value that the Fund has recorded for its investment in EDL Euro Fund as at 30 June 2020 is based on the Fund's reduced commitment level.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain. The Directors and management will continue to monitor this situation.

On 27 July 2020, the Fund extended the maturity date on two forward currency contracts with original maturities of 1 February 2021 by rolling them into two new contracts with maturity dates of 1 February 2022.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or could significantly affect:

(i) the operations of the Fund in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the state of affairs of the Fund in future financial years, or

(iv) items reported in the financial statements.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The Fund expects to receive capital calls for its commitment to EDL Euro Fund beginning in the fourth quarter of 2020. The Fund may draw on its credit facility or redeem a portion of its investment in the profit participating note issued by KKR Global Credit Opportunities Access Fund L.P. (the "GCOF PPN") to fund these capital calls.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain. The Directors continue to assess the potential financial and other impacts of the coronavirus (COVID-19) outbreak to the Fund.

Indemnification and insurance of officers and auditors

No insurance premiums were paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the *Corporations Act, 2001*, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Units in the Fund

The movement in units on issue in the Fund during the period is disclosed in Note 10 to the financial statements.

During the period from 12 June 2019 to 30 June 2020, the Fund incurred issue costs associated with its Initial Public Offering (IPO) totaling $31,957,299, comprised of $1,593,858 recorded as listing expenses in the Statement of profit or loss and other comprehensive income and $30,363,441 of costs directly attributable to the issuance of units that were recorded as a reduction of the proceeds from the IPO in the Statement of changes in equity. Pursuant to the terms of the Investment Management Agreement, the Investment Manager agreed to pay in full out of its own pocket all upfront establishment fees, costs and expenses of the IPO to ensure that the net assets per unit at the beginning of the day on which trading of units commenced on the ASX was not less than the subscription price of $2.50 per unit. The payment of these costs of $31,957,299 is recorded as a capital contribution in the Statement of changes in equity. The issue costs associated with the Fund's IPO are one-time costs and are not expected to recur in future periods.

The value of the Fund's assets and liabilities is disclosed on the Statement of financial position and derived using the basis set out in Note 2 of the financial statements.

Directors' report (continued)

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Fund specific climate risk is managed by the Investment Manager, as outlined in the Investment Management report.

Rounding of amounts to the nearest thousand dollars

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission ("ASIC") relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that *ASIC Corporations Instrument*, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14.

This report is made in accordance with a resolution of the Directors of The Trust Company (RE Services) Limited, pursuant to section s.298(2) of the *Corporations Act 2001*.

Director

Sydney
31 August 2020

Investment Manager's report

Dear Investors,

We are pleased to present the first Annual Financial Report for the KKR Credit Income Fund ("KKC" or "the Fund"). The Fund commenced trading on the Australian Stock Exchange ("ASX) on 21 November 2019.

Strong demand from investors saw the maximum A$925 million being raised through the issue of 370 million units at a subscription price of A$2.50 per unit.

The Fund seeks to deliver investors with a medium-term average total return (net of fees and expenses) of 6% to 8% per annum through the market cycle. To date, the Fund has invested in the KKR Global Credit Opportunities Fund ("GCOF") and deployment pace was good with nearly all of the offer proceeds from the Fund deployed into GCOF by January 2020 (ahead of the expected date of March 2020 set out in the Product Disclosure Statement).

As at 30 June 2020, the Fund has net assets of A$826.3 million and a net tangible asset ("NTA") value per unit of A$2.2377. This equates to a Fund performance of negative 10.5% since inception based on the NTA per unit. The overall return of the Fund has been predominantly impacted by the COVID-19 pandemic and associated market sell off since the end of February 2020. To put overall performance in context, we can examine performance in three stages:

- *From inception to the end of February 2020:* KKC returned 2.1% in the first 100 days from listing to the end of February 2020. On an annualised basis this return profile would be at the higher end of our return target (i.e., over 7.5%) and we were pleased with the start the Fund made. This return was not uniform over the first two months (especially as the Fund has limited deployment in November and early December) but January 2020 was a strong performance month and the high conviction, high return strategy was generating returns consistent with those expected over this initial period.
- *March 2020:* However, as the coronavirus spread, global asset prices sold off significantly and KKC was not immune to this. The Fund returned negative 21.9% in the month of March 2020. March was a challenging month for investors in the traded credit markets as forced sellers (primarily from daily liquidity vehicles) sold assets indiscriminately which we believe resulted in some high- quality sub-investment grade assets being sold off to a greater extent than the Manager believes they should have.
- *April 2020 – June 2020:* During this period global central banks and governments have implemented accommodative monetary and fiscal stimulus that has improved asset prices. Since the end of March, KKC has generated returns of 12.3% to the end of June 2020. More importantly, we believe KKC is well positioned as we navigate a recessionary period. The portfolio in GCOF includes 192 different investments at the end of June 2020 and continues to have a high conviction approach (the top 10 holdings accounted for nearly 25% of the portfolio). The portfolio comprises approximately 90% senior assets that offer downside protection. We remain satisfied with both how the underlying assets within the KKC portfolio have navigated extreme market volatility since its inception and the current credit quality of the holdings within it.

Climate risk

The Investment Manager maintains that the thoughtful management of environmental, social, and governance ("ESG"), regulatory, geopolitical, and reputational issues is an essential part of long-term business success in a rapidly changing world. Companies that carefully manage ESG and stakeholder risk and opportunity today should be better positioned in the future as diminishing resources, changing consumer demands, evolving norms, and increased regulation are expected to pose greater challenges and opportunities for companies around the world. The Investment Manager seeks to reduce risk and enhance value by building a proactive focus on these issues across the investment life cycle, wherever possible.

The Investment Manager's ESG process consists of the following steps:

- Review "Gating Issues" to determine whether there are any critical ESG or reputational concerns with regards to target companies, operators, issuers, and, where relevant, sponsors;
- Evaluate material ESG risks and opportunities applicable for the industry or asset type(s) with regards to the issuer or target company, including climate change risks and other portfolio-wide considerations and opportunities where relevant;
- Document and review findings, including key risks and opportunities, as they relate to the issuer or target company;
- Track relevant findings, even when no additional actions are needed; and
- Monitor and manage key ESG risks post-investment.

Corporate Governance statement

Background

The Trust Company (RE Services) Limited ("Responsible Entity") is the responsible entity for the Perpetual Credit Income Trust ("Trust"), a registered managed investment scheme that is listed on the Australian Securities Exchange ("ASX").

The Responsible Entity is a wholly owned subsidiary of Perpetual Limited (ASX: PPT) ("Perpetual").

The Responsible Entity is reliant on Perpetual for access to adequate resources including directors, management, staff, functional support (such as company secretarial, responsible managers, legal, compliance, risk and finance) and financial resources. As at the date of this Corporate Governance Statement, Perpetual has at all times made such resources available to the Responsible Entity.

In operating the Trust, the Responsible Entity's overarching principle is to always act in good faith and in the best interests of the Trust's unitholders, in accordance with our fiduciary duty. The Responsible Entity's duties and obligations in relation to the Trust principally arise from: the Constitution of the Trust; the Compliance Plan for the Trust; the Corporations Act 2001 ("Act"); the ASX Listing Rules; the Responsible Entity's Australian Financial Services Licence; relevant regulatory guidance; relevant contractual arrangements; and other applicable laws and regulations.

Corporate Governance

At Perpetual, good corporate governance includes a genuine commitment to the ASX Corporate Governance Council Corporate Governance Principles and Recommendations 3rd Edition ("**Principles**").

The directors of the Responsible Entity are committed to implementing high standards of corporate governance in operating the Trust and, to the extent applicable to registered managed investment schemes, are guided by the values and principles set out in Perpetual's Corporate Responsibility Statement and the Principles . The Responsible Entity is pleased to advise that, to the extent the Principles are applicable to registered managed investment schemes; its practices are largely consistent with the Principles.

As a leading responsible entity, the Responsible Entity operates a number of registered managed investment schemes ("**Schemes**"). The Schemes include the Trust as well as other schemes that are listed on the ASX. The Responsible Entity's approach in relation to corporate governance in operating the Trust is consistent with its approach in relation to the Schemes generally.

The Responsible Entity addresses each of the Principles that are applicable to externally managed listed entities in relation to the Schemes, including the Trust, as at the date of this Corporate Governance Statement.

Principle 1 – Lay Solid Foundations for Management and Oversight

The role of the Responsible Entity's Board is generally to set objectives and goals for the operation of the Responsible Entity and the Schemes, to oversee the Responsible Entity's management, to regularly review performance and to monitor the Responsible Entity's affairs acting in the best interests of the unitholders of the Trust. The Responsible Entity's Board is accountable to the unitholders of the Trust, and is responsible for approving the Responsible Entity's overall objectives and overseeing their implementation in discharging their duties and obligations and operating the Trust.

The role of the Responsible Entity's management is to manage the business of the Responsible Entity in operating the Trust. The Responsible Entity Board delegates to management all matters not reserved to the Responsible Entity's Board, including the day-to-day management of the Responsible Entity and the operation of the Trust. Directors, management and staff are guided by Perpetual's Code of Conduct and Perpetual Risk Appetite Statement which is designed to assist them in making ethical business decisions.

The Responsible Entity has appointed agents ("Service Providers") to provide investment management, administration, custody and other specialist services and functions in relation to the Trust.

