

# **KKR Credit Income Fund**

ARSN 634 082 107

## **Appendix 4E**

**For the year ended 30 June 2021**

## Preliminary Final Report

This preliminary final report is for the year ended 30 June 2021.

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 year ended 30 June 2021 as follows:

### Results for announcement to the market

	Year ended 30 June 2021 \$'000	For the period 12 June 2019 to 30 June 2020 \$'000
Total investment income/(loss)	155,779	(78,095)
Operating profit/(loss) for the year/period	136,999	(87,641)

### Brief explanation of results

Total investment income for the year ended 30 June 2021 of \$155,778,858 was comprised primarily of a net unrealised/realised losses on financial assets at amortised cost (including foreign currency movements) \$887,279, net unrealised/realised gains on financial assets at fair value through profit or loss (including foreign currency movements) \$87,557,637 and investment income of \$69,108,500.

### Distribution information

The distributions for the year/period were as follows:

	Year ended 30 June 2021 \$'000	CPU*	For the period 12 June 2019 to 30 June 2020 \$'000	CPU*
Distribution paid - 30 September	9,220	2.5000	-	-
Distribution paid - 31 December	9,220	2.5000	-	-
Distribution paid - 31 March	9,220	2.5000	1,949	0.5268
Distribution payable - 30 June	<u>9,010</u>	<u>2.5000</u>	<u>9,235</u>	<u>2.5000</u>
<b>Total distributions</b>	<b><u>36,670</u></b>		<b><u>11,184</u></b>	

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

Distributions totalling \$11,822,830 declared during the year ended 30 June 2021 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 has made distributions on a quarterly basis through the year ended 30 June 2021. The Fund will move to monthly distributions with the first being paid in August 2021 for the month of July 2021. For such distributions, it is expected the record date will be the last ASX trading day of each month 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 year ended 30 June 2021. In order to move to monthly distributions, the Investment Manager, in consultation with the Responsible Entity of the Fund, has decided to suspend the operation of the DRP until further notice.

### Net tangible assets

	As at 30 June 2021	30 June 2020
Net tangible assets per unit	\$ 2.5160	\$ 2.2377

**Control gained or lost over entities during the year**

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

**Details of associates and joint venture entities**

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

**Other Information**

The Fund is not a foreign entity.

**Independent auditor's report**

This Appendix 4E is based on the year 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 year ended 30 June 2021**

# KKR Credit Income Fund

ARSN 634 082 107

## Annual Financial Report

For the year ended 30 June 2021

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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) (AFSL 235150) 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 year ended 30 June 2021.

### 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. As set out in the Fund's product disclosure statement dated 19 September 2019 (as amended by the supplementary product disclosure statement dated 9 October 2019) (the "PDS"), the fund seeks 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 set out in the PDS, the Fund gained its exposure to GCOF by investing in a profit participating note (the "Access Fund PPN") issued by KKR Global Credit Opportunities Access Fund L.P. (the "Access Fund"). As described more fully in Significant changes in state of affairs, during the year ended 30 June 2021 the Fund restructured its indirect investment in GCOF.

As at 30 June 2021, the Fund's investments are in Access Fund and EDL Euro Fund. For more information on the Access Fund and EDL Euro Fund, refer to the most recent audited financial statements that have been lodged with the Australian Securities Exchange ("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 year.

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

The Fund is currently listed on the ASX under the ASX code KKC.

### Directors

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

Name	Position	Date of appointment/resignation
Vicki Riggio	Director	20 April 2018
Richard McCarthy	Director	17 October 2018
Simone Mosse	Director	27 September 2019
Glenn Foster	Director	Resigned as Director on 23 October 2020 Appointed as a Non-executive Director on 1 February 2021
Phillip Blackmore	Alternate Director	Alternate Director for Vicki Riggio

### Units on issue

Units on issue in the Fund at year end are set out below:

	As at	
	30 June 2021	30 June 2020
	No.	No.
Units on issue	359,975,286	369,280,358

## Directors' report (continued)

### Review and results of operations

During the year, the Fund invested in accordance with 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.

### Results

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

	Year ended 30 June 2021	For the period 12 June 2019 to 30 June 2020
Operating profit/(loss) (\$'000)	<u>136,999</u>	<u>(87,641)</u>
Distributions paid and payable (\$'000)	<u>36,670</u>	<u>11,184</u>
Distributions (cents per unit)	<u>10.0000</u>	<u>3.0268</u>

### Financial Position

As at 30 June 2021, the Fund's total assets amounted to \$953,539,988 (30 June 2020: \$890,292,589).

Net Tangible Assets ("NTA") per unit as disclosed to the ASX were as follows:

	As at 30 June 2021	30 June 2020
	\$	\$
At reporting period *	<b>\$ 2.5160</b>	\$ 2.2377

\* The above NTA per unit was the cum-price which includes 2.50 cents per unit distribution (2020: 2.50 cents per unit).

### COVID-19

The novel strain of coronavirus ("COVID-19") has caused, and continues to cause, severe disruptions to global economies. 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. Although a number of vaccines for COVID-19 have been developed and are in the process of being deployed in certain countries, the timing for widespread vaccination and immunity is uncertain, and these vaccines may be less effective against any new mutated strains of the virus that have started to spread globally.

Given the ongoing nature of the pandemic, at this time management cannot reasonably predict the magnitude of the ultimate impact that COVID-19 will have on the Fund's business, financial performance and operating results. Management believes COVID-19's adverse impact on the Fund's business, financial performance and operating results will be significantly driven by a number of factors that management is unable to predict or control, 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; the timing and speed of economic recovery, including the availability and distribution of treatments and vaccines for COVID-19; and the negative impact on our fund investors, vendors and other business partners that may indirectly adversely affect the Fund.

## **Directors' report (continued)**

### **Significant changes in state of affairs**

The Fund was listed on the ASX on 19 November 2019 and is quoted under ticker code KKC.

During the year ended 30 June 2021, 9,305,072 units, representing 2.51% of issued capital were bought back in the on market buyback. The units were purchased for an aggregate amount of \$20,996,597.

During the year ended 30 June 2021, the Fund invested \$159.75 million (€101.13 million) of a total commitment to invest \$369.63 million (€234 million) into EDL Euro Fund.

As at 30 June 2020, the Fund was a party to a credit facility with JPMorgan Chase Bank, N.A. ("the Credit Facility"). The Fund entered into the Credit Facility to manage its liquidity, including to enable the Fund to meet its obligation to contribute capital to EDL Euro Fund while awaiting redemptions from the Access Fund PPN and also to satisfy margin requirements in connection with its use of derivatives for foreign exchange hedging purposes, in addition to other short term working capital requirements. During the year ended 30 June 2021, the Fund completed a restructure of its indirect investment in GCOF in order to procure a more favourable financing facility (the "Restructure") by offering security over its share of GCOF's underlying assets, rather than an interest in the GCOF fund. In connection with the Restructure, the Access Fund redeemed its investment in GCOF. GCOF satisfied the redemption request by transferring assets from GCOF to two special purpose vehicles wholly owned by the Access Fund:

- KKR GCOF Access Fund Funding L.P. ("Funding L.P.") holds transferred loans and bonds; and
- KKR GCOF Access Fund Holding L.P. ("Holding L.P.") holds structured credit assets and certain other assets that do not meet the eligibility criteria under the new secured financing facility.

Funding L.P. and Holding L.P. are collectively referred to as the "Access Fund SPVs." Following the Restructure, the Access Fund and the EDL Euro Fund are collectively referred to as the KKR Managed Funds.

In connection with the Restructure, Funding L.P. entered into a new secured financing facility with Bank of America, N.A. (the "Funding L.P. Credit Facility") on more favourable terms than the Fund's Credit Facility. The Funding L.P. Credit Facility provides for loans to be made in U.S. Dollars, Euros, Great British Pounds, Canadian Dollars or Australian Dollars to an aggregate amount of \$133.20 million (US \$100 million). Interest on the Funding L.P. Credit Facility is generally based on London Interbank Offered Rate ("LIBOR"), or with respect to borrowings in Canadian Dollars or Australian Dollars, on a base rate applicable to such currency borrowing, plus a spread of 1.70% to 1.90%. The Funding L.P. Credit Facility matures on 23 October 2023.

As part of the Restructure, the Access Fund SPVs each entered an identical agreement for KKR Credit Advisors (US) LLC ("KKR Credit Advisors") to manage the assets held by each SPV (the "SMAs"). KKR Credit Advisors also manages GCOF and the key terms of the SMAs are equivalent to the key terms of the Access Fund's investment in GCOF. Therefore, the risk profile of the Fund's investment in the Access Fund has not changed materially.

