KKR CREDIT OPPORTUNITIES PORTFOLIO

This document contains important information regarding KKR Credit Opportunities Portfolio and should be read in connection with your Prospectus. Please read carefully both the notice to non-U.S. residents and the jurisdiction-specific notices provided below.

NOTICE TO NON-U.S. RESIDENTS

In making an investment decision, prospective investors must rely on their own examination of the person or entity creating the securities and the terms of the offering, including the merits and risks involved. Prospective non-U.S. investors in KKR Credit Opportunities Portfolio (the "Fund") should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of the Fund's shares ("Shares"), and any non-U.S. exchange restrictions that may be relevant thereto. It is the responsibility of any investor wishing to purchase Shares to satisfy itself as to the full observance of the laws of any relevant territory outside the United States in connection with such purchase, including the procurement of any required governmental or other consents and the observation of any other applicable formalities. Neither the Fund's Prospectus nor this document constitute an offer to or solicitation of anyone in any jurisdiction in which such an offer or solicitation is not authorized. Any capitalized term herein not defined, has the meaning ascribed to it in the Fund's Prospectus.

NOTICE TO RESIDENTS OF ARGENTINA

These Shares may not be offered or sold to the public in Argentina. Accordingly, the offering of the Shares has not been submitted to the Comisión Nacional de Valores (CNV) for approval. Documents relating to this offering (as well as information contained herein) may not be supplied to the general public for purposes of a public offering in Argentina or be used in connection with any offer or subscription for sale to the public in Argentina.

NOTICE TO RESIDENTS OF AUSTRALIA

The Fund is not a registered managed investment scheme within the meaning of Chapter 5C of the Australian Corporations Act 2001 (Cth) (the "Corporations Act").

The Prospectus is not a prospectus or product disclosure statement under the Corporations Act. Accordingly, Shares in the Fund may not be offered, issued, sold or distributed in Australia other than by way of or pursuant to an offer or invitation that does not need disclosure to investors either under Part 7.9 or Part 6D.2 of the Corporations Act, whether by reason of the investor being a "wholesale client" (as that term is defined in section 761G of the Corporations Act and applicable regulations) or otherwise. Accordingly, the Prospectus is provided to prospective investors and, by receiving it, each prospective investor is deemed to represent and warrant that it is a "wholesale client."

Nothing in the Prospectus constitutes an offer of Shares or financial product advice to a 'retail client' (as defined in section 761G of the Corporations Act and applicable regulations).

The Adviser is not licensed in Australia to provide financial product advice including in relation to the Fund. Note that as all investors must be wholesale clients, no cooling off rights are available.

NOTICE TO RESIDENTS OF BAHAMAS

Shares shall not be offered or sold into The Bahamas except in circumstances that do not constitute an offer to the public. Shares may not be offered or sold or otherwise disposed of in any way to persons other than accredited investors. The information provided herein is intended solely for the designated recipient thereof. No distribution of this information to anyone other than the designated recipient is intended or authorized.

NOTICE TO RESIDENTS OF BERMUDA

The Prospectus does not constitute and under no circumstances is to be construed as an offer or an invitation to the public in Bermuda to subscribe for Shares. Accordingly, the Prospectus has not been and will not be filed with the Registrar of Companies in Bermuda pursuant to Part III of the Companies Act 1981. The Shares being offered hereby are being offered on a private placement basis to investors who satisfy the criteria outlined in Prospectus. The Prospectus is not subject to and has not received approval from either the Bermuda Monetary Authority or the Registrar of Companies in Bermuda and no statement to the contrary, explicit or implicit, is authorized to be made in this regard.

The Shares being offered may be offered or sold in Bermuda only in compliance with the provisions of the Part III of the Companies Act 1981, the Investment Business Act 2003 and the Investment Funds Act 2006. Overseas companies may not engage in or carry on any trade or business in Bermuda unless such companies are permitted or authorised to do so under applicable Bermuda legislation. Engaging in the activity of offering or marketing the Shares being offered in Bermuda to persons in Bermuda may be deemed to be carrying on business in Bermuda.