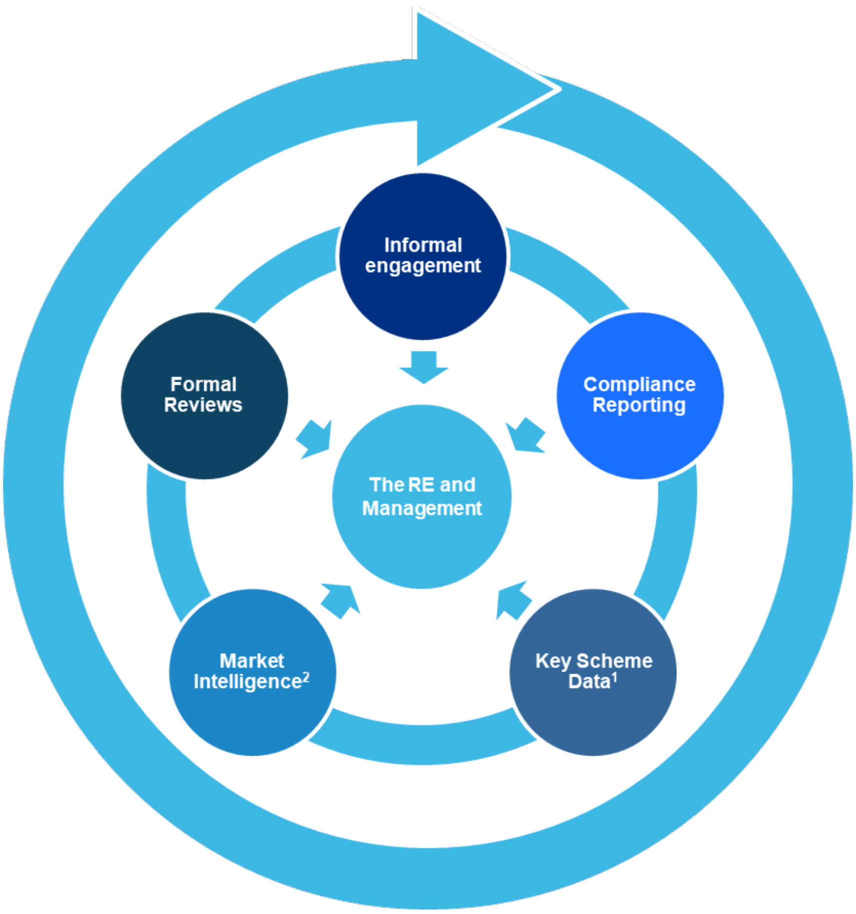
Effective processes for monitoring Service Providers are integral to the Responsible Entity's operations, given that substantial operational activities are outsourced to third parties. The Management of the Responsible Entity ensure a systematic and rigorous approach is applied with respect to monitoring the performance of outsourced Service Providers to the Trust.

The Responsible Entity views all interactions with Service Providers as a monitoring opportunity, from the informal discussions that regularly occur with Service Providers, to more formalised monitoring reviews. The outcomes of all interactions with Service Providers inform the Responsible Entity's view as to the extent to which the Service Provider is complying with their operational obligations to the Responsible Entity.

Corporate Governance statement (continued)

Prior to appointment, all Service Providers are subject to operational due diligence, to verify that the Service Provider can deliver the outsourced services in an efficient, effective and compliant manner. All Service Providers are assigned an initial operational risk rating.

The Responsible Entity's approach to Service Provider monitoring is outlined in the diagram below. In addition to the continuous monitoring that occurs through day to day interactions with Service Providers in the regular course of business, all Service Providers are required to periodically report to the Responsible Entity as to the extent to which they have met their obligations. Periodically, the Service Provider's risk rating is reviewed by the stakeholders within the business, based on the outcomes of all interactions that have occurred with the Service Provider during the review period.



1. Includes information regarding investment performance, actual versus strategic asset allocation, liquidity where applicable and complaints, incidents and issues arising with respect to the operation of the Trust
2. Information from secondary sources, including the media and analysts and rating house reports.

The Responsible Entity maintains policy, procedure and program documents that determine the nature and frequency of formal service provider monitoring reviews. Service providers are typically subject to annual review.

The Service Provider risk rating dictates any additional monitoring measures required to be put in place – for example a Service Provider assessed as 'low to medium risk' will be subject to the standard monitoring measures the Responsible Entity utilises under the Service Provider Monitoring Framework. Service Providers risk rated 'high to very high' may be subject to additional oversight measures to deal with the factors that caused the Service Providers risk rating to be high or very high. In addition, management and stakeholders utilise the risk assessment rating in determining if any action is required when considering information and the outcomes of all interactions that have occurred with the Service Provider during the review period.

Corporate Governance statement (continued)

Principle 2 – Structure the Board to be Effective and Add Value

At present the Responsible Entity Board consists of four executive directors and one alternate director. The names of the current directors and year of appointment is provided below:

Name of Director	Year of Appointment
Glenn Foster	2015
Richard McCarthy	2018
Vicki Riggio	2018
Phillip Blackmore (Alternate for Vicki Riggio)	2018
Simone Mosse	2019

As the Responsible Entity's Board consists of only executive directors, a Compliance Committee is appointed in relation to the Trust (refer to Principle 7). None of the executive directors of the Responsible Entity are independent and they are not remunerated by the Responsible Entity. The Compliance Committee comprises of a majority of external members and is chaired by an external member who is not the chair of the Responsible Entity Board.

Principle 3 – Acting Ethically and Responsibly

The Responsible Entity relies on a variety of mechanisms to monitor and maintain a culture of acting lawfully, ethically and responsible:

- Policies and procedures: a Code of Conduct which articulates and discloses Perpetual's values, cyclical mandatory training, a Whistleblowing Policy and a Gifts, Political Donations, Bribery and Corrupt Practices Policy (further details noted below);
- "The Way We Work" behaviour framework, and risk ratings that are intertwined into its annual performance, remuneration and hiring processes; and
- Employee engagement surveys and action planning conducted to address any gaps or concerns in culture.

These apply to all directors and employees of Perpetual, and the Responsible Entity. The Code of Conduct, The Way We Work and core values supports all aspects of the way the Responsible Entity conducts its business and is embedded into Perpetual's performance management process.

The Code of Conduct draws from and expands on Perpetual's Core Values of integrity, partnership and excellence. The Code of Conduct underpins Perpetual's culture. The Responsible Entity Board and the Compliance Committee are informed of material breaches of the Code of Conduct which impact the Scheme and the Responsible Entity.

Additional policies deal with a range of issues such as the obligation to maintain client confidentiality and to protect confidential information, the need to make full and timely disclosure of any price sensitive information and to provide a safe workplace for employees, which is free from discrimination. Compliance with Perpetual's Code of Conduct is mandatory for all employees. A breach is considered to be a serious matter that may impact an employee's performance and reward outcomes and may result in disciplinary action, including dismissal.

Corporate Governance statement (continued)

A full copy of the Code of Conduct is available on Perpetual's website (https://www.perpetual.com.au/about/corporate-governance/code-of-conduct).
Perpetual also has a Whistleblowing Policy to protect directors, executives, employees, contractors and suppliers who report misconduct, including:

- conduct that breaches any law, regulation, regulatory licence or code that applies to Perpetual;
- fraud, corrupt practices or unethical behaviour;
- bribery;
- unethical behaviour which breaches Perpetual's Code of Conduct or policies;
- inappropriate accounting, control or audit activity; including the irregular use of Perpetual or client monies; and
- any other conduct which could cause loss to, or be detrimental to the interests or reputation of, Perpetual or its clients.

As part of Perpetual's Whistleblowing Policy, a third party has been engaged to provide an independent and confidential hotline for Perpetual employees who prefer to raise their concern with an external organisation.

A full copy of the Whistleblowing Policy is available on Perpetual's website ((https://www.perpetual.com.au/about/corporate-governance/code-of-conduct).

As part of Perpetual's commitment to promoting good corporate conduct and to conducting business in accordance with the highest ethical and legal standards, bribery and corrupt practices will not be tolerated by Perpetual under any circumstances. Perpetual's Gifts, Political Donations, Bribery and Corrupt Practices Policy supports Perpetual's commitment by:

- prohibiting the payment of political donations;
- instituting proper procedures regarding the exchange of gifts;
- clearly outlining Perpetual's zero tolerance for bribery and corruption; and
- including avenues where concerns may be raised.

A full copy of the Gifts, Political Donations, Bribery and Corrupt Practices Policy is available on Perpetual's website (https://www.perpetual.com.au/about/corporate-governance/code-of-conduct).

Mechanisms are in place to ensure the Responsible Entity Board and the Compliance Committee are informed of material breaches which impact the Trust and the Responsible Entity which would include material breaches of the Code of Conduct and material incidences reported under the Whistleblowing Policy and the Gifts, Political Donations, Bribery and Corrupt Practices Policy.

Principle 4 – Safeguard the Integrity of Corporate Reports

The functions of an audit committee are undertaken by the full Responsible Entity Board with assistance from management. The Responsible Entity has policies and procedures designed to ensure that the Trust's:

- financial reports are true and fair and meet high standards of disclosure and audit integrity; and
- other reports released on ASX are materially accurate and balanced.

This includes policies relating to the preparation, review and sign off process required for the Trust's financial reports, the engagement of the Trust's independent auditors and the review and release of certain reports on the ASX.

Corporate Governance statement (continued)

The declarations under section 295A of the Corporations Act 2001 provide formal statements to the Responsible Entity Board in relation to the Trust (refer to Principle 7). The declarations confirm the matters required by the Corporations Act in connection with financial reporting. The Responsible Entity receives confirmations from the service providers involved in financial reporting and management of the Trust, including the Investment Manager. These confirmations together with the Responsible Entity's Risk and Compliance Framework which includes the service provider oversight framework, assist its staff in making the declarations provided under section 295A of the Corporations Act. The Responsible Entity manages the engagement and monitoring of independent 'external' auditors for the Trust. The Responsible Entity Board receives periodic reports from the external auditors in relation to financial reporting and the compliance plans for the Trust.