Effective 27 January 2021, Funding L.P. borrowed \$63.60 million (US\$47.75 million) against the Funding L.P. Credit Facility. The proceeds of this borrowing were used by the Access Fund to make a principal payment on the Access Fund PPN. The Fund in turn used the principal proceeds to pay down in full and terminate the Fund's Credit Facility. Future liquidity needs of the Fund will be managed by drawdowns on the Funding L.P. Credit Facility, with the proceeds used to pay down the Access Fund PPN.

Liabilities associated with the Funding L.P. Credit Facility will be reflected in the net asset value of the Access Fund and the fair value of the Access Fund PPN.

The Directors continue to assess the potential financial and other impacts of the COVID-19 outbreak to the Fund. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the period.

On 1 February 2021, Glenn Foster was appointed as a non-executive director.

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

### **Matters subsequent to the end of the financial period**

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.



## **Directors' report (continued)**

### **Matters subsequent to the end of the financial period (continued)**

No other matter or circumstance has arisen since 30 June 2021 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.

### **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 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.

### **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.

### **Fees paid to and interests held in the Funds by the Responsible Entity or its associates**

Fees paid to the Responsible Entity and its associates out of the Funds' property during the year are disclosed in Note 14 of the financial statements.

No fees were paid out of the Funds' property to the directors of the Responsible Entity during the year (30 June 2020: Nil).

As at 30 June 2021, no Director of the Responsible Entity held units in the Fund (30 June 2020: Nil).

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are also disclosed in Note 14 to the financial statements.

### **Units in the Fund**

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

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.

### **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.

## Directors' report (continued)

### 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 15.

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*.



Richard McCarthy  
Director

Sydney

31 August 2021

## **Investment Manager's report**

Dear Investors,

We are pleased to present the second Annual Financial Report for the KKR Credit Income Fund ("KKC" or "the Fund"). As a reminder, the Fund commenced trading on the Australian Stock Exchange ("ASX") on 21 November 2019. Strong demand from investors saw the maximum \$925 million being raised through the issue of 370 million units at a subscription price of \$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 two strategies, Global Credit Opportunities and European Direct Lending. While originally invested 100% into Global Credit Opportunities, KKC has been increasing its exposure to European Direct Lending over time as the strategy originates and provides capital to new deals. As at 30 June 2021, the Fund had a ~18% exposure to European Direct Lending. We expect this to increase further over time.

As at 30 June 2021, the Fund has net assets of \$905.7 million and a net tangible asset ("NTA") value per unit of \$2.5160. Including distributions, this equates to a Fund performance of positive +6% since inception. The Fund is broadly diversified across more than 180 issuers and the top 10 holdings account for ~22% of the Fund and more than 90% of the Fund is invested into senior assets, (i.e. those assets most protected in a borrower's capital structure).

The markets have primarily been in recovery mode for the 2021 FY. From initial rumours of potential vaccines to mass government led vaccination programmes across the globe, this has led to one of the strongest bull markets that we have seen. In the credit markets, initially harder hit assets such as CCC rated assets and travel/leisure names were the slowest to recover. In terms of "back to work", the US has been leading the way in that many businesses have now returned to relative normality. Central Banks are warning of increased inflation due to pent up consumer demand and labour shortages and KKC has shifted its portfolio to ~62% floating rate assets as a natural hedge against the risk of inflation. The Investment Manager's view however is that any inflationary worries should be relatively short lived. KKR will continue to monitor this space and make any necessary adjustments to the portfolio as required.

In terms of actions that the Investment Manager has taken over the year, KKC recently announced the move towards monthly distributions (starting in August for the July payment) and completed a \$21 million buy-back programme.

### **ESG management process**

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

KKR CREDIT INCOME FUND  
ARSN 634 082 107

As at 30 June 2021

## BACKGROUND

The Trust Company (RE Services) Limited ("**Responsible Entity**") is the responsible entity for the KKR Credit Income Fund ("**Fund**"), 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 Fund, the Responsible Entity's overarching principle is to always act in good faith and in the best interests of the Fund's unitholders, in accordance with our fiduciary duty. The Responsible Entity's duties and obligations in relation to the Fund principally arise from: the Constitution of the Fund; the Compliance Plan for the Fund; 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 4th Edition ("**Principles**").

The directors of the Responsible Entity are committed to implementing high standards of corporate governance in operating the Fund 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 Fund as well as other schemes that are listed on the ASX. The Responsible Entity's approach in relation to corporate governance in operating the Fund 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 Fund, 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 and act in the best interests of the unitholders of the Fund. The Responsible Entity's Board is accountable to the unitholders of the Fund, and is responsible for approving the Responsible Entity's overall objectives and overseeing their implementation in discharging their duties and obligations and operating the Fund.

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 role of the Responsible Entity's management is to manage the business of the Responsible Entity in operating the Fund. 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 Fund.

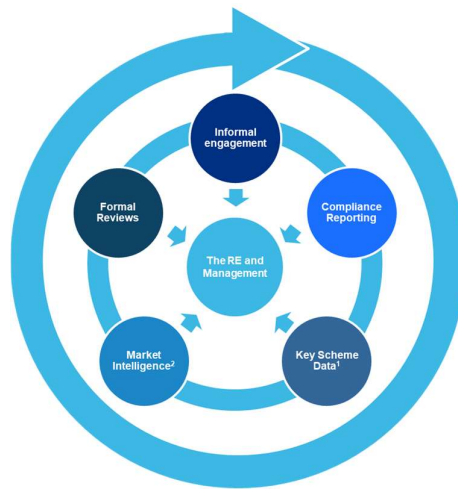
The Responsible Entity appoints agents ("**Service Providers**") to manage the key operations of the Fund which include investment management, administration, custody and other specialist services and functions as required depending on the nature of the Fund. The RE obtains relevant services from third party service providers under outsourcing agreements.

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 Fund.

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.

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 Fund
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 reviews every 18 months.

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.

## PRINCIPLE 2 – STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

At present the Responsible Entity Board consists of three executive directors, one non-executive director 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	Resigned 23 October 2020 as an Executive Director Appointed on 1 February 2021 as a Non-executive Director
Simone Mosse	2019
Richard McCarthy	2018
Vicki Riggio	2018
<b>Phillip Blackmore (Alternate for Vicki Riggio)</b>	<b>2018</b>

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

## PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

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

- 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
- a regular feedback mechanism in place to assess employee sentiment, with actions implemented in response to results.

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 relate to 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.

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 (including current and former), contractors and suppliers (and relatives and dependants of any of these people) 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;
- any conduct that amounts to modern slavery, such as debt bondage and human trafficking of employees; 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 whistle-blowers 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.

Material breaches of the Code of Conduct or the Gifts, Political Donations, Bribery and Corrupt Practice policy are managed in accordance with Perpetual's usual issues management process which would include reporting to the Responsible Entity Board and Compliance Committee where the breach relates to a product or service offered by the Responsible Entity.

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 Fund and the Responsible Entity which would include material breaches of the Code of Conduct and material incidences reported under the Whistleblowing 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 Fund'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 Fund's financial reports, the engagement of the Fund's independent auditors and the review and release of certain reports on the ASX.

The declarations under section 295A of the *Corporations Act 2001* provide formal statements to the Responsible Entity Board in relation to the Fund (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 Fund, 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 Fund. The Responsible Entity Board receives periodic reports from the external auditors in relation to financial reporting and the compliance plans for the Fund.

## **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 Fund 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 Fund, 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 Fund.

The Responsible Entity's Company Secretary is the Continuous Disclosure Officer for the Fund 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 Fund is available to security holders via the Fund's website. All ASX announcements are promptly posted on the Fund's website: [www.kkcaustralia.com.au](http://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 meetings are held in accordance with the requirements of the Corporations Act that apply to a registered managed investment scheme. The Responsible Entity has an active program for effective communication with the unitholders and other stakeholders in relation to Fund.

The Responsible Entity is ultimately responsible for ensuring that any complaints received from unitholders are handled in accordance with its policy settings and regulatory requirements. The Responsible Entity is a member of the Australian Financial Complaints Authority ("AFCA") external dispute resolution scheme and, if unitholders are dissatisfied with the handling of their complaint by the Responsible Entity, AFCA may be able to assist unitholders achieve resolution to their complaint.

The Responsible Entity is also committed to communicating with unitholders electronically in relation to communications from the unit registry. Unitholders may elect to receive information from the Fund's unit registry electronically.

## PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

The Responsible Entity has established a Compliance Committee, comprised of Johanna Turner ("**Chair**"), Virginia Malley and Simone Mosse. A majority of the Responsible Entity Compliance Committee is comprised of external members, including an external independent Chair.