Overseas investment funds (*i.e*., investment funds incorporated or established in a jurisdiction outside of Bermuda) that are managed or carrying on promotion in or from within Bermuda are required to become designated as 'Overseas Fund' under the Investment Funds Act 2006 by the Bermuda Monetary Authority. Promotion means the following activities: (i) advertising, issuing an offering document, application form or proposal form and stating the method of issue; and (iii) circulating or making available promotional material, including describing the general nature of the material and the person to whom, and the manner in which, it is circulated or made available. The Fund is not managed or carrying on promotion in or from within Bermuda and as such is not required to and has not been designated as an Overseas Fund under the Investment Funds Act 2006.

NOTICE TO RESIDENTS OF BOLIVIA

The Prospectus relates to a foreign Fund which is not subject to any form of local regulation by the Bolivian authorities. Bolivian authorities and entities are not responsible for reviewing or verifying the Prospectus or other documents in connection with this Fund and have not approved the Prospectus or any other associated documents nor taken any steps to verify the information set out herein and has no responsibility for it.

NOTICE TO RESIDENTS OF BRAZIL

These Shares may not be offered or sold to the public in Brazil. Accordingly, the offering of the Shares has not been nor will be submitted to the Brazilian Securities Commission - CVM for approval. Documents relating to such offering, as well as the information contained herein and therein may not be supplied to the public, as a public offering in Brazil or be used in connection with any offer for subscription or sale to the public in Brazil.

This is a strictly privileged and confidential communication between the Fund and its selected client. This communication contains information addressed only to a specific individual and is not intended for distribution to, or use by, any person other than the named addressee. This communication (i) is provided for informational purposes only, (ii) should not be construed in any manner as any solicitation or offer to buy or sell any securities or any related financial instruments, and (iii) should not be construed in any manner as a public offer of any securities or any related financial instruments. If you are not the named addressee, you should not disseminate, distribute or copy this communication. Please notify the sender immediately if you have mistakenly received this communication.

NOTICE TO RESIDENTS OF THE BRITISH VIRGIN ISLANDS

The Prospectus does not constitute, and there will not be, an offering of Shares to the public in the British Virgin Islands.

NOTICE TO RESIDENTS OF CANADA

The Prospectus constitutes an offering of Shares only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. This is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of the securities described herein in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon the Prospectus or the merits of the securities described herein, and any representation to the contrary is an offence.

Any offer or sale of the Shares in any province or territory of Canada will only be made on a private placement basis, under an exemption from the requirement that the issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. The offers and sales will only be made by the Adviser or its associates (together, the "dealers"), in either case, who is or are properly registered under applicable securities laws, or pursuant to an exemption from the requirement that such a dealer be registered in the jurisdiction in which the offer or sale is made.

The Prospectus is for the confidential use of those persons to whom it is delivered in connection with the offering of the Shares in Canada. The Adviser reserves the right to reject all or part of any offer to purchase the Shares for any reason, or allocate to any prospective investor less than all of the Shares for which it has subscribed.

RESPONSIBILITY

Except as otherwise expressly required by applicable law or as agreed to in contract, no representation, warranty or undertaking (express or implied) is made and no responsibilities or liabilities of any kind or nature whatsoever are accepted by any dealer as to the accuracy or completeness of the information contained in the Prospectus or any other information provided by the issuer in connection with the offering of these securities in Canada.

Investing in these securities involves risks. Prospective investors should refer to the risk factors set forth in the Prospectus for additional information concerning these risks.

Canada – Enforcement of Legal Rights

The Adviser and the Fund, and the directors and officers of the Adviser and the Fund, may be located outside of Canada, and as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Fund, the Adviser or their directors or officers. All or a substantial portion of the assets of the Fund, the Adviser and their directors and officers may be located outside of Canada, and as a result, it may not be possible to satisfy a judgment against the Fund or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Fund or such persons outside of Canada.