Principle 5 – Make Timely and Balanced Disclosure

The Responsible Entity has a continuous disclosure policy to ensure compliance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules in relation to the Trust which sets out the processes to review and authorise market announcements and which is periodically reviewed to ensure that it is operating effectively. The policy requires timely disclosure of information to be reported to the Responsible Entity's management and/or directors to ensure that, information that a reasonable person would expect to have a material effect on the unit price or would influence an investment decision in relation to any of the Trust, is disclosed to the market. The Responsible Entity's Company Secretary may assist management and/or the directors in making disclosures to the ASX after appropriate Responsible Entity's Board consultation for material market announcements. The Responsible Entity requires service providers, including the Investment Manager, to comply with its policy in relation to continuous disclosure for the Trust. The Responsible Entity's Company Secretary is the Continuous Disclosure Officer for the Trust in accordance with the ASX Listing Rules.

Principle 6 – Respect the Rights of Unitholders

The Responsible Entity is committed to ensuring timely and accurate information about the Trust is available to security holders via the Trust's website. All ASX announcements are promptly posted on the Trust's website: www.kkcaustralia.com.au. The annual and half year results financial statements and other communication materials are also published on the website.
In addition to the continuous disclosure obligations, the Responsible Entity receives and responds to formal and informal communications from unitholders and convenes formal and informal meetings of unitholders as requested or required. The Responsible Entity has an active program for effective communication with the unitholders and other stakeholders in relation to Trust.

The Responsible Entity handles any complaints received from unitholders in accordance with Perpetual's Complaints Handling Policy. The Responsible Entity is a member of the Australian Financial Complaints Authority (**AFCA**), an independent dispute resolution body, which is available to unitholders in the event that any complaints cannot be satisfactorily resolved by the Responsible Entity.

The Responsible Entity is also committed to communicating with shareholders electronically in relation to communications from the share registry. Shareholders may elect to receive information from the Company's share registry electronically.

Principle 7 – Recognise and Manage Risk

The Responsible Entity values the importance of robust risk and compliance management systems and maintains a current risk register as part of its formal risk management program. The systems supporting the business have been designed to ensure our risks are managed within the boundaries of the Perpetual Risk Appetite Statement and consistent with our core values built on integrity, partnership and excellence.

The Responsible Entity has established a Compliance Committee, comprised of Johanna Turner (Chair), Virginia Malley and Simone Mosse.

The Compliance Committee meets at least quarterly. The Compliance Committee Terms of Reference sets out its role and responsibilities, which is available on request. The Compliance Committee is responsible for compliance matters regarding the Responsible Entity's Compliance Plan, Constitution and the Corporations Act.

The declarations under section 295A of the Act provide assurance regarding sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The Responsible Entity also receives appropriate declarations from the service providers involved in financial reporting.

Corporate Governance statement (continued)

The Responsible Entity manages the engagement and monitoring of independent external auditors for the Trust. The Responsible Entity's board receives periodic reports in relation to financial reporting and the compliance plan audit outcomes for the Trust.

The Perpetual Board has the responsibility and commitment to monitor that the organisation has a framework in place to manage risk. The Board's commitment is reflected through the establishment of, and investment in the Perpetual Group Risk, Group Compliance and Internal Audit functions, led by the Chief Risk Officer. The Chief Risk Officer has the mandate to design and implement this Risk Management Framework (RMF).

Perpetual's Audit, Risk and Compliance Committee (ARCC) is responsible for oversight and monitoring of the Perpetual's risk appetite statement, compliance and risk management frameworks and internal control systems, and risk culture. The ARCC is also responsible for monitoring overall legal and regulatory compliance across Perpetual including the Responsible Entity. The RMF was reviewed, updated and approved by the Audit, Risk and Compliance Committee during the 2020 financial year. The RMF consists of programs and policies which are designed to address specific risk categories - strategic, financial, operational, outsourcing, investment, reputation, people and compliance, legal and conduct risk. Programs supporting the RMF are regularly reviewed to confirm their appropriateness. The Audit, Risk and Compliance Committee is comprised of Ian Hammond (Chair), Nancy Fox, Craig Ueland and Gregory Cooper. The Audit, Risk and Compliance Committee Terms of Reference sets out its role and responsibilities. This can be obtained on the Perpetual website. All members of the Perpetual Audit, Risk and Compliance Committee members are independent non-executive directors of Perpetual Limited. A majority of the Responsible Entity Compliance Committee is comprised of external members, including an external Chair.

All Perpetual Group Executives are accountable for managing risk within their area of responsibility, including the extent to which the Responsible Entity is effectively applying and acting in accordance with the RMF. They are also required to manage risk as part of their business objectives with risk management integrated across business processes.

The RMF is underpinned by the "Three Lines of Defence" model. This model sees the first line, being business unit management, accountable for the day to day identification and management of risks. The Risk and Compliance function represents the second line and consists of risk management professionals who provide the framework, tools, advice and assistance to enable management to effectively identify, assess and manage risk and is responsible for overseeing first line activities. Internal Audit provides independent assurance, representing the third line, and reports to the ARCC.

In respect of social and ethical considerations, the Investment Manager maintains that the thoughtful management of environmental, social, and governance ("ESG"), regulatory, geopolitical, and reputational issues is an essential part of long-term business success in a rapidly changing world. Companies that carefully manage ESG and stakeholder risk and opportunity today should be better positioned in the future as diminishing resources, changing consumer demands, evolving norms, and increased regulation are expected to pose greater challenges and opportunities for companies around the world. The Investment Manager seeks to reduce risk and enhance value by building a proactive focus on these issues across the investment life cycle, wherever possible.

The Investment Manager's ESG process consists of the following steps:

- Review "Gating Issues" to determine whether there are any critical ESG or reputational concerns with regards to target companies, operators, issuers, and, where relevant, sponsors
- Evaluate material ESG risks and opportunities applicable for the industry or asset type(s) with regards to the issuer or target company, including climate change risks and other portfolio-wide considerations and opportunities where relevant
- Document and review findings, including key risks and opportunities, as they relate to the issuer or target company
- Track relevant findings, even when no additional actions are needed
- Monitor and manage key ESG risks post-investment

Corporate Governance statement (continued)

Principle 8 - Remunerate Fairly and Responsibly

The RE does not have a Remuneration Committee. The fees and expenses which the Responsible Entity is permitted to pay out of the assets of the Trust are set out in the Trust constitution. The Trust financial statements provide details of all fees and expenses paid by the Trust during a financial period.

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
The Trust Company (RE Services) Limited
As the Responsible Entity of KKR Credit Income Fund
Level 18, 123 Pitt Street
Sydney NSW 2000

31 August 2020

Dear Board Members,

KKR Credit Income Fund

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of The Trust Company (RE Services) Limited as the Responsible Entity of KKR Credit Income Fund.

As lead audit partner for the audit of the financial statements of KKR Credit Income Fund for the period 12 June 2019 to 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Declan O'Callaghan

Declan O'Callaghan
Partner
Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income

	Notes	For the period 12 June 2019 to 30 June 2020 $'000
Investment income		
Interest income from financial assets at amortised cost		**23**
Interest income from financial assets at fair value through profit or loss		**16,139**
Net realised (losses)/gains on financial assets at amortised cost (including foreign currency movements)		**(97)**
Net unrealised/realised (losses)/gains on financial assets at fair value through profit or loss (including foreign currency movements)	6	**(94,808)**
Other income		**648**
Total investment (loss)/income		**(78,095)**
Expenses		
Management fees	14	**4,830**
Listing expenses	10	**1,594**
Legal expenses		**1,117**
Insurance expense		**337**
Responsible Entity fees	14	**153**
Custody and administration fees		**162**
Remuneration to auditors		**298**
Borrowing facility costs	13	**673**
Other expenses		**382**
Total expenses		**9,546**
Operating (loss)/profit for the period		**(87,641)**
(Loss)/profit for the period		**(87,641)**
Other comprehensive income		**-**
Total comprehensive (loss)/income for the period		**(87,641)**
(Loss)/Earnings per unit for profit attributable to unitholders of the Fund		
Basic and diluted (loss)/earnings per unit in cents	12	**(23.69)**

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

	Notes	As at 30 June 2020 $'000
Assets		
Cash and cash equivalents		**14,691**
Due from brokers - receivable for securities sold		**21,837**
GST receivable		**265**
Prepaid insurance		**231**
Deferred financing cost		**1,311**
Financial assets at fair value through profit or loss	5,7	**851,957**
Total assets		**890,292**
Liabilities		
Management fees payable	14	**1,787**
Responsible Entity fees payable	14	**110**
Custody and administration fees payable		**162**
Distributions payable	11	**9,235**
Unit buyback payable		**223**
Other payables		**2,925**
Borrowing facility	13	**557**
Financial liabilities at fair value through profit or loss	5,9	**48,944**
Total liabilities		**63,943**
Net assets attributable to unitholders - equity	10	**826,349**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

	Notes	For the period 12 June 2019 to 30 June 2020 $'000
Total equity at the beginning of the financial period		-
Comprehensive (loss)/income for the period		
(Loss)/profit for the period		(87,641)
Total comprehensive (loss)/income for the period		(87,641)
Transactions with unitholders		
Capital raising - Initial Public Offering (IPO)	10	**925,000**
Unit buyback	10	**(1,420)**
Capital contribution	10	**31,957**
IPO offer costs directly attributable to issuance of units	10	**(30,363)**
Distributions paid and payable	11	**(11,184)**
Total transactions with unitholders		**913,990**
Total equity at the end of the period		**826,349**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

	Note	For the period 12 June 2019 to 30 June 2020 $'000
Cash flows from operating activities		
Purchase of financial instruments at fair value through profit or loss		**(918,466)**
Interest received from financial assets at amortised cost		**23**
Other income received		**152**
Interest income received		**16,139**
Management fees paid		**(3,043)**
Other expenses paid		**(669)**
Net cash (outflow)/inflow from operating activities	16	**(905,864)**
Cash flows from financing activities		
Proceeds from capital raising - Initial Public Offering (IPO)	10	**925,000**
Payments on unit buyback	10	**(1,197)**
Distributions paid	11	**(1,949)**
Net cash inflow/(outflow) from financing activities		**921,854**
Net increase/(decrease) in cash and cash equivalents		**15,990**
Cash and cash equivalents at the beginning of the period		**-**
Effects of foreign currency exchange rate changes on cash and cash equivalents		**(1,299)**
Cash and cash equivalents at the end of the period		**14,691**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Supplemental disclosure of cash flow information and non-cash financing activities:		
Listing expenses paid by Investment Manager		**(1,594)**
IPO costs directly attributable to issuance of units paid by Investment Manager		**(30,363)**
Capital contribution from Investment Manager		**31,957**
Draw down on borrowing facility for payment of unused commitment fees	13	**557**

Notes to the annual financial statements

Contents

1 General information

These financial statements cover KKR Credit Income Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme, which was constituted on 12 June 2019, registered with Australian Securities and Investment Commission on 19 September 2019 and commenced operation on 15 November 2019. The Fund will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Fund was listed on the Australian Securities Exchange (ASX) on 19 November 2019 and is quoted under ticker code: KKC.