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 monitoring compliance by the Responsible Entity of the Compliance Plan for the Fund, Fund Constitution and the Corporations Act. It is also responsible for assessing the adequacy of the Compliance Plan for the Fund and making recommendations to the Responsible Entity board.

The Responsible Entity values the importance of robust risk and compliance management. The Responsible Entity operates under the Perpetual Risk Management Framework ("**RMF**") which applies to all the activities Perpetual undertakes as Responsible Entity. The RMF aligns to International Standard ISO 31000:2018 'Risk Management Guidelines' and consists of supporting frameworks, programs and policies which have been developed, implemented and are regularly assessed for effectiveness to support the management of the following risk categories considered material to Perpetual: Strategic, People, Financial, Investment, Operational, IT & Cyber Security, Outsourcing, Environmental, Social & Governance, Compliance & Legal and Conduct Risk.

At Perpetual a current risk register is maintained as part of our formal risk management program. The systems supporting the business have been designed to ensure risks are managed within the boundaries of the Perpetual Risk Appetite Statement ("**RAS**") which articulates the expected behaviours, measures and tolerances that management are to take into account when setting and implementing strategy and running their day-day areas of responsibility.

Perpetual's RMF is reviewed annually and was last updated and approved by the Perpetual Board in June 2021, with other programs and policies supporting the RMF regularly reviewed to ensure they remain fit-for purpose and effective.

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 to implement best practice risk management. This model sees the first line, being business unit management, accountable for the day to day identification, ownership and management of risks. The Group Risk, Compliance and Client Advocacy functions represent the second line and consists of risk and compliance management professionals who provide the framework, tools, advice and assistance to enable management to effectively identify, assess and manage risk and meet their compliance obligations, and is responsible for overseeing and monitoring first line activities. Internal Audit provides independent assurance, representing the third line, and reports to the Audit, Risk and Compliance Committee (“ARCC”).

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.

Internal Audit is an integral part of Perpetual's governance and risk management culture and aims to protect Perpetual's earnings, reputation and customers. Perpetual's Internal Audit function reports functionality to the Perpetual Limited Audit, Risk & Compliance Committee, and for administrative purposes, through the Perpetual Chief Risk Officer and is independent from the External Auditor and from Perpetual Executive Management. Internal Audit provides independent and objective assurance, a disciplined approach to the assessment and improvement of risk management and monitoring and reporting on audit findings and recommendations. The Internal Audit Plan (“Plan”) is approved formally by the ARCC each year and re-assessed quarterly to ensure it is dynamic and continues to address the key risks faced by the Group. Progress against the Plan, changes to the Plan and results of audit activity are reported quarterly to the ARCC.

Perpetual's Audit, Risk and Compliance Committee 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 Perpetual Limited Board during the 2021 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.

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

## PRINCIPLE 8 - REMUNERATE FAIRLY AND RESPONSIBLY

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

31 August 2021

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

Dear Board Members,

## Auditor's Independence Declaration to 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 year ended 30 June 2021, 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



Declan O'Callaghan  
Partner  
Chartered Accountants

**KKR Credit Income Fund**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2021**

**Statement of Profit or Loss and Other Comprehensive Income**

		Year ended 30 June 2021 \$'000	For the period 12 June 2019 to 30 June 2020 \$'000
	Notes		
<b>Investment income</b>			
Investment income from financial assets at fair value through profit or loss		69,109	16,139
Net unrealised/realised losses on financial assets at amortised cost (including foreign currency movements)		(887)	(97)
Net unrealised/realised gains/(losses) on financial assets at fair value through profit or loss (including foreign currency movements)	6	87,557	(94,808)
Other income		-	671
<b>Total investment income/(loss)</b>		<u>155,779</u>	<u>(78,095)</u>
<b>Expenses</b>			
Management fees	14	7,949	4,830
Borrowing facility costs	13	4,762	673
Performance fees	14	2,714	-
Legal expenses		991	1,117
Insurance expense		668	337
Remuneration to auditors	15	502	298
Custody and administration fees		394	162
Responsible Entity fees	14	259	153
Listing expenses	10	-	1,594
Other expenses		541	382
<b>Total expenses</b>		<u>18,780</u>	<u>9,546</u>
<b>Operating profit/(loss) for the year/period</b>		<u>136,999</u>	<u>(87,641)</u>
<b>Profit/(loss) for the year/period</b>		136,999	(87,641)
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year/period</b>		<u>136,999</u>	<u>(87,641)</u>
<b>Earnings/(loss) per unit for profit attributable to unitholders of the Fund</b>			
Basic and diluted earnings/(loss) per unit in cents	12	37.26	(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

		As at	
		30 June 2021	30 June 2020
	Notes	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents		4,178	14,691
GST receivable		248	265
Prepaid insurance		290	231
Financial assets at fair value through profit or loss	5,7	948,824	851,957
Due from brokers - receivable for securities sold		-	21,837
Deferred financing cost	13	-	1,311
<b>Total assets</b>		<b>953,540</b>	<b>890,292</b>
<b>Liabilities</b>			
Performance fees payable	14	2,714	-
Management fees payable	14	674	1,787
Responsible Entity fees payable	14	65	110
Custody and administration fees payable		116	162
Distributions payable	11	9,010	9,235
Unit buyback payable		968	223
Other payables		334	2,925
Financial liabilities at fair value through profit or loss	5,8	33,978	48,944
Borrowing facility	13	-	557
<b>Total liabilities</b>		<b>47,859</b>	<b>63,943</b>
<b>Net assets attributable to unitholders - equity</b>	10	<b>905,681</b>	<b>826,349</b>

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

## Statement of Changes in Equity

		For the period 12 June 2019 to 30 June 2020
	Year ended 30 June 2021	30 June 2020
Notes	\$'000	\$'000
<b>Total equity at the beginning of the financial year/period</b>	<b>826,349</b>	-
<b>Comprehensive income/(loss) for the year/period</b>		
Profit/(loss) for the year/period	<u>136,999</u>	<u>(87,641)</u>
<b>Total comprehensive income/(loss) for the year/period</b>	<u>136,999</u>	<u>(87,641)</u>
<b>Transactions with unitholders</b>		
Distributions paid and payable	11 (36,670)	(11,184)
Unit buyback	10 (20,997)	(1,420)
Capital raising - Initial Public Offering (IPO)	10 -	925,000
Capital contribution	10 -	31,957
IPO offer costs directly attributable to issuance of units	10 <u>-</u>	<u>(30,363)</u>
<b>Total transactions with unitholders</b>	<u>(57,667)</u>	<u>913,990</u>
<b>Total equity at the end of the year/period</b>	<u><b>905,681</b></u>	<u><b>826,349</b></u>

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

## Statement of Cash Flows

		Year ended 30 June 2021 \$'000	For the period 12 June 2019 to 30 June 2020 \$'000
	Notes		
<b>Cash flows from operating activities</b>			
Purchase of financial instruments at fair value through profit or loss		(203,873)	(918,466)
Proceeds from sale of financial instruments at fair value through profit or loss		194,795	-
Investment income received		69,109	16,139
Management fees paid		(9,062)	(3,043)
Interest expenses paid		(1,128)	-
Other expenses paid		(5,981)	(669)
Other income received		-	175
<b>Net cash inflow/(outflow) from operating activities</b>	16	<u>43,860</u>	<u>(905,864)</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowing facility		(65,625)	-
Proceeds from draw down on borrowing facility		62,646	-
Distributions paid	11	(36,895)	(1,949)
Payments on unit buyback	10	(20,252)	(1,197)
Proceeds from capital raising - Initial Public Offering (IPO)	10	-	925,000
<b>Net cash (outflow)/inflow from financing activities</b>		<u>(60,126)</u>	<u>921,854</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(16,266)</u>	<u>15,990</u>
Cash and cash equivalents at the beginning of the year/period		14,691	-
Effects of foreign currency exchange rate changes on cash and cash equivalents		5,753	(1,299)
<b>Cash and cash equivalents at the end of the year/period</b>		<u>4,178</u>	<u>14,691</u>
<b>Supplemental disclosure of cash flow information and non-cash financing activities:</b>			
Draw down on borrowing facility for payment of unused commitment fees		1,729	557
Draw down on borrowing facility for payment of interest expense		693	-
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

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

## **Notes to the annual financial statements**

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## **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 the Australian Securities and Investments 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 is incorporated and domiciled in Australia and its registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

The Investment Manager of the Fund is KKR Australia Investment Management Pty Limited (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 Investment Management Pty Limited to act as Investment Manager for the Fund. 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 (the "PDS") dated 19 September 2019 (as amended by the supplementary PDS dated 9 October 2019) and the provisions of the Fund's Constitution. The Fund also uses derivatives for hedging purposes.