Canada – Statutory Rights of Action for Damages or Rescission

The Fund is an "eligible foreign security," as defined in Multilateral Instrument 45-107 Listing Representation and Statutory Rights of Action Disclosure Exemptions and Ontario Securities Commission Rule 45-501 Ontario Prospectus and Registration Exemptions. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if the Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Canada – Income Tax Considerations

Any discussion of taxation and related matters contained in the Prospectus is not a comprehensive description of all the tax considerations that may be relevant to a decision to purchase these securities. Prospective purchasers of the Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of the Shares. It is recommended that tax advisers be employed in Canada, as there are a number of substantive Canadian tax compliance requirements for Canadian purchasers.

Canada – Conversion of Amounts into Canadian Dollar Equivalent

Unless specifically stated otherwise, all dollar amounts contained in the Prospectus are in U.S. dollars and must be converted into Canadian dollars based on the prevailing relevant foreign exchange rate at the time such amounts arise.

Canada – Financial Information

Financial information contained in the Prospectus may have been prepared in accordance with accounting practices which differ in certain respects from those accounting principles used in other jurisdictions, including Canada. Prospective purchasers should conduct their own investigation and analysis of the business, data and transaction described herein and consult their own financial advisers.

Canada – Resale Restrictions

The distribution of Shares in Canada is being made on a private placement basis only and is exempt from the requirement that the Fund prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Shares must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with prospectus requirements and dealer registration requirements or exemptions from dealer registration requirements and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the Shares outside of Canada. Purchasers in Canada are advised to seek legal advice prior to any resale of the Shares.

The Fund is not a “reporting issuer,” as such term is defined under applicable Canadian securities legislation, in any province or territory of Canada in which the Shares will be offered. Under no circumstances will the Fund be required to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Shares to the public in any province or territory of Canada. Canadian investors are advised that the Fund currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Shares to the public in any province or territory of Canada in connection with this offering. Therefore, there will be no public market in Canada for the Shares and the resale or transfer of the Shares will be subject to restrictions.

Canada – Representations of Canadian Purchasers

Each purchaser and beneficial owner of Shares resident in Canada will be deemed to have represented to the Fund, the Adviser and their associates, any placement agent and any dealer who sells Shares in the Fund to such purchaser that:

(a) the offer and sale of Shares were made exclusively through the final version of the Prospectus and was not made through an advertisement of such Shares in any printed media of general and regular paid circulation, radio, television or telecommunications, including electronic display, or any other form of advertising in Canada;

(b) such purchaser has reviewed and acknowledges the terms of the Prospectus, including in respect of applicable resale restrictions;

(c) where required by law, such purchaser is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable securities laws of the province in which the purchaser is resident, for its own account and not as agent for the benefit of another person;

(d) such purchaser or any ultimate purchaser for which such purchaser is acting as agent is entitled under applicable Canadian securities laws to purchase such Shares without the benefit of a prospectus qualified under such securities laws, and without limiting the generality of the foregoing, is an “accredited investor” as defined in Section 1.1 of National Instrument 45-106 Prospectus Exemption (“NI 45-106”), fulfils the requirements of Section 2.3 of NI 45-106 and was not created and is not being used solely to purchase or hold securities as an “accredited investor,” or fulfils the requirements of Section 2.10 of NI 45-106;

(e) if such purchaser is resident in the provinces of Ontario or Quebec, such purchaser is a “permitted client” as defined in Multilateral Instrument 32-102 – “Registration Exemptions for Non-Resident Investment Fund Managers” (“NI 32-102”);

(f) is either (i) purchasing the Shares from or through a dealer that is registered as an investment dealer or exempt market dealer under the securities legislation of the purchaser’s jurisdiction of resident, or (ii) such investor or any ultimate investor for which such investor is acting as agent is a “permitted client” as defined in Section 1.1 of National Instrument 31-103;