The Trust Company (RE Services) Limited (ABN 45 003 278 831) is the responsible entity of the Fund (the "Responsible Entity"). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

The annual financial statements are presented in Australian dollars, which is the functional currency of the Fund.

The Responsible Entity is incorporated and domiciled in Australia.

The Investment Manager of the Fund is KKR Australian Investment Management Pty Ltd (ABN 42 146 164 454) (the "Investment Manager"). The Investment Manager is an affiliate of Kohlberg Kravis Roberts & Co. L.P., a global alternative asset manager (together with its affiliates as applicable, "KKR").

The Responsible Entity has contracted services to KKR Australia Investments Management Pty Limited to act as Investment Manager for the Fund (the "Investment Management Agreement"). The contracts are on normal commercial terms and conditions.

The investment objective is to provide Unitholders with an income stream as well as to achieve attractive long term capital appreciation over a full market cycle by providing investors with exposure to underlying credit investments that are diversified by a number of investments and across geographies and asset classes.

The Fund invests in income generating alternative credit investments managed by KKR's credit investment teams in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution. The Fund also uses derivatives for hedging purpose. As at 30 June 2020, the Fund has invested in a profit participating note (the "GCOF PPN") issued by KKR Global Credit Opportunities Access Fund L.P. (the "GCOF Access Fund"), which in turn invests in KKR Global Credit Opportunities Master Fund L.P.("GCOF"). The Fund also has a commitment to invest €284 million into KKR Lending Partners Europe II (Euro) Unlevered SCSp ("EDL Euro Fund") as at 30 June 2020. Together, GCOF and EDL Euro Fund are referred to as the KKR Managed Funds.

EDL Euro Fund is a EUR-denominated investment fund that, along with a related USD-denominated investment fund, collectively comprise KKR Lending Partners Europe II ("EDL"). The Fund has not contributed any capital to EDL Euro Fund as at 30 June 2020. Capital calls are expected to begin in the fourth quarter of 2020. EDL has commenced investment operations as at 30 June 2020 and has exposure primarily to investments acquired through the use of a credit facility. The Fund's commitment to EDL Euro Fund has a value representing its allocable portion of the investment gains made through 30 June 2020. The Fund has recorded the fair value of EDL Euro Fund based on its allocable portion of the net asset value of EDL as at 30 June 2020 in financial assets at fair value through profit or loss in the statement of financial position. Effective 1 July 2020, the Fund has agreed to reduce its commitment to EDL Euro Fund to €234 million. The Fund's allocable portion of the investment gains made through 30 June 2020 has been determined on the basis of the reduced commitment.

The financial statements of the Fund are for the period ended 30 June 2020.

The annual financial statements were authorised for issue by the Directors on 31 August 2020. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Fund is a for profit entity for the purpose of preparing the financial statements.

The Statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and financial liabilities at fair value through profit or loss and net assets attributable to unitholders.

Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Investment entity

The Fund is considered to meet the definition of an 'Investment Entity' as described in AASB 10 'Consolidated Financial Statements'. Under AASB 10 an Investment Entity is required to hold its subsidiaries at fair value through the profit or loss rather than consolidate them. Subsidiaries are entities over which control is exercised. Control exists when the entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Fund has determined that it exercises control over GCOF Access Fund, however the Fund applies the investment entity exception available under AASB 10 and measures its subsidiaries at fair value through profit or loss.

Under the definition of an Investment Entity, as set out in AASB 10, an entity must satisfy all of the following three tests:

- Obtains funds from one or more investors for the purpose of providing those investors with investment management services: and
- Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Fund satisfies the above three tests in consideration of the following factors:

- The Fund has multiple investors, having obtained funds from a diverse group of investors through its Initial Public Offering;
- The business purpose of the Fund is to provide unitholders with an income stream as well as to achieve attractive long term capital appreciation over a full market cycle by providing investors with exposure to underlying credit investments that are diversified by a number of investments and across geographies and asset classes; and
- The Fund measures and evaluates performance of its investments on a fair value basis which is most relevant for its unitholders.

The Fund's annual accounts clearly state its objective of investing directly into portfolio investments and providing investment management services to investors for the purpose of generating returns in the form of investment income and capital appreciation. The Fund has reported its commitment to EDL Euro Fund and investment in GCOF PPN at fair value. EDL Euro Fund has a stated term of six years. The GCOF PPN matures in 2069 and can also be redeemed by giving notice at least 60 days before the end of the relevant quarter therefore has identifiable exit date. Based on the above, the Board concludes that the Fund meets the characteristics of an investment entity. This will be reassessed on an annual basis for changes in any of these criteria or characteristics.

(b) Financial instruments

(i) Classification

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets, comprised of its investments in the GCOF PPN and EDL Euro Fund, is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. Consequently, these investments are measured at fair value through profit or loss.

For derivatives, the contractual cash flows held by the Fund are not solely principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

Financial assets and liabilities at fair value through profit or loss

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of profit or loss and other comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets or liabilities at fair value through profit or loss category are presented in the Statement of profit or loss and other comprehensive income within net gains/(losses) on financial instruments at fair value through profit or loss in the period in which they arise.

For further details on how the fair values of financial instruments are determined please see Note 5 to the financial statements.

Financial instruments measured at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured at amortised cost using effective interest rate.

(iv) Derivatives

The Fund designates certain derivatives as hedging instruments in respect of foreign currency risk in fair value hedges.

At the inception of the hedge relationship, the Fund documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Fund documents whether the hedging instrument is effective in offsetting changes in fair values of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Fund actually hedges and the quantity of the hedging instrument that the Fund actually uses to hedge that quantity of hedged item.

Note 5 sets out details of the fair values of the derivative instruments used for hedging purposes.

Fair value hedges

The Fund applies fair value hedge accounting to its derivative instruments and performs a hedge effectiveness assessment at each reporting period to determine whether the hedge will be highly effective over the term of the hedge relationship. The Fund designates the changes in the spot element of a forward contract (i.e. excluding the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts. A qualitative assessment is made to determine whether an economic relationship exists between the hedged item and the hedging instrument. The effect of credit risk is assessed to determine whether it dominates the value changes that result from the economic relationship. The hedge ratio is assessed to be 1:1 as there is no basis risk between the hedging instrument and underlying hedged item. Where the terms of the hedging instrument and hedged item do not match, the source of ineffectiveness in the hedge relationship is identified. Any potential ineffectiveness will be measured using a quantitative assessment at each hedge testing date and accounted for in profit or loss. Potential sources of ineffectiveness identified by the Fund include with respect to the foreign exchange exposures include:

- The amount of the currency exposure being hedged changes due to a change in the fair value of the underlying asset
- The impact of credit/debit valuation adjustments (CVA/DVA) on the hedging

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

Fair value hedges (continued)

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the Statement of profit or loss and other comprehensive income immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the Statement of profit or loss and other comprehensive income in the line item relating to the hedged item.

The carrying value of the hedged investment is adjusted for fair value changes attributable to the risk being hedged, and those fair value changes are recognised in the Statement of profit or loss and other comprehensive income. The hedging instrument is measured at fair value, with changes in fair value also recognised in Statement of profit or loss and other comprehensive income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

(v) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) Net assets attributable to unitholders/equity

Units in the Fund are listed on the ASX and traded by unitholders. The units can be traded on the ASX at any time for cash based on the listed price. While the Fund is a listed investment and liquidity is generally expected to exist in the secondary market (ASX), there are no guarantees that an active trading market with sufficient liquidity will be available. The units issued by the Fund meet the requirement of AASB 132 for classification as equity. Incremental costs directly attributable to the issue of units are recognised as a deduction from equity.

For further details on the IPO related costs, please see Note 10.

(d) Cash and cash equivalents

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. The Fund's cash and cash equivalents are held in non-interest bearing accounts.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

(e) Investment income

Interest does not accrue on the GCOF PPN at a stated rate but rather, available proceeds of GCOF Access Fund, as defined in the GCOF PPN agreement, will be payable as interest on the GCOF PPN. Interest will be paid quarterly in arrears. The Fund records interest income in the same period as the calculation of available proceeds of GCOF Access Fund, as defined in the GCOF PPN agreement.

(f) Expenses

All expenses are recognised in the Statement of profit or loss and other comprehensive income on an accruals basis.

(g) Income tax

Under current legislation, the Fund is not subject to income tax provided the taxable income of the Fund is attributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Fund).

2 Summary of significant accounting policies (continued)

(h) Distributions

In accordance with the Fund's Constitution, the Fund may, at its discretion, attribute its taxable income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. Distributions are recognised in the Statement of changes in equity as distributions paid and payable.

(i) Foreign currency translation

(i) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the “functional currency”). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of profit or loss and other comprehensive income.

Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of profit or loss and other comprehensive income on a net basis within gains/(losses) on financial instruments at fair value through profit or loss.

(j) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period. Payables are measured at amortised cost.

(k) Applications

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund.