As set out in the PDS, the Fund seeks to achieve its investment 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 also set out in the PDS, the Fund gained its exposure to GCOF by investing in a profit participating note (the "Access Fund PPN") issued by KKR Global Credit Opportunities Access Fund L.P. (the "Access Fund").

During the year ended 30 June 2021, the Fund restructured its indirect investment in GCOF (the "Restructure"). As part of the Restructure, the Access Fund redeemed its investment in GCOF. GCOF satisfied the redemption request by transferring assets from GCOF to two special purpose vehicles wholly owned by Access Fund:

- KKR GCOF Access Fund Funding L.P. ("Funding L.P.") holds transferred loans and bonds; and
- KKR GCOF Access Fund Holding L.P. ("Holding L.P.") holds structured credit assets and certain other assets that do not meet the eligibility criteria under the new secured financing facility.

Funding L.P. and Holding L.P. are collectively referred to as the "Access Fund SPVs." Following the Restructure, Access Fund and EDL Euro Fund are collectively referred to as the KKR Managed Funds.

The annual financial statements were authorised for issue by the Directors on 31 August 2021. 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. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

### **(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AAS) 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 IFRS as issued by the International Accounting Standards Board.

## **2 Summary of significant accounting policies (continued)**

### **(a) Basis of preparation (continued)**

#### ***New and amended standards adopted by the Fund***

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

#### ***New standards, amendments and interpretations effective after 1 July 2021 and have not been early adopted***

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

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

#### ***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 consolidation. 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 the 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 ("IPO");
- 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 the 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 investments in EDL Euro Fund and the Access Fund PPN at fair value. The EDL Euro Fund has a stated term of six years. The Access Fund PPN matures in 2069 and can also be redeemed by giving notice at least 60 days before the end of the relevant quarter, and therefore has an identifiable exit date. Based on the above, the Investment Manager 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. The Fund's status as an investment entity was reassessed in connection with the Restructure. The Investment Manager concluded that the Fund continues to meet the characteristics of an investment company.

## 2 Summary of significant accounting policies (continued)

### (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 Access Fund PPN and the 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.

#### (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.

The Fund derecognises a financial liability when the obligation in the contract is discharged, cancelled or expired.

#### (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 unrealised/realised gains/(losses) on financial assets at fair value through profit or loss (including foreign currency movements) 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 the effective interest method.

#### (iv) Derivatives

The Fund hedges its foreign currency risk with certain derivative instruments that are designated as 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 the hedged item.

## **2 Summary of significant accounting policies (continued)**

### **(b) Financial instruments (continued)**

#### *(iv) Derivatives (continued)*

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 the 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 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; or
- The impact of credit/debit valuation adjustments (CVA/DVA) on the hedging.

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 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. As at the end of the reporting period, there are no financial assets or liabilities offset or which could be offset in the Statement of financial position.

### **(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.

## **2 Summary of significant accounting policies (continued)**

### **(e) Investment income**

Interest does not accrue on the Access Fund PPN at a stated rate but rather is made up of available proceeds of the Access Fund, as defined in the Access Fund PPN agreement. This interest income on the Access Fund PPN is recognised as investment income in the Statement of profit or loss and comprehensive income when the Fund's right to receive payment is established.

Distribution income from the EDL Euro Fund is recognised as investment income in the Statement of profit or loss and comprehensive income when the Fund's right to receive payment is established.

### **(f) Expenses**

All expenses are recognised in the Statement of profit or loss and other comprehensive income on an accrual 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 distributions to unitholders or reinvestment (i.e. unitholders are presently entitled to the income of the Fund).

### **(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 net unrealised/realised gains/(losses) on financial assets at fair value through profit or loss (including foreign currency movements).

### **(j) Payables**

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

### **(k) 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 at a rate of 55% or 75%; hence investment management fees, custodial fees and other expenses have been recognised in the Statement of profit or loss and other 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.

## **2 Summary of significant accounting policies (continued)**

### **(l) Borrowing Costs**

Transaction costs that are directly attributable to the issue of the Fund's borrowing facility were 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.

### **(m) 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 the 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.

### **(n) Rounding of amounts**

The Fund is an entity of a kind referred to in *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.

### **(o) Reclassifications**

Certain prior period amounts have been reclassified to conform to the current year's presentation. Such reclassifications had no impact on the comprehensive loss that was previously reported.

### 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; and
- 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 2021, the Fund is invested in the Access Fund PPN and the EDL Euro Fund. The value of the Access Fund PPN is primarily based on the Access Fund's investment in the Access Fund SPVs, which value in turn is based primarily on the value of the Access Fund portfolios of bank loans, high yield bonds and other securities. The value of the EDL Euro Fund is primarily based on its portfolio of corporate bonds and loans. As a result, the price risk arising from the Fund's investments is impacted by changes in the value of the KKR Managed Funds' investment portfolios. The KKR manager of each of the KKR Managed Funds 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 2021 and 30 June 2020, the Fund's investments exposed to price risk are detailed below:

	As at 30 June 2021 \$'000	As at 30 June 2020 \$'000
<b>Financial assets</b>		
Access Fund PPN	741,574	845,668
EDL Euro Fund	<u>160,794</u>	<u>6,183</u>
<b>Total</b>	<u><b>902,368</b></u>	<u><b>851,851</b></u>

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.

The table in Note 3(b) summarises the impact of an increase/decrease of underlying investment prices on the Fund's operating profit and net assets attributable to unitholders. The analysis is based on the assumption that the underlying investment prices changed by +/- 15% (30 June 2020: +/- 15%) from the year end prices with all other variables held constant.

### 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:

<b>30 June 2021*</b>	<b>Gross exposure \$'000</b>	<b>Impact of hedge relationships \$'000</b>	<b>Net exposure \$'000</b>
United States Dollar	<b>742,085</b>	<b>(706,543)</b>	<b>35,542</b>
Euro Currency	<b>160,837</b>	<b>(150,290)</b>	<b>10,547</b>
<b>30 June 2020*</b>	<b>Gross exposure \$'000</b>	<b>Impact of hedge relationships \$'000</b>	<b>Net exposure \$'000</b>
United States Dollar	842,797	(809,522)	33,275
Euro Currency	6,183	-	6,183

\* The amount in the table above are calculated based on the year/period end spot rate.

The table at Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the reasonably possible shift that the Australian dollar weakened and strengthened by +/- 15% (30 June 2020: +/- 25%) against the material foreign currencies to which the Fund is exposed.

##### (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 2021, the Fund primarily invests (indirectly through its investment in the Access Fund, which in turn invests in the Access Fund SPVs, and through its investment in the EDL Euro Fund) 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.



### 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 rate risks as at 30 June 2021 and 30 June 2020, including the Fund's assets and liabilities at fair values:

30 June 2021	Weighted average interest rate %	Floating interest rate \$'000	Fixed interest rate \$'000	Non- interest bearing \$'000	Total \$'000
<b>Total assets</b>					
Cash and cash equivalents		-	-	4,178	4,178
GST receivable		-	-	248	248
Prepaid insurance		-	-	290	290
Financial assets at fair value through profit or loss		-	-	948,824	948,824
<b>Total assets</b>		-	-	953,540	953,540
<b>Total liabilities</b>					
Performance fees payable		-	-	2,714	2,714
Management fees payable		-	-	674	674
Responsible Entity fees payable		-	-	65	65
Custody and administration fees payable		-	-	116	116
Distributions payable		-	-	9,010	9,010
Unit buyback payable		-	-	968	968
Other payables		-	-	334	334
Financial liabilities at fair value through profit or loss		-	-	33,978	33,978
<b>Total liabilities</b>		-	-	47,859	47,859
<b>Net exposure</b>		-	-	905,681	905,681

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

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

30 June 2020	Weighted average interest rate %	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Total assets</b>					
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 held at fair value through profit or loss		-	-	851,957	851,957
<b>Total assets</b>		-	-	890,292	890,292
<b>Total liabilities</b>					
Management fees payable		-	-	1,787	1,787
Responsible Entity fees payable		-	-	110	110
Custody and administration fees payable		-	-	162	162
Distributions payable		-	-	9,235	9,235
Unit buyback payable		-	-	223	223
Other payables		-	-	2,925	2,925
Borrowing facility	6.31%	557	-	-	557
Financial liabilities held at fair value through profit or loss		-	-	48,944	48,944
<b>Total liabilities</b>		557	-	63,386	63,943
<b>Net exposure</b>		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 year ended 30 June 2021. 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			
	Impact on profit and net assets attributable to unitholders			
	30 June 2021		30 June 2020	
	-15%	+15%	-15%	+15%
	\$'000	\$'000	\$'000	\$'000
<b>Price risk</b>	<b>(135,355)</b>	<b>135,355</b>	<b>(127,778)</b>	<b>127,778</b>

### 3 Financial risk management (continued)

#### (b) Summarised sensitivity analysis (continued)

As at 30 June 2021

Foreign exchange risk	Change in currency rate		Impact on profit and net assets attributable to unitholders	
	Increase	Decrease	Increase	Decrease
	%	%	\$'000	\$'000
USD	+15	-15	5,331	(5,331)
EUR	+15	-15	1,582	(1,582)

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 investments in the Access Fund PPN and the EDL Euro Fund. This credit risk arising from the Fund's investment in the Access Fund PPN is impacted by the Access Fund's credit risk exposure from the investments in the Access Fund SPVs.

The Fund is also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents. 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.

The Access Fund SPVs are exposed to credit risk in its portfolio of investments in bank loans, high yield bonds and other securities. The EDL Euro Fund is exposed to credit risk in its portfolio of investments in corporate bonds and loans. The KKR manager of the underlying investments in the Access Fund SPVs and the EDL Euro Fund 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.

### 3 Financial risk management (continued)

#### (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 year.

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

30 June 2021	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	1-2 years \$'000	Over 2 years \$'000	Total \$'000
Forward currency contracts**	-	(9,610)	(21,952)	-	(2,416)	(33,978)
Distribution payable	(9,010)	-	-	-	-	(9,010)
Payables	(4,871)	-	-	-	-	(4,871)
<b>Total</b>	<b>(13,881)</b>	<b>(9,610)</b>	<b>(21,952)</b>	<b>-</b>	<b>(2,416)</b>	<b>(47,859)</b>
30 June 2020						
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)
<b>Total</b>	<b>(14,442)</b>	<b>-</b>	<b>(16,670)</b>	<b>(8,089)</b>	<b>(24,742)</b>	<b>(63,943)</b>

\*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 forward rate that existed at the end of the year.

### 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 year.

## 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 (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 considers 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.

The Fund's investments in the Access Fund PPN and the EDL Euro Fund are recorded at fair value as provided by the investment managers of the respective funds. The Fund has economic exposure to the Access Fund via its investment in the Access Fund PPN. The Access Fund used funds received from the issuance of the Access Fund PPN to make investments in GCOF. The Access Fund's investment in GCOF was then converted into investments in the Access Fund SPVs as a result of the Restructure. The Access Fund holds its investments in the Access Fund SPVs and distributes income to the Fund as interest on the Access Fund PPN. The value of the Access Fund PPN will equal the fair value of the Access Fund's investment in the Access Fund SPVs. The Access Fund carries its investment in the Access Fund SPVs at fair value based on the Access Fund's proportionate interest in the partners' capital of the Access Fund SPVs. Liabilities associated with the Funding L.P. Credit Facility (as defined in Note 13, Borrowing facility) will be reflected in the net asset value of the Access Fund and the fair value of the Access Fund PPN.

The Access Fund SPV portfolios are 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 2021, approximately 91% of the Access Fund SPVs' investment portfolios consisted of Level 2 investments. The Fund's fair value of the EDL Euro Fund as at 30 June 2021 is based on the Fund's proportionate interest in the net asset value of the EDL. The EDL Euro Fund invests primarily in originated senior loans to European corporate entities. The majority of these investments are classified as Level 3 investments and 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 2021, approximately 96% of the EDL Euro Fund's investment portfolio consisted of Level 3 investments.

The carrying value of other receivables and payables are assumed to approximate their fair values due to the 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.

## 5 Fair value measurement (continued)

### Recognised fair value measurement

The following table presents the Fund's financial assets measured and recognised at fair value as at 30 June 2021 and 30 June 2020.

As at 30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Forward currency contracts	-	46,456	-	46,456
Access Fund PPN	-	-	741,574	741,574
EDL Euro Fund	-	-	160,794	160,794
<b>Total financial assets at fair value through profit or loss</b>	<u>-</u>	<u>46,456</u>	<u>902,368</u>	<u>948,824</u>
<b>Financial liabilities at fair value through profit or loss</b>				
Forward currency contracts	-	33,978	-	33,978
<b>Total financial liabilities at fair value through profit or loss</b>	<u>-</u>	<u>33,978</u>	<u>-</u>	<u>33,978</u>
 As at 30 June 2020	 Level 1 \$'000	 Level 2 \$'000	 Level 3 \$'000	 Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Forward currency contracts	-	106	-	106
Access Fund PPN	-	-	845,668	845,668
EDL Euro Fund	-	-	6,183	6,183
<b>Total financial assets at fair value through profit or loss</b>	<u>-</u>	<u>106</u>	<u>851,851</u>	<u>851,957</u>
<b>Financial liabilities at fair value through profit or loss</b>				
Forward currency contracts	-	48,944	-	48,944
<b>Total financial liabilities at fair value through profit or loss</b>	<u>-</u>	<u>48,944</u>	<u>-</u>	<u>48,944</u>

#### (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 year ended 30 June 2021 and for 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 year ended 30 June 2021 and for the period ended 30 June 2020.

30 June 2021	Access Fund	
	PPN \$'000	EDL Euro Fund \$'000
Opening balance	845,668	6,183
Purchases	43,147	160,726
Sales	(172,958)	-
Realised losses recognised in the Statement of profit or loss and other comprehensive income	(22,092)	-
Net unrealised gains/(losses) recognised in the Statement of profit or loss and other comprehensive income (including foreign currency movements)	<u>47,809</u>	<u>(6,115)</u>
<b>Closing balance</b>	<b><u>741,574</u></b>	<b><u>160,794</u></b>
Total unrealised (losses)/gains for the year 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 year	<u>(1,147)</u>	<u>68</u>

30 June 2020	Access Fund	
	PPN \$'000	EDL Euro Fund \$'000
Purchases	918,466	-
Sales	(21,837)	-
Realised losses recognised in the Statement of profit or loss and other comprehensive income	(2,005)	-
Net unrealised (losses)/gains recognised in the Statement of profit or loss and other comprehensive income (including foreign currency movements)	<u>(48,956)</u>	<u>6,183</u>
<b>Closing balance</b>	<b><u>845,668</u></b>	<b><u>6,183</u></b>
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	<u>(48,956)</u>	<u>6,183</u>

## 5 Fair value measurement (continued)

### (iii) Valuation inputs and relationship to fair value

The level 3 financial instrument noted above were acquired during the year 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
<b>As at 30 June 2021</b>			
Access Fund PPN	<b>741,574</b>	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	<b>160,794</b>	Net asset value of the fund and percentage of the fund owned	Higher the net asset value, higher the value of investment
	Fair value \$'000	Unobservable inputs	Relationship of unobservable inputs to fair value
<b>As at 30 June 2020</b>			
Access Fund 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 the EDL Euro Fund and the Access Fund PPN are measured at fair value. The primary valuation inputs are the net asset value of the funds, provided by the manager of the 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 amortised 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 gains/(losses) on financial instruments at fair value through profit or loss

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

	Year ended 30 June 2021 \$'000	For the period 12 June 2019 to 30 June 2020 \$'000
<b>Financial assets</b>		
Net realised losses on financial assets at fair value through profit or loss (including foreign currency movements)	(15,460)	(3,197)
Net unrealised gains/(losses) on financial assets at fair value through profit or loss (including foreign currency movements)	<u>103,017</u>	<u>(91,611)</u>
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<u><b>87,557</b></u>	<u><b>(94,808)</b></u>

Net realised gains on forward currency contracts for the year ended 30 June 2021 was \$3,837,295 and net realised losses on forward currency contracts for the year ended 30 June 2020 was \$542,008.