(l) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as custodial services and investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 55% or 75%; hence investment management fees, custodial fees and other expenses have been recognised in the Statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO (if any) is included in receivables in the Statement of financial position. Cash flows relating to GST are included in the Statement of cash flows on a gross basis.

(m) Borrowing Costs

Transaction costs that are directly attributable to the issue of the Fund's borrowing facility are deferred and amortised over the term of the borrowing facility. The amortisation of borrowing costs is included in borrowing facility costs in the Statement of profit or loss and other comprehensive income.

(n) Critical accounting judgements and key sources of estimation uncertainty

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Fund also makes judgements that affect the classification and treatment of assets and liabilities. Significant judgements include those made in the determination that the Fund exercises control over GCOF Access Fund, and those made to reach the conclusion that the investment entity exemption to consolidation applies, as further discussed in (a) Basis of presentation.

For fair value information of specific instruments, please see note 5.

2 Summary of significant accounting policies (continued)

(o) Rounding of amounts

Document and review findings, including key risks and opportunities, as they relate to the issuer or target company; *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191,* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars unless otherwise indicated.

3 Financial risk management

The Fund's activities expose it to a variety of financial risks. The management of these risks is undertaken by the Fund's Investment Manager who has been appointed by the Responsible Entity under an Investment Management Agreement to manage the Fund's assets in accordance with the Investment Objective and Strategy.

The Responsible Entity has a framework in place which includes:

- The Investment Manager providing the Responsible Entity with regular reports on their compliance with the Investment Management Agreement;
- Completion of regular reviews on the Investment Manager which may include a review of the Investment Manager's risk management framework to manage the financial risks of the Fund
- Regular reporting on the liquidity of the Fund in accordance with the Fund's Liquidity Risk Management Statement.

The Fund's Investment Manager has in place a framework to identify and manage the financial risks in accordance with the investment objective and strategy. This includes an investment due diligence process and on-going monitoring of the investments in the Fund. Specific controls the Investment Manager applies to manage the financial risks are detailed under each risk specified below.

(a) Market risk

(i) Price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

As at 30 June 2020, the Fund primarily invests in the GCOF PPN. The value of the GCOF PPN is based on the GCOF Access Fund’s investment in GCOF, which value in turn is based primarily on the value of GCOF’s portfolio of bank loans, high yield bonds and other securities. As a result, the price risk arising from the Fund’s investments is impacted by changes in the value of GCOF’s investment portfolio. The KKR manager of GCOF manages this risk by valuing the underlying investments based on quotations from third party pricing services, unless such a quotation is unavailable or is determined to be unreliable or inadequately representing the fair value of the particular assets. In that case, valuations are based on either valuation data obtained from one or more other third party pricing sources, including broker dealers, or will reflect the valuation committee’s good faith determination of estimated fair value based on other factors considered relevant. Any adjustment to the fair value of the investment is reflected through profit or loss.

As at 30 June 2020, the Fund's investments exposed to price risk are detailed below:

	As at 30 June 2020
Financial assets	**$'000**
GCOF PPN	**845,668**
EDL Euro Fund	**6,183**
Total	**851,851**

The Investment Manager monitors and manages the economic risks taken by the Fund through an investment committee established to oversee the Fund’s investments in the KKR Managed Funds. The investment committee will review the Fund’s positions quarterly and determine allocations and reallocations of the Fund’s assets across the KKR Managed Funds as the Fund receives distributions from the KKR Managed Funds or as it otherwise determines is appropriate in light of the Fund’s target distributions and target total return. Risks in the KKR Managed Funds are managed through active portfolio management, comprised of the continuous integration of fundamental and relative value analysis across capital structures and asset classes combined with opportunistic management of the portfolio.

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund has assets and liabilities denominated in currencies other than Australian dollars, the Fund's functional and presentation currency. The Fund is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

The Fund uses forward foreign currency exchange contracts for hedging the foreign exchange exposure in order to implement the investment strategy of the Fund and to manage the risk associated with the fair value of certain investments. The Fund manages currency risk by establishing limits as to the types and degrees of risk that may be undertaken. Additionally, the Investment Manager monitors the fluctuation in its value and compares these fluctuations to its risk objective.

The table below summarises the Fund's net exposure to different major currencies, including the notional value of forward foreign currency exchange contracts:

30 June 2020	**Gross exposure**	**Impact of hedge relationships**	**Net exposure**
	$'000	**$'000**	**$'000**
United States Dollar	**842,797**	**(809,522)**	**33,275**
Euro Currency	**6,183**	**-**	**6,183**

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at 30 June 2020, the Fund primarily invests (indirectly through its investment in GCOF Access Fund, which in turn invests in GCOF) in both floating rate and fixed rate loans and high-yield bonds. Floating rate loans means that income will be impacted as the underlying base rate rises and falls and therefore the relative attractiveness to other instruments may change. Changes in interest rates generally will cause the value of debt investments to vary inversely to such changes.

The Fund is also exposed to cash flow interest rate risk for the Borrowing facility. As at 30 June 2020, the total exposure to the bank borrowings was $556,766. Additional information on the Fund's borrowing facility is provided in Note 13.

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk (continued)

The table below summarises the Fund's exposure to interest rates risks as at 30 June 2020, including the Fund's assets and liabilities at fair values.

30 June 2020	Weighted average interest rate	Floating interest rate	Fixed interest rate	Non-interes t bearing	Total
	%	$'000	$'000	$'000	$'000
Total assets					
Cash and cash equivalents		-	-	14,691	14,691
Due from brokers - receivable for securities sold		-	-	21,837	21,837
GST receivable		-	-	265	265
Prepaid insurance		-	-	231	231
Deferred financing cost		-	-	1,311	1,311
Financial assets at fair value through profit or loss		-	-	851,957	851,957
Total assets		-	-	890,292	890,292
Total liabilities					
Management fees payable		-	-	1,787	1,787
Responsible Entity fees payable		-	-	110	110
Custody and administration fees payable		-	-	162	162
Distribution payable		-	-	9,235	9,235
Unit buyback payable		-	-	223	223
Other payables		-	-	2,925	2,925
Borrowing facility	6.31%	557	-	-	557
Financial liabilities at fair value through profit or loss		-	-	48,944	48,944
Total liabilities		557	-	63,386	63,943
Net exposure		557	-	826,906	826,349

An analysis of financial liabilities by maturities is provided in Note 3(d).

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's profit and net assets attributable to unitholders to price risk and foreign exchange risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, with consideration given to historical movements experienced during the period ended 30 June 2020. The reasonably possible movement in the price risk variable is based on the monthly variations in the Fund's investment values. The reasonably possible movement in the foreign exchange risk variable is based on a peak-to-trough movement observed in the daily exchange rate over the reporting period

	As at 30 June 2020	
	Impact on profit and net assets attributable to unitholders	
	-15%	+15%
	$'000	$'000
Price risk	(127,778)	127,778

3 Financial risk management (continued)

(b) Summarised sensitivity analysis (continued)

	As at 30 June 2020			
Foreign exchange risk	**Change in currency rate**		**Impact on profit and net assets attributable to unitholders**	
	Increase	**Decrease**	**Increase**	**Decrease**
	%	**%**	**$'000**	**$'000**
USD	**+25**	**-25**	**8,319**	**(8,319)**
EUR	**+25**	**-25**	**1,546**	**(1,546)**

(c) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. The main concentration of credit risk to which the Fund is exposed arises from the Fund's investment in the GCOF PPN. This credit risk is impacted by GCOF Access Fund's credit risk exposure from its investment in GCOF.

The Fund is also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents and its borrowing facility. The Fund attempts to limit counterparty risk by only dealing with well-known counterparties.

All exchange traded derivatives are executed through brokers, and cleared through a clearing broker. Over the counter derivative transactions are conducted only with approved counterparties, who meet the applicable specific Fund requirements and where trading documentation is in place. The counterparties to the Fund's forward currency contracts all have a credit rating of BBB+ or higher, as issued by Standard & Poor's.

The Fund measures credit risk and expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

GCOF is exposed to credit risk in its portfolio of investments in bank loans, high yield bonds and other securities. The KKR manager of the underlying investments in GCOF manages this risk by performing a detailed credit analysis, including the following:

- business analysis, which involves a comprehensive fundamental evaluation of a company and includes historical and projected financial modelling
- capital structure analysis, which evaluates the terms and structure of a company's debt and equity securities relative to the company's business risk
- valuation analysis, which considers the enterprise value of a company in both the public and private markets
- robust research and data systems which provide real-time portfolio-level information

(d) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund maintains a prudent approach to managing liquidity risk exposure by maintaining sufficient liquid assets and an ability to access a committed line of credit.

To assess the impact of COVID-19 on the liquidity of the Fund, the Responsible Entity conducted frequent and enhanced monitoring of the liquidity of the Fund during the second half of the period.

3 Financial risk management (continued)

(d) Liquidity risk (continued)

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are contractual undiscounted cash flows.

30 June 2020	Less than 1 month $'000	1 - 6 months $'000	6 - 12 months $'000	1-2 years $'000	Over 2 years $'000	Total $'000
Borrowing facility*	-	-	-	(557)	-	(557)
Forward currency contracts**			(16,670)	(7,532)	(24,742)	(48,944)
Distribution payable	(9,235)	-	-	-	-	(9,235)
Payables	(5,207)	-	-	-	-	(5,207)
Total	**(14,442)**	**-**	**(16,670)**	**(8,089)**	**(24,742)**	**(63,943)**

*The Fund had access to bank borrowing facilities at the balance sheet date, on the terms described and disclosed in Note 13.

**The amount for forward currency contracts is determined by reference to the spot rate that existed at the end of the reporting period.

4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

No amounts have been offset in the Statement of financial position for the reporting period.