## 7 Financial assets at fair value through profit or loss

	As at 30 June 2021 \$'000	30 June 2020 \$'000
<b>Financial assets at fair value through profit or loss</b>		
Forward currency contracts	46,456	106
Access Fund PPN	741,574	845,668
EDL Euro Fund	<u>160,794</u>	<u>6,183</u>
<b>Total financial assets at fair value through profit or loss</b>	<u><b>948,824</b></u>	<u><b>851,957</b></u>

## 8 Financial liabilities at fair value through profit or loss

	As at 30 June 2021 \$'000	30 June 2020 \$'000
<b>Financial liabilities at fair value through profit or loss</b>		
Forward currency contracts	<u>33,978</u>	<u>48,944</u>
<b>Total financial liabilities at fair value through profit or loss</b>	<u><b>33,978</b></u>	<u><b>48,944</b></u>

## 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 the Access Fund PPN, which is denominated in US dollars, and its investment in the EDL Euro Fund, which is denominated in Euro. 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 year end are detailed below:

	As at 30 June 2021 Fair values			
	Contract/ Notional Sell \$'000	Contract/ Notional Buy \$'000	Assets \$'000	Liabilities \$'000
Forward currency contracts (Expiry Aug 2021- Jan 2025)	US\$ 604,666	A\$ 846,610	44,279	(3,308)
Forward currency contracts (Expiry Aug 2021- Feb 2022)	A\$ 127,063	US\$ 74,229	-	(28,254)
Forward currency contracts (Expiry Nov 2024 - Aug 2025)	€ 95,143	A\$ 157,323	2,177	(2,416)
			<u>46,456</u>	<u>(33,978)</u>

	As at 30 June 2020 Fair values			
	Contract/ Notional Sell \$'000	Contract/ Notional Buy \$'000	Assets \$'000	Liabilities \$'000
Forward currency contracts (Expiry Aug 2021- Jan 2025)	US\$ 647,666	A\$ 917,979	106	(26,310)
Forward currency contracts (Expiry Aug 2021- Feb 2022)	A\$ 153,579	US\$ 90,310	-	(22,634)
			<u>106</u>	<u>(48,944)</u>

## 9 Derivative financial instruments (continued)

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 2021

	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in the statement of financial position where the hedging instrument is located
	(\$'000)	Assets (\$'000)	Liabilities (\$'000)	
<b>Fair Value Hedges</b>				
Foreign Exchange Risk				
- Foreign currency forwards				
USD	678,656	34,683	(3,301)	Financial assets and liabilities at fair value through profit or loss
EUR	150,290	2,177	(2,416)	Financial assets and liabilities at fair value through profit or loss
Total	828,946	36,860	(5,717)	

	Cumulative Fair Value adjustments included in the hedged item		Carrying Amount of the Hedged Item		Line Item in the statement of financial position where the hedged item is located
	Assets (\$'000)	Liabilities (\$'000)	Assets (\$'000)	Liabilities (\$'000)	
Fair Value Hedges					
Foreign Exchange Risk					
- Exposure on underlying investment					
USD	(88,828)	-	678,656	-	Net unrealised/realised (losses)/gains on financial assets at fair value through profit or loss (including foreign currency movements)
EUR	(1,413)	-	150,290	-	Net unrealised/realised (losses)/gains on financial assets at fair value through profit or loss (including foreign currency movements)
Total	(90,241)	-	828,946	-	

## 9 Derivative financial instruments (continued)

	Cumulative changes in value of Hedging Instrument used for calculating hedge ineffectiveness for 30 June 2021 (\$'000)	Cumulative changes in value of Hedged Item used for calculating hedge ineffectiveness for 30 June 2021 (\$'000)	Hedge ineffectiveness recognised in profit or loss (\$'000)	Line item in profit or loss (that includes hedge ineffectiveness)
<b>Fair Value Hedges</b>				
Foreign Exchange Risk				
- Foreign currency forwards & underlying investment				
USD	88,828	(88,828)		Net unrealised/realised (losses)/gains on financial - assets at fair value through profit or loss (including foreign currency movements)
EUR	1,413	(1,413)		Net unrealised/realised (losses)/gains on financial - assets at fair value through profit or loss (including foreign currency movements)
<b>Total</b>	<b>90,241</b>	<b>(90,241)</b>	<b>-</b>	

30 June 2020

	Nominal Amount of the Hedging Instrument (\$'000)	Carrying Amount of the Hedging Instrument		Line Item in the statement of financial position where the hedging instrument is located
		Assets (\$'000)	Liabilities (\$'000)	
<b>Fair Value Hedges</b>				
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		Carrying Amount of the Hedged Item		Line Item in the statement of financial position where the hedged item is located
	Assets (\$'000)	Liabilities (\$'000)	Assets (\$'000)	Liabilities (\$'000)	
<b>Fair Value Hedges</b>					
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)

	Cumulative changes in value of Hedging Instrument used for calculating hedge ineffectiveness for 30 June 2020 (\$'000)	Cumulative 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 gains/(losses) 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 year/period were as follows:

	Year ended 30 June 2021		For the period 12 June 2019 to 30 June 2020	
	No.'000	\$'000	No.'000	\$'000
Opening balance	369,280	826,349	-	-
Capital raising - Initial Public Offering (IPO)	-	-	370,000	925,000
Unit buyback	(9,305)	(20,997)	(720)	(1,420)
Capital contribution	-	-	-	31,957
IPO offer costs directly attributable to issuance of units	-	-	-	(30,363)
Distributions paid and payable	-	(36,670)	-	(11,184)
Profit/(loss) for the year/period	-	136,999	-	(87,641)
<b>Closing balance</b>	<b>359,975</b>	<b>905,681</b>	<b>369,280</b>	<b>826,349</b>

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

During the period 12 June 2019 to 30 June 2020, 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

9,305,072 units representing 2.51% of issued capital were bought back in the on-market buyback during the year ended 30 June 2021. The units were purchased for an aggregate amount of \$20,996,597.

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

### 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 2021 and 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 year/period were as follows:

	<b>As at</b>		<b>For the period</b>	
	<b>30 June 2021</b>		<b>12 June 2019</b>	
			<b>to</b>	
			<b>30 June 2020</b>	
	<b>\$'000</b>	<b>CPU*</b>	<b>\$'000</b>	<b>CPU</b>
Distributions paid - 30 September	<b>9,220</b>	<b>2.5000</b>	-	-
Distributions paid - 31 December	<b>9,220</b>	<b>2.5000</b>	-	-
Distributions paid - 31 March	<b>9,220</b>	<b>2.5000</b>	1,949	0.5268
Distribution payable - 30 June	<b>9,010</b>	<b>2.5000</b>	<b>9,235</b>	<b>2.5000</b>
	<b><u>36,670</u></b>		<b><u>11,184</u></b>	

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

Distributions totalling \$11,822,830 declared during the year ended 30 June 2021 represented a return of capital to unitholders. All distributions declared during the period ended 30 June 2020 represented a return of capital to unitholders.

## 12 Earnings/(loss) per unit

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

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

	<b>Year ended</b>	<b>For the period</b>
	<b>30 June</b>	<b>12 June 2019</b>
	<b>2021</b>	<b>to</b>
		<b>30 June 2020</b>
Operating profit/(loss) for the year/period \$'000	<b>136,999</b>	(87,641)
Weighted average number of units in issue '000	<b><u>367,718</u></b>	<b><u>369,906</u></b>
Basic and diluted earnings/(loss) per unit in cents	<b><u>37.26</u></b>	<b><u>(23.69)</u></b>

### 13 Borrowing facility

In May 2020, the Fund became a party to a credit agreement with JPMorgan Chase Bank, N.A. ("the Credit Facility"). The Fund entered into the Credit Facility to manage its liquidity, including to enable the Fund to meet its obligation to contribute capital to the EDL Euro Fund while awaiting redemptions from the Access Fund PPN, to satisfy margin requirements in connection with its use of derivatives for foreign exchange hedging purposes, in addition to other short term working capital requirements. The Credit Facility provided for loans to be made in U.S. dollars to an aggregate amount of \$100 million. During the year ended 30 June 2021, the Fund completed the Restructure in order to procure a more favourable financing facility by offering security over its share of GCOF's underlying assets, rather than an interest in the GCOF fund. In connection with the Restructure, Funding L.P. entered into a new secured financing facility with Bank of America, N.A. (the "Funding L.P. Credit Facility") on more favourable terms than the Fund's Credit Facility. The Funding L.P. Credit Facility provides for loans to be made in U.S. Dollars, Euros, Great British Pounds, Canadian Dollars or Australian Dollars to an aggregate amount of US \$100 million. Interest on the Funding L.P. Credit Facility is generally based on London Interbank Offered Rate ("LIBOR"), or with respect to borrowings in Canadian Dollars or Australian Dollars, on a base rate applicable to such currency borrowing, plus a spread of 1.70% to 1.90%. The Funding L.P. Credit Facility matures on 23 October 2023.

Effective 27 January 2021, Funding L.P. borrowed \$63.60 million (US\$47.75 million) against the Funding L.P. Credit Facility. The proceeds of this borrowing were used by the Access Fund to make a principal payment on the Access Fund PPN. The Fund in turn used the principal proceeds to pay down in full and terminate the Fund's Credit Facility. Future liquidity needs of the Fund will be managed by drawdowns on the Funding L.P. Credit Facility, with the proceeds used to pay down the Access Fund PPN.

Interest on the Credit Facility was based on LIBOR, plus a spread of 6.00%. The weighted average interest rate on borrowings made during the year ended 30 June 2021 was 6.30%. The Fund also paid a commitment fee of 3.00% per annum on any unused commitment amounts. The Fund incurred legal fees and other direct costs totalling \$1,302,808 in connection with the Credit Facility. In connection with the termination of the Credit Facility, the Fund incurred a make-whole fee of \$618,007 (US\$475,000) and fully expensed the remaining unamortised deferred financing costs.

At 30 June 2021, the Fund did not have any outstanding borrowings. The following tables provide additional information on the Fund's Credit Facility:

	Drawn*	As at 30 June 2020 Undrawn	Total
	US\$'000	US\$'000	US\$'000
<b>Secured</b>			
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 year/period are as follows:

	As at 30 June 2021 \$'000	For the period 12 June 2019 to 30 June 2020 \$'000
Interest expense*	1,628	4
Commitment fees	1,922	579
Amortisation of loan transaction costs	1,212	90
Total borrowing facility costs	4,762	673

\* This includes \$618,007 prepayment penalty paid upon termination of credit facility.



### 13 Borrowing facility (continued)

The total borrowing costs incurred and amortised for the year/period are as follows:

	<b>As at 30 June 2021 \$'000</b>	<b>For the period 12 June 2019 to 30 June 2020 \$'000</b>
Opening Balance	1,311	-
Costs incurred*	(99)	1,401
Amortisation of loan transaction costs	<u>(1,212)</u>	<u>(90)</u>
Closing Balance	<u>-</u>	<u>1,311</u>

\*Deferred costs were reduced during the year ended 30 June 2021 as actual expenses were less than amounts previously estimated.

### 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.

#### Responsible Entity

The Responsible Entity of the KKR Credit Income Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150).

#### Key management personnel

Key management personnel includes persons who were Directors of the Responsible Entity during the financial year and up to the date of this report. The Directors were in office for this entire year except where stated otherwise:

<b>Name</b>	<b>Position</b>	<b>Date of appointment/resignation</b>
Vicki Riggio	Director	20 April 2018
Richard McCarthy	Director	17 October 2018
Simone Mosse	Director	27 September 2019
Glenn Foster	Director	Resigned as Director on 23 October 2020 Appointed as a Non-executive Director on 1 February 2021
Phillip Blackmore	Alternate Director	Alternate Director for Vicki Riggio

There were no other persons responsible for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

#### Transactions with key management personnel

No transactions occurred with key management personnel during the financial year (30 June 2020: Nil).

#### 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 key management personnel's interests existing at year end.

#### Key management personnel unitholdings

During or since the end of the year, 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 at the end of the year (30 June 2020: Nil).

## 14 Related party transactions (continued)

### Key management personnel compensation

Key management personnel do not receive any remuneration directly from the Fund. They receive remuneration from a related party of the Responsible Entity in their capacity as Directors or employees of the Responsible Entity or its related parties. Consequently, the Fund does not pay any compensation to its key management personnel. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

### 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.

### Responsible Entity's/Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution, the Responsible Entity is entitled to receive a fee per annum calculated as a percentage of the gross asset value of the Fund.

The Investment Manager of the Fund is KKR Australia Investment Management Pty Limited. The Investment Manager is entitled to receive a management fee at the rates stipulated in the Fund's governing documents.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the reporting year/period and amounts payable at year/period end between the Fund, and the Responsible Entity and the Investment Manager were as follows:

	<b>Year ended 30 June 2021 \$</b>	<b>For the period 12 June 2019 to 30 June 2020 \$</b>
Investment management fees for the year/period	<b>7,949,142</b>	4,830,418
Total fees payable to the Investment Manager at year/period ended	<b>673,587</b>	1,786,529
Performance fees paid to the Investment Manager for the year/period	<b>2,713,634</b>	-
Performance fees payable to the Investment Manager at year/period ended	<b>2,713,634</b>	-
Responsible Entity fees for the year/period	<b>258,596</b>	152,889
Fees payable to the Responsible Entity at year/period ended	<b>65,046</b>	110,277

The Responsible Entity is entitled to receive a 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 Australia Investment Management Pty Limited, receives management fees of 0.88% per annum (plus GST) of the Net Asset Value of the Fund. In accordance with the Fund's PDS 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 AAS. The management fees are calculated and accrued daily and paid monthly in arrears.

The Investment Manager is also entitled to receive a performance fee, which is dependent on the Fund exceeding a return hurdle and high water mark over a given calculation period. The first calculation period began on the date of allotment of units and ended on 30 June 2020. Each successive 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 redemption of units. As at 30 June 2021, the Fund has recorded a performance fee liability of \$2,713,634.

## 14 Related party transactions (continued)

### Related party unitholdings

Parties related to the Fund (including the Responsible Entity, its related parties and other schemes managed by the Responsible Entity), held no units in the Fund as at 30 June 2021 and 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 2021:

30 June 2021 Investment	Face Value \$	Interest Held %	Fair Value \$
Access Fund PPN	US\$509,979,579	100% <sup>1</sup>	741,573,894
EDL Euro Fund	€101,128,491 <sup>3</sup>	62.8% <sup>2</sup>	160,794,088

<sup>1</sup>The Fund holds 100% of the Access Fund PPN.

<sup>2</sup>The Fund holds a 62.8% interest in the EDL Euro Fund on a committed basis as at 30 June 2021. On 1 July 2020, the Fund reduced its commitment to the EDL Euro Fund to €234 million from an initial commitment of €284 million.

<sup>3</sup>The Fund capital contribution to the EDL Euro Fund as at 30 June 2021.

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

30 June 2020 Investment	Face Value \$	Interest Held %	Fair value \$
Access Fund PPN	US\$ 609,227,377	100% <sup>4</sup>	845,667,770
EDL Euro Fund	€ -	67% <sup>5</sup>	6,182,595

<sup>4</sup>The Fund holds 100% of the Access Fund PPN.

<sup>5</sup>The Fund holds a 67% interest in the EDL Euro Fund on a committed basis as at 30 June 2020.

The fair value of financial assets \$902,367,858 (2020: \$851,850,365) is included in financial assets at fair value through profit or loss in the Statement of financial position.

## 15 Auditor's remuneration

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

	Year ended 30 June 2021 \$	For the period 12 June 2019 to 30 June 2020 \$
<b>Deloitte Touche Tohmatsu and related network firms</b>		
<b>Audit or review of financial reports</b>		
Audit and review of financial statements	<u>501,757</u>	<u>297,617</u>
<b>Other assurance services</b>		
Assistance in the due diligence process relating to the pro forma financial information included in the PDS*	<u>-</u>	<u>165,000</u>
<b>Other services</b>		
Tax compliance services*	57,500	42,500
Tax advisory services **	<u>132,871</u>	<u>524,404</u>
	<u>190,371</u>	<u>566,904</u>
<b>Total</b>	<u><u>692,128</u></u>	<u><u>1,029,521</u></u>
<b>PricewaterhouseCoopers</b>		
Compliance plan audit*	<u>2,456</u>	<u>2,350</u>
<b>Total</b>	<u><u>2,456</u></u>	<u><u>2,350</u></u>

\* Engaged by the Responsible Entity and paid for by the Fund

\*\* Engaged by and paid for by the Investment Manager

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

	Year ended 30 June 2021 \$'000	For the period 12 June 2019 to 30 June 2020 \$'000
<b>Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Operating profit/(loss) for the year/period	136,999	(87,641)
Adjustments for non-cash items:		
Draw down on borrowing facility for payment of unused commitment fees	1,729	557
Draw down on borrowing facility for payment of interest expense	693	-
Amortisation of loan transaction costs	1,311	-
Net unrealised/realised losses on financial assets at amortised cost	887	97
Net (gains)/losses on financial instruments at fair value through profit or loss (including FX (gains)/losses)	(87,557)	94,808
Proceeds from sale of financial instruments at fair value through profit or loss	194,795	-
Purchases of financial instruments at fair value through profit or loss	(203,873)	(918,466)
Net change in receivables and other assets	(42)	(496)
Net change in accounts payables and accrued liabilities	(1,082)	5,277
<b>Net cash inflow/(outflow) from operating activities</b>	<b>43,860</b>	<b>(905,864)</b>

The Fund's entire cash and cash equivalents are comprised of cash held at banks as at 30 June 2021 and 30 June 2020.

## 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 Access Fund PPN, available from proceeds of the Access Fund, and distributions from the EDL Euro Fund.