5 Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets and liabilities at fair value through profit or loss (FVTPL) (see note 7 and 8)
- Derivative financial instruments (see note 9)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This may be the case for certain unlisted shares, certain corporate debt securities and unlisted unit trusts with suspended applications and withdrawals.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The determination of what constitutes 'observable' requires significant judgement by management. Management consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

5 Fair value measurement (continued)

The Fund's investments in the GCOF PPN and EDL Euro Fund are recorded at fair value as provided by the investment managers of the respective funds. The Fund has economic exposure to GCOF via its investment in the GCOF PPN. GCOF Access Fund used funds received from the issuance of the GCOF PPN to make investments in GCOF. GCOF Access Fund holds investments in GCOF and distributes income to the Fund as interest on the GCOF PPN. The value of the GCOF PPN will equal the fair value of GCOF Access Fund's investment in GCOF, less any liabilities of GCOF Access Fund. The GCOF Access Fund carries its investment in GCOF at fair value based on the Access Fund's proportionate interest in the partners' capital of GCOF. The GCOF portfolio is comprised primarily of bank loans and high yield bonds, the majority of which are classified as Level 2 investments and are valued daily using independent pricing services. For the remaining assets which are classified as Level 3, such assets are valued using independent valuation firms, who apply the appropriate valuation model depending on whether the asset is debt (generally, synthetic credit or re-underwriting analysis) or equity (generally, waterfall). As at 30 June 2020, approximately 89% of GCOF's investment portfolio consisted of bank loans and high yield bonds. The Fund's fair value of EDL Euro Fund as at 30 June 2020 is based on the Fund's proportionate interest in the net asset value of EDL. As described in Note 1, the Fund has not contributed any capital to EDL Euro Fund as at 30 June 2020. EDL has commenced investment operations as at 30 June 2020 and has exposure primarily to investments acquired through the use of a credit facility. The Fund's commitment to EDL Euro Fund has a value representing its allocable portion of the investment gains made through 30 June 2020.

The carrying value of other receivables and payables are assumed to approximate their fair values due to short term nature of these financial instruments. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

The fair value of the forward contracts is determined using quoted forward exchange rates at the period ended.

Recognised fair value measurement

The following table presents the Fund's financial assets measured and recognised at fair value as at 30 June 2020.

As at 30 June 2020	**Level 1** **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
Financial assets at fair value through profit or loss				
Forward currency contracts	-	**106**	-	**106**
GCOF PPN	-	-	**845,668**	**845,668**
EDL Euro Fund	-	-	**6,183**	**6,183**
Total financial assets at fair value through profit or loss	**-**	**106**	**851,851**	**851,957**
Financial liabilities at fair value through profit or loss				
Forward currency contracts	-	**48,944**	-	**48,944**
Total financial liabilities at fair value through profit or loss	**-**	**48,944**	**-**	**48,944**

(i) Transfers between levels

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between the levels of the fair value hierarchy during the period ended 30 June 2020.

5 Fair value measurement (continued)

(ii) Fair value measurement using significant unobservable inputs (level 3)

The following table presents the movement in level 3 financial instruments for the period ended 30 June 2020.

30 June 2020	**GCOF PPN** **$'000**	**EDL Euro Fund** **$'000**
Purchases	**918,466**	**-**
Sales	**(21,837)**	**-**
Realised (losses)/gains recognised in the Statement of profit or loss and other comprehensive income	**(2,006)**	**-**
Net unrealised (losses)/gains recognised in the Statement of profit or loss and other comprehensive income (including foreign currency movements)	**(48,956)**	**6,183**
Closing balance	**845,668**	**6,183**
Total unrealised (losses)/gains for the period included in the Statement of profit or loss and other comprehensive income for level 3 financial assets and liabilities held at the end of the period	**(48,956)**	**6,183**

(iii) Valuation inputs and relationship to fair value

The level 3 financial instrument noted above were acquired during the period and in the absence of a market observable price for the securities. The cost of acquisition is considered to be the best estimate of the fair value at the acquisition date.

The following table summarises the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements. See (i) and (ii) above for the valuation techniques adopted.

Description	**Fair value $'000**	**Unobservable inputs**	**Relationship of unobservable inputs to fair value**
As at 30 June 2020			
GCOF PPN	845,668	Net asset value of the fund and percentage of the fund owned	Higher the net asset value, higher the value of investment
EDL Euro Fund	6,183	Net asset value of the fund and percentage of the fund owned	Higher the net asset value, higher the value of investment

(iv) Valuation processes

The Fund's investments in EDL Euro Fund and the GCOF PPN are measured at fair value. The primary valuation inputs are the net asset value of the funds, provided by the manager of respective funds, and the percentage of the fund owned.

(v) Fair values of other financial instruments

Cash and cash equivalents, receivables and payables are measured at amortized cost in the Statement of financial position. Due to their short-term nature, the carrying amounts of cash and cash equivalents, receivables and payables are assumed to approximate fair value.

6 Net (losses)/gains on financial instruments at fair value through profit or loss

Net (losses)/gains recognised in relation to financial assets and financial liabilities at fair value through profit or loss:

	For the period 12 June 2019 to 30 June 2020 $'000
Financial assets	
Net realised (losses)/gains on financial assets at fair value through profit or loss (including foreign currency movements)	(3,197)
Net unrealised (losses)/gains on financial assets at fair value through profit or loss (including foreign currency movements)	(91,611)
Total net (losses)/gains on financial instruments at fair value through profit or loss	**(94,808)**

Net realised (losses)/gains on forward currency contracts for the period was $542,008.

7 Financial assets at fair value through profit or loss

	As at 30 June 2020 $'000
Financial assets at fair value through profit or loss	
Forward currency contracts	106
GCOF PPN	845,668
EDL Euro Fund	6,183
Total financial assets at fair value through profit or loss	**851,957**

8 Financial liabilities at fair value through profit or loss

	As at 30 June 2020 $'000
Financial liabilities at fair value through profit or loss	
Forward currency contracts	48,944
Total financial liabilities at fair value through profit or loss	**48,944**

9 Derivative financial instruments

In the normal course of business, the Fund enters into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date whose value changes in response to a change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

9 Derivative financial instruments (continued)

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and may include:

- Hedging to protect investments of the Fund against a fluctuation in foreign currency exchange rates.
- Hedging to protect other assets and liabilities of the Fund against a fluctuation in foreign currency exchange rates.
- Hedging to protect income generated by the Fund's investments against a fluctuation in foreign currency exchange rates.

The Fund holds the following derivative financial instruments:

Forward currency contracts

Forward currency contracts are primarily used by the Fund to manage against foreign currency risks on its investment in GCOF PPN which is denominated in US dollars. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting period.

The Fund's derivative financial instruments at period end are detailed below:

	As at 30 June 2020 Fair values			
	Contract/ Notional Sell $'000	**Contract/ Notional Buy $'000**	**Assets $'000**	**Liabilities $'000**
Forward currency contracts (Expiry Feb 2021- Jan 2025)	**US$ 647,666**	**917,979**	**106**	**(26,310)**
Forward currency contracts (Expiry Feb 2021- Nov 2021)	**153,579**	**US$ 90,310**	**-**	**(22,634)**
			106	**(48,944)**

The Fund applies fair value hedge accounting to the forward currency contracts. See Note 2(b)(iv) for more details on the application of fair value hedge accounting. The following tables summarise the foreign currency forward contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items.

30 June 2020

	Nominal Amount of the Hedging Instrument ($'000)	**Carrying Amount of the Hedging Instrument Assets ($'000)**	**Carrying Amount of the Hedging Instrument Liabilities ($'000)**	**Line Item in the statement of financial position where the hedging instrument is located**
Fair Value Hedges				
Foreign Exchange Risk				
- Foreign currency forwards	**777,413**	**87**	**(24,260)**	Financial assets and liabilities at fair value through profit or loss

	Cumulative Fair Value adjustments included in the hedged item Assets ($'000)	**Cumulative Fair Value adjustments included in the hedged item Liabilities ($'000)**	**Carrying Amount of the Hedged Item Assets ($'000)**	**Carrying Amount of the Hedged Item Liabilities ($'000)**	**Line Item in the statement of financial position where the hedged item is located**
Fair Value Hedges					
Foreign Exchange Risk					
- Exposure on underlying investment	**(49,631)**	**-**	**777,413**	**-**	Net unrealised/realised (losses)/gains on financial assets at fair value through profit or loss (including foreign currency movements)

9 Derivative financial instruments (continued)

	Changes in value of Hedging Instrument used for calculating hedge ineffectiveness for 30 June 2020 ($'000)	Changes in value of Hedged Item used for calculating hedge ineffectiveness for 30 June 2020 ($'000)	Hedge ineffectiveness recognised in profit or loss ($'000)	Line item in profit or loss (that includes hedge ineffectiveness)
Fair Value Hedges				
Foreign Exchange Risk				
- Foreign currency forwards & underlying investment	**49,631**	**(49,631)**	**-**	Net unrealised/realised (losses)/gains on financial assets at fair value through profit or loss (including foreign currency movements)

10 Net assets attributable to unitholders/equity

Movements in the number of units and net assets attributable to unitholders during the period were as follows:

	For the period 12 June 2019 to 30 June 2020 No.'000	For the period 12 June 2019 to 30 June 2020 $'000
Opening balance	-	-
Capital raising - Initial Public Offering (IPO)	**370,000**	**925,000**
Unit buyback	**(720)**	**(1,420)**
Capital contribution	-	**31,957**
IPO offer costs directly attributable to issuance of units	-	**(30,363)**
Distributions paid and payable	-	**(11,184)**
(Loss)/profit for the period	-	**(87,641)**
Closing balance	**369,280**	**826,349**

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

IPO costs

The Fund incurred costs of $31,957,299 in connection with the IPO, comprised of $1,593,858 of listing expenses recorded as listing expenses in the Statement of profit or loss and other comprehensive income and $30,363,441 of costs directly attributable to the issuance of units that were recorded as a reduction of the proceeds from the IPO in the Statement of changes in equity. In accordance with the terms of the Investment Management Agreement, the Investment Manager agreed to pay in full out of its own pocket all upfront establishment fees, costs and expenses of the IPO to ensure that the net assets per unit at the beginning of the day on which trading of units commenced on the ASX was not less than the subscription price of $2.50 per unit.