## 18 Significant events during the year

The Fund completed a restructure of its indirect investment in GCOF during the year which is disclosed in Note 1 of the financial statements.

The Directors continue to assess the potential financial and other impacts of the COVID-19 outbreak to the Fund. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the period.

On 1 February 2021, Glenn Foster was appointed as a non-executive Director.

There were no other significant events during the year.

## 19 Events occurring after the reporting period

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.

The Directors are not aware of any event or circumstance since the end of the financial year not otherwise addressed within this report that has affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent years. The Fund continues to operate as a going concern.

## 20 Contingent assets and liabilities and commitments


There are no outstanding contingent assets or liabilities as at 30 June 2021. On 1 July 2020, the Fund agreed to reduce its commitment to the EDL Euro Fund to \$369.63 million (€234 million). As at 30 June 2021, the remaining unfunded commitment to the EDL Euro Fund is \$209.89 million (€132.87 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 16 to 49 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 2021 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.

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



Richard McCarthy

Director

The Trust Company (RE Services) Limited

Sydney

31 August 2021

## Independent Auditor's Report to the members of KKR Credit Income Fund

### Report on the Audit of the Financial Report

#### *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 2021, the statement of profit or loss and other comprehensive income, the statement of cash flows and statement of changes in equity for the year then ended, 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 2021 and of its financial performance for the year then ended; 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.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b>KKR Credit Income Fund's ("KKC") investment in Profit Participating Note ("Access Fund PPN") and KKR Lending Partners Europe II (Euro) Unlevered SCSp ("EDL Euro Fund")</b></p> <p>As disclosed in Note 2, 5 and 7, the Fund's investments in the Access Fund PPN and EDL Euro Fund are recognised as financial assets at fair value through profit or loss at amounts of \$741.6m and \$160.8m, respectively.</p> <p>The Fund has exposure to the KKR Global Credit Opportunities Access Fund L.P. (the "Access Fund") via its investment in the Access Fund PPN. The Access Fund further invests in two special purpose vehicles:</p> <ul style="list-style-type: none"> <li>- KKR GCOF Access Fund Funding L.P. ("Funding L.P.") which holds loans and bonds; and</li> <li>- KKR GCOF Access Fund Holding L.P. ("Holding L.P.") which holds structured credit assets and certain other assets.</li> </ul> <p>Funding L.P. and Holding L.P. are collectively referred to as the "Access Fund SPVs".</p> <p>Further, the Fund is also invested in the EDL Euro Fund. The EDL Euro Fund invests primarily in originated senior loans to European corporate entities.</p> <p>The fair value of the Fund's investments in the Access Fund PPN and EDL Fund is based on the Access Fund's proportionate share of the net asset value(s) ("NAVs") of the Access Fund SPVs and EDL Euro Fund, respectively.</p> <p>Together, the Fund's investment in the Access Fund PPN and EDL Euro Fund represents 99.7% of the net asset value of KKC.</p> <p>The Access Fund SPVs and the EDL Euro Fund underlying investment portfolios represent the most significant driver of their respective NAVs.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• obtaining and evaluating the independent reasonable assurance control reports provided by the Fund's administrator;</li> <li>• assessing relevant controls in place at the Fund's administrator in relation to the valuation of the Access Fund PPN and EDL Euro Fund, including assessing the impact of any deviations noted within the independent reasonable assurance control reports;</li> <li>• obtaining an understanding of the revised terms of the Access Fund PPN 'Issuing and Purchase Agreement' and assessing whether the fair value methodology is consistent with these terms;</li> <li>• confirming that there have been no changes to the terms of the Limited Partnership Agreement of KKR Lending Partners Europe II (Euro) Unlevered SCSp;</li> <li>• recalculating the fair value of Fund's investment in the Access Fund PPN based on the Access Fund's proportionate share of the net asset value(s) of the Access Fund SPVs;</li> <li>• recalculating the fair value of Fund's investment in the EDL Euro Fund based on the Fund's proportionate interest in the net asset value of the EDL Euro Fund;</li> <li>• reperforming a reconciliation of the investment balances, for both Access Fund PPN and EDL Euro Fund investment, for the year ended 30 June 2021, including purchases, sales, other relevant transactions;</li> <li>• confirming the PPN's face value at 30 June 2021, as recorded in the Fund's accounting records reconciles to an independent confirmation from the Fund's custodian;</li> <li>• confirming the Fund's interest in EDL Euro Fund at 30 June 2021, as recorded in the Fund's accounting records reconciles to an independent confirmation from the EDL Euro Fund's custodian; and</li> <li>• in respect of the Access Fund SPVs and EDL Euro Fund investments: <ul style="list-style-type: none"> <li>- on a sample basis, agreeing the fair value of their underlying investments to an independent pricing source(s) or where an internal valuation is performed, engaging valuation specialists to review management's valuation work; and</li> <li>- on a sample basis, confirming the existence of their underlying investments through counterparty confirmations or performing alternative procedures where required.</li> </ul> </li> </ul> <p>We also assessed the appropriateness of the disclosures in relation to the investment in the Access Fund PPN and EDL Euro Fund as disclosed in Note 2, 5 and 7 to the Fund's financial statements.</p>



## *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 year ended 30 June 2021, 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:

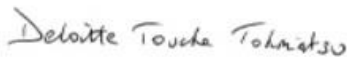
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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.

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



Declan O'Callaghan  
Partner  
Chartered Accountants  
Sydney, 31 August 2021

# 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 2021 unless otherwise indicated.

### A. Corporate Governance Statement

Refer to the Annual Report, page 8.

### B. Substantial unitholders

There are no substantial unitholders.

### C. Classes of units

Refer to the Annual Report, Note 10, page 42.

### 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	113	59,362	0.02
1,001-5,000	1,307	4,650,540	1.29
5,001-10,000	2,373	18,789,862	5.22
10,001-100,000	5,399	152,371,901	42.33
100,001 and 999,999,999	311	184,103,621	51.14
<b>Totals</b>	<b>9,503</b>	<b>359,975,286</b>	<b>100.00</b>

The number of unitholders holding less than a marketable parcel is 19 and they hold 516 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	44,673,556	12.410
J P Morgan Nominees Australia	14,728,909	4.092
HSBC Custody Nominees (Australia) Limited - A/C 2	14,452,904	4.015
BNP Paribas Nominees PTY Limited <Hub24 Custodial Services Limited>	13,405,775	3.724
Netwealth Investments Limited <Wrap Services A/C>	9,919,704	2.756
National Nominees Limited	4,479,945	1.245
Netwealth Investments Limited <Super Services A/C>	3,923,944	1.090
Citigroup Nominees PTY Limited	2,762,293	0.767
Citigroup Nominees PTY Limited <DPSL A/C>	2,688,101	0.747
Seidler Architectural Foundation PTY Limited	1,667,994	0.463
Navigator Australia Limited	1,586,938	0.441
Safecorp Group Limited	1,525,624	0.424
Tripel PTY Limited	1,298,760	0.361
Kanandah Retirement Limited	1,278,839	0.355
Tatau Tatau Commercial Limited	1,103,240	0.306
The Corporation of the Trustees of the Roman Catholic Archdiocese of Brisbane	1,092,000	0.303
Quixley Finance PTY Limited	1,055,000	0.293
Asia Union Investments PTY Limited	1,000,000	0.278
CTE Investmente PTY Limited	840,351	0.233
Carpaolo Nominees PTY Limited	800,000	0.222
<b>Total Securities of Top 20 Holdings</b>	<b>124,283,877</b>	<b>34.526</b>

#### **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 42.

#### **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 (as amended by the Supplementary Product Disclosure Statement dated 9 October 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**

	<b>Fair Value \$'000</b>
KKR Global Credit Opportunities Access Fund L.P.	<b>741,574</b>
KKR Lending Partners Europe II (Euro) Unlevered SCSp	<b><u>160,794</u></b>
<b>Total Unlisted unit trust</b>	<b><u>902,368</u></b>

#### **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 46.

## **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**

Vicki Riggio

Richard McCarthy

Simone Mosse

Glenn Foster

Phillip Blackmore (Alternate)

### **COMPANY SECRETARIES**

Gananatha Minithantri

Sylvie Dimarco

Mary Kapota

### **AUSTRALIAN SECURITIES EXCHANGE CODE**

ASX:KKC

### **UNIT REGISTRY**

Boardroom Pty Limited

Grosvenor Place

Level 12, 225 George Street

Sydney, NSW 2000

Australia

### **WEBSITE**

[www.kkcaustralia.com.au](http://www.kkcaustralia.com.au)