Unit buyback

719,642 units representing 0.19% of issued capital were bought back in the on-market buyback during June 2020. The units were purchased for an aggregate amount of $1,419,543.

10 Net assets attributable to unitholders/equity (continued)

Capital risk management

The Fund manages its capital to ensure that it will be able to continue as a going concern, while maximising the return to unitholders. The Fund's principal use of cash raised is to fund investments as well as ongoing operational expenses.

The directors monitor and review the broad structure of the Fund's capital on an ongoing basis. As at 30 June 2020, the capital structure consists of net assets attributable to unitholders - equity only. There are no externally imposed capital requirements.

11 Distributions to unitholders

The distributions during the period were as follows:

	For the period 12 June 2019 to 30 June 2020	
	$'000	**CPU***
Distribution paid - 31 March	**1,949**	**0.5268**
Distribution payable - 30 June	**9,235**	**2.5000**
	11,184	

* Distribution is expressed as cents per unit in Australian Dollars.

Distributions declared during the period ended 30 June 2020 represented a return of capital to unitholders.

12 Earnings/(loss) per unit

Basic (loss)/earnings per unit amounts are calculated by dividing operating (loss)/profit before distributions by the weighted average number of units outstanding during the period.

Diluted earnings per unit are the same as basic (loss)/earnings per unit.

	For the period 12 June 2019 to 30 June 2020
Operating (loss)/profit for the period $'000	**(87,641)**
Weighted average number of units in issue '000	**369,906**
Basic and diluted (loss)/earnings per unit in cents	**(23.69)**

13 Borrowing facility

In May 2020, the Fund entered into a credit agreement with JPMorgan Chase Bank, N.A. (“the Credit Facility”). The Credit Facility provides for loans to be made in U.S. dollars to an aggregate amount of $100 million. The Credit Facility matures on 15 May 2022, with an option for the Fund to request a one-year extension. Interest on the Credit Facility is based on London Interbank Offered Rate ("LIBOR"), plus a spread of 6.00%. The weighted average interest rate on borrowings made during the period ended 30 June 2020 is 6.31%. The Fund also pays a commitment fee of 3.00% per annum on any unused commitment amounts. The Fund incurred legal fees and other direct costs totaling $1.40 million in connection with the Credit Facility. The Fund has deferred and amortised these costs over the original term of the Credit Facility. The Fund made a non-cash draw on the Credit Facility on 30 June 2020 in lieu of payment of commitment fees incurred through 29 June 2020. As at 30 June 2020, the Fund was in compliance with the terms of the Credit Facility.

	As at 30 June 2020		
	Drawn* US$'000	**Undrawn US$'000**	**Total US$'000**
Secured			
Borrowing facility	**383**	**99,617**	**100,000**
Total Secured borrowings	**383**	**99,617**	**100,000**

* The borrowing facility amount drawn as at 30 June 2020, translated to Australian Dollars, is $556,766 represented in the Statement of financial position as Borrowing facility.

The components of finance costs for the period 12 June 2019 through 30 June 2020 are as follows:

	For the period 12 June 2019 to 30 June 2020 $'000
Interest expense	**4**
Commitment fees	**579**
Amortisation of loan transaction costs	**90**
Total borrowing facility costs	**673**

The total borrowing costs incurred and amortised for the period 12 June 2019 through 30 June 2020 are as follows:

	For the period 12 June 2019 to 30 June 2020 $'000
Costs incurred	**1,401**
Amortisation of loan transaction costs	**(90)**
Closing Balance	**1,311**

14 Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Fund if they have the ability, directly or indirectly, to control or exercise significant influence over the Fund in making financial and operating disclosures. Related parties may be individuals or other entities.

Key management personnel

Key management personnel includes persons who were directors of the Responsible Entity at any time during the financial period as follows:

Name	Date of appointment/resignation
Glenn Foster	
Michael Vainauskas	Resigned as Director on 27 September 2019
Andrew McIver	Resigned as Alternate Director for Michael Vainauskas on 2 September 2019, Appointed as Alternate Director for Glenn Foster on 2 September 2019, Resigned as Alternative Director for Glenn Foster on 27 September 2019
Vicki Riggio	
Phillip Blackmore	Alternate Director for Vicki Riggio
Richard McCarthy	
Simone Mosse	Appointed as Director on 27 September 2019

There were no other persons with responsibility for planning, directing and controlling the activities of the Responsible Entity of the Fund, directly or indirectly during the financial period.

Transactions with key management personnel

No transactions occurred with key management personnel during the period.

Other transactions with the Fund

Apart from those details disclosed in this Note, no key management personnel have entered into a material contract with the Fund during the reporting period and there were no material contracts involving management personnel's interests existing at period end.

Key management personnel unitholdings

As at 30 June 2020, no key management personnel held units in the Fund.

Key management personnel compensation

Key management personnel are paid by a related entity of the Responsible Entity in their capacity as Directors or employees of the Responsible Entity or its related parties. Payments made from the Fund do not include any amounts directly attributable to key management personnel compensation.

Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

14 Related party transactions (continued)

Responsible Entity's fees and other transactions

Under the terms of the Fund's Constitution and the Product Disclosure Statement for the Fund, the Responsible Entity and the Investment Manager are entitled to receive management fees.

The transactions during the reporting period and amounts payable at period end between the Fund, and the Responsible Entity and the Investment Manager were as follows

	For the period 12 June 2019 to 30 June 2020
	$
Investment management fees for the period	4,830,148
Total fees payable to the Investment Manager at period ended	1,786,529
Responsible Entity fees for the period	152,889
Fees payable to the Responsible Entity at period ended	110,277

The Responsible Entity, The Trust Company (RE Services) Limited, is entitled to receive a Responsible Entity fee based on the Net Assets Value of the Fund and is also entitled to be paid remuneration for Additional Fund Administration services in the manner and at the time as set out in Investment Management Agreement. The Responsible Entity's fees are calculated and accrued monthly and paid quarterly in arrears.

The Investment Manager, KKR Australian Investment Management Pty Ltd, receives management fees of 0.88% per annum (plus net GST) of the Net Asset Value of the Fund. In accordance with the Fund's Product Disclosure Statement dated 19 September 2019, the Net Asset Value of the Fund means deducting from the total value of assets of the Fund all liabilities, which includes declared but unpaid distributions, calculated in accordance with the Responsible Entity's Unit pricing and Valuation Policy and Australian Accounting Standards (AAS). The management fees are calculated and accrued daily and paid monthly in arrears.

The Investment Manager is also entitled to receive a performance fees, which is dependent on the Fund exceeding a return hurdle and high water mark over a given calculation period. The performance fee is up to 5% of the net annualised return for the calculation period multiplied by the net asset value of the fund, plus net GST. The first calculation period begins on the date of allotment of units and ends on the earlier of 30 June 2020 or the date immediately before the date on which there is a further issuance of new units or a redemption of units. From that point on, each calculation period will begin on the day after the end of the preceding calculation period, and continue until the earlier of the next June 30 or the date immediately before the date on which there is a further issuance of new units or a redemption of units. As of 30 June 2020, the Fund's performance has not exceeded the hurdle rate and there is no performance fee liability recorded.

As detailed in Note 10, the Investment Manager agreed to pay in full out of its own pocket $31,957,229 for costs incurred in connection with the IPO.

Related party unitholdings

During or since the end of the reporting period, none of the Directors or Director related entities held units in the Fund, either directly, indirectly or beneficially.

Neither the Responsible Entity nor its affiliates held units in the Fund as at 30 June 2020.

Related party investments

The Fund held the following investments which were also managed by the Investment Manager, or its related parties as at 30 June 2020:

14 Related party transactions (continued)

Related party investments (continued)

30 June 2020	**Face Value**	**Interest Held**	**Fair value**
Investment		**%**	**$**
GCOF PPN	**US$609,227,377**	**100%[1]**	**845,667,770**
EDL Euro Fund	**€ -**	**-[2]**	**6,182,595**

[1]The Fund holds 100% of the profit participating note issued by the GCOF Access Fund.

[2]The Fund holds a 67% interest in EDL Euro Fund on a committed basis as at 30 June 2020. As described in Note 1, the Fund reduced its commitment to EDL Euro Fund effective 1 July 2020.

15 Auditor's remuneration

During the period the following fees were paid or payable for services provided by the auditor of the Fund:

	For the period 12 June 2019 to 30 June 2020
	$
Deloitte Touche Tohmatsu and related network firms	
Audit or review of financial reports	
Audit and review of financial statements	297,617
Other assurance services	
Assistance in the due diligence process relating to the pro forma financial information included in the Product Disclosure Statement*	165,000
Other services	
Tax compliance services*	42,500
Tax advisory services **	524,404
	566,904
Total	1,029,521
PricewaterhouseCoopers	
Compliance plan audit*	2,350
Total	2,350

* Engaged by Responsible Entity and paid for by the Fund

** Engaged by and paid for by the Manager

16 Reconciliation of (loss)/profit to net cash (outflow)/inflow from operating activities

	For the period 12 June 2019 to 30 June 2020 $'000
(a) Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities	
Operating (loss)/profit for the period	**(87,641)**
Net losses/(gains) on financial assets at amortised cost	**97**
Net losses/(gains) on financial instruments at fair value through profit or loss (including FX losses/(gains)	**94,808**
Purchases of financial instruments at fair value through profit or loss	**(918,466)**
Net change in receivables and other assets	**(496)**
Net change in accounts payables and accrued liabilities	**5,834**
Net cash (outflow)/inflow from operating activities	**(905,864)**

(b) Components of cash and cash equivalents

Cash as at the end of the financial period as shown in the Statement of cash flows is reconciled to the Statement of financial position as follows:

Cash	**14,691**
Total cash and cash equivalents	**14,691**

(c) Non-cash financing activities

Listing expenses paid by Investment Manager	**(1,594)**
IPO costs directly attributable to issuance of units paid by Investment Manager	**(30,363)**
Capital contribution from Investment Manager	**31,957**
Draw down on borrowing facility for payment of unused commitment fees	**557**

17 Operating segments

The Fund is organised into one main operating segment with only one key function, being the investment of funds in income generating alternative credit investments. The Fund has access to global credit opportunities sourced through proprietary KKR channels and invests into KKR Managed Funds, which are generally open to institutional investors. It expects to earn revenue from interest income on the GCOF PPN, available from proceeds of the GCOF Access Fund, and other returns from the investment portfolio.

The Fund continues to have foreign exposures as it invests in Funds which operate internationally. The Fund invested in the GCOF PPN as detailed at Note 5.

18 Events occurring after the reporting period

On 1 July 2020, the Fund has agreed to reduce its commitment to EDL Euro Fund to €234 million. The income and investment gains of EDL Euro Fund that will be allocated to the Fund will be determined as if the reduced commitment of €234 million had been in place since the inception of EDL Euro Fund, which is in accordance with EDL Euro Fund's Limited Partnership Agreement ("LPA"). Thus, the value that the Fund has recorded for its investment in EDL Euro Fund as at 30 June 2020 is based on the Fund's reduced commitment level.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain. The Directors and management will continue to monitor this situation.

On 27 July 2020, the Fund extended the maturity date on two forward currency contracts with original maturities of 1 February 2021 by rolling them into two new contracts with maturity dates of 1 February 2022.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or could significantly affect:

(i) the operations of the Fund in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the state of affairs of the Fund in future financial years, or

(iv) items reported in the financial statements.

19 Contingent assets and liabilities and commitments

There are no outstanding contingent assets or liabilities as at 30 June 2020. The Fund has committed to invest €284 million in EDL Euro Fund. Effective 1 July 2020, the Fund has agreed to reduce its commitment to €234 million.

Directors' declaration

In the opinion of the Directors of The Trust Company (RE Services) Limited, the Responsible Entity of KKR Credit Income Fund:

(a) the annual financial report and notes set out on pages 15 to 41 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the Fund's financial position as at 30 June 2020 and of its performance for the financial period ended on that date; and

(b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

(c) note 2(a) confirms that the annual financial report complies with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

(d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors, made pursuant to s.295(5) of the *Corporations Act 2001*.

Director
The Trust Company (RE Services) Limited

Sydney
31 August 2020

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of KKR Credit Income Fund

Opinion

We have audited the financial report of KKR Credit Income Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of cash flows and statement of changes in equity for the period 12 June 2019 to 30 June 2020, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the KKR Credit Income Fund is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Fund's financial position as at 30 June 2020 and of its financial performance for the period 12 June 2019 to 30 June 2020; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the KKR Credit Income Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of The Trust Company (RE Services) Limited (the "Responsible Entity"), would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
KKR Credit Income Fund's ("KKC") investment in Profit Participating Note ("PPN") As disclosed in Note 2, 5 and 7 the Fund's investment in the PPN is recognised as a financial asset at fair value through profit or loss at an amount of $845.7m. The Fund has an exposure to the KKR Global Credit Opportunities Master Fund L.P. ("Master Fund") via its holding of the PPN in KKR Global Credit Opportunities Access Fund L.P ("Feeder Fund"). The fair value of Fund's investment in the PPN is based on the Feeder Fund's proportionate share of the Net Asset Value ("NAV") of the Master Fund less liabilities of the Feeder Fund. The Master Fund's assets are primarily comprised of investments in high yield bonds, bank loans and other credit investments and represent the most significant driver of the Master Fund's NAV.	Our procedures included, but were not limited to: • obtaining and evaluating the controls assurance reports provided by the Fund's administrator; • assessing relevant controls in place at the Fund's administrator in relation to the valuation of the PPN, including assessing the impact of any deviations noted within the controls assurance reports; • obtaining an understanding of the terms of the PPN 'Issuing and Purchase Agreement' and assessing whether the fair value methodology is consistent with these terms; • assessing the Fund's initial recognition and classification of the PPN in accordance with relevant accounting standards; • recalculating the fair value of the investment in the PPN based on the Feeder Fund's proportionate interest in the NAV of Master Fund; • reperforming a reconciliation of the PPN's investment balance for the period 12 June 2019 to 30 June 2020, including purchases, sales, other relevant transactions; • confirming the PPN's face value, as at 30 June 2020, as recorded in the Fund's accounting records reconciles to an independent confirmation from the Fund's custodian; and • in respect of the Master Fund's investments: ○ on a sample basis, agreeing the fair value of Master Fund's investments to an independent pricing source(s), using valuation specialists where required; and ○ on a sample basis, confirming the existence of the Master Fund's investments through counterparty confirmations or performing alternative procedures where required. We also assessed the appropriateness of the disclosures in relation to the investment in the PPN as outlined in Note 2, 5 and 7 within the Fund's financial statements.

Other Information

The directors of the Responsible Entity (the "Directors") are responsible for the other information. The other information comprises the information included in the KKR Credit Income Fund annual report for the period 12 June 2019 to 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of KKR Credit Income Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate KKR Credit Income Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KKR Credit Income Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on KKR Credit Income Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause KKR Credit Income Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Declan O'Callaghan

Declan O’Callaghan
Partner
Chartered Accountants
Sydney, 31 August 2020

KKR Credit Income Fund

ARSN 634 082 107

ASX Additional information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is as follows. The information is correct as at 31 July 2020 unless otherwise indicated.

A. Corporate Governance Statement

Refer to the Annual Report, page 7.

B. Substantial unitholders

There are no substantial unitholders.

C. Classes of units

Refer to the Annual Report, Note 10, page 34.

D. Voting rights

Voting rights which may attach to or be imposed on any unit or class of units is as follows:

(a) on a show of hands each unitholder has one vote; and

(b) on a poll, each unitholder has one vote for each other of the value of the total interests they have in the Fund.

E. Distribution of units

Analysis of numbers of unitholders by size of holdings:

Holdings Ranges	Number of holders	Total units	Percentage
1-1,000	76	44,381	0.01
1,001-5,000	1,452	5,021,814	1.36
5,001-10,000	2,469	19,421,588	5.26
10,001-100,000	5,311	152,408,328	41.27
100,001 and 999,999,999	315	192,384,247	52.10
Totals	**9,623**	**369,280,358**	**100.00**

The number of unitholders holding less than a marketable parcel is 13 and they hold 931 units.

F. Twenty largest unitholders

The names of the twenty largest unitholders are listed below:

Unitholder	Number of units	Percentage
HSBC Custody Nominees (Australia) Limited	52,154,063	14.123
HSBC Custody Nominees (Australia) Limited - A/C 2	19,462,093	5.270
J P Morgan Nominees Australia	14,719,201	3.986
BNP Paribas Nominees PTY Limited <Hub24 Custodial Services Limited>	10,779,345	2.919
Netwealth Investments Limited <Wrap Services A/C>	10,450,380	2.830
National Nominees Limited	4,535,588	1.228
Netwealth Investments Limited <Super Services A/C>	3,083,359	0.835
Citigroup Nominees PTY Limited <DPSL A/C>	2,399,517	0.650
Navigator Australia Limited	1,980,552	0.536
Seidler Architectural Foundation PTY Limited	1,667,994	0.452
Tripel PTY Limited	1,298,760	0.352
Kanandah Retirement Limited	1,278,839	0.346
Tatau Tatau Commercial Limited	1,103,240	0.299
The Corporation of the Trustees of the Roman Catholic Archdiocese of Brisbane	1,092,000	0.296
BNP Paribas Nominees PTY Limited <IB AU Noms Retail Clients DRP>	1,059,589	0.287
Tecsel PTY Limited	983,600	0.266
Parkmar PTY Limited	965,989	0.262
Asia Union Investments PTY Limited	800,000	0.217
Carpaolo Nominees PTY Limited	800,000	0.217
Australian Executor Trustees <IPS IDPS A/C>	785,294	0.213
Total Securities of Top 20 Holdings	**131,399,403**	**35.583**

G. Stock Exchange Listing

The Fund's units are listed on the Australian Stock Exchange (ASX) and are traded under the code KKC.

H. Voluntary escrow

There are no restricted units in the Fund or units subject to voluntary escrow.

I. Unquoted units

There are no unquoted units on issue.

J. Review of operations and activities for the Reporting Period

Refer to Directors' report at page 3 of the Annual Report.

K. On-market buyback

Refer to the Annual Report, Note 10, page 34.

L. Cash and Assets used

During the Reporting Period, the Fund invested in accordance with the investment objective and guidelines as set out in the latest Product Disclosure Statement of the Fund dated 19 September 2019 and in accordance with the Fund's constitution dated 12 June 2019.

M. List of all investments held by the Fund at the balance date

Unlisted unit trust	**Fair Value $'000**
KKR Global Credit Opportunities Access Fund L.P.	**845,668**
KKR Lending Partners Europe II (Euro) Unlevered SCSp	**6,183**
Total Unlisted unit trust	**851,851**

N. Investment transactions

There were four investment transactions during the Reporting Period. There was no brokerage paid or accrued.

O. Total Management Fees paid or accrued during the Reporting Period

Refer to the Annual report, Note 14, page 38.

DIRECTORY

RESPONSIBLE ENTITY

The Trust Company (RE Services) Limited

ABN 45 003 278 831

REGISTERED OFFICE

Level 18, Angel Place

123 Pitt Street

Sydney NSW 2000

DIRECTORS

Glenn Foster

Vicki Riggio

Richard McCarthy

Simone Mosse

Phillip Blackmore (Alternate)

COMPANY SECRETARIES

Gananatha Minithantri

Sylvie Dimarco

AUSTRALIAN SECURITIES EXCHANGE CODE

ASX:KKC

UNIT REGISTRY

Boardroom Pty Limited

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