(g) to the best of the investor’s knowledge, none of the funds to be provided by or on behalf of the investor to the Fund or its agents are being tendered on behalf of a person or entity who has not been identified to the investor;

(h) the investor certifies that none of the funds being used to purchase the Shares are, to the investor’s knowledge, proceeds obtained or derived, directly or indirectly, as a result of illegal activities and that:

- the funds being used to purchase the Shares and advanced by or on behalf of the investor to the Fund or its agents do not represent proceeds of crime for the purpose of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) (the “PCMLA”); and
- the investor is not a person or entity identified in the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism, the United Nations Al-Qaida and Taliban Regulations, the Regulations Implementing the United Nations Resolution on the Democratic People’s Republic of Korea, the Regulations Implementing the United Nations Resolution on Iran, the United Nations Côte d’Ivoire Regulations, the United Nations Democratic Republic of Congo Regulations, the Regulation Implementing the United Nations Resolution on Liberia, the Regulation Implementing the United Nations Resolution on Libya and Taking Special Economic Measures, the Regulation Implementing the United Nations Resolution on Eritrea, the Regulation Implementing the United Nations Resolution on Somalia, the United Nations Sudan Regulations, the Special Economic Measures (Zimbabwe) Regulations, the Special Economic Measures (Iran) Regulations, the Special Economic Measures (Syria) Regulations or the Special Economic Measures (Burma) Regulations (collectively, the “Trade Sanctions”);

(i) acknowledges that the Fund or its agents may in the future be required by law to disclose the investor's name and other information relating to the investor and any purchase of the Shares, on a confidential basis, pursuant to the PCMLA, the Criminal Code (Canada) and the Trade Sanctions or as otherwise may be required by applicable laws, regulations or rules, and by accepting delivery of the Prospectus, the investor will be deemed to have agreed to the foregoing;

(j) it shall promptly notify the Fund or its agents if the investor discovers that any such representations cease to be true, and shall provide the Fund or its agents with appropriate information in connection therewith; and

(k) where required by applicable securities laws, regulations or rules, the investor will execute, deliver and file such reports, undertakings and other documents relating to the purchase of the Shares by the investor as may be required by such laws, regulations and rules, or assist the Fund or its agents, as applicable, in obtaining and filing such reports, undertakings and other documents.

In addition, each purchaser and beneficial owner of Shares resident in Canada will be deemed to have represented to the Fund, the Adviser and their associates that such person:

(a) has been notified that:

- the Fund, the Adviser and their associates are required to provide certain personal information ("personal information") pertaining to the beneficial owner of the Shares as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the number and value of any shares purchased), which Form 45-106F1 is required to be filed by the Fund and the Adviser under NI 45-106;
- such personal information will be delivered to the Ontario Securities Commission (the "OSC") in accordance with NI 45-106;
- such personal information is being collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario;
- such personal information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and
- that the public official in Ontario who can answer questions about the OSC's indirect collection of such personal information is the Administrative Support Clerk at the Ontario Securities Commission, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-3684; and

(b) has authorized the indirect collection of the personal information by the OSC; and

(c) acknowledges that its name, address, telephone number and other specified information, including the number of Shares it has purchased and the aggregate purchase price paid by the purchaser, may be disclosed to other Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable laws and by purchasing Shares, the purchaser consents to the disclosure of such information; and will consult their own legal and tax advisers with respect to the tax consequences of an investment in Shares in their particular circumstances and with respect to the eligibility of such Shares for investment by such investor under relevant Canadian legislation.

Canada – Notice from the Adviser

The Adviser is not registered in any jurisdiction in Canada as an investment fund manager, and if/when the Adviser solicits investors in Ontario or Quebec, the Adviser shall be relying upon an exemption from investment fund manager registration under NI 32-102.

The jurisdiction in which the Adviser's head office or principal place of business is located is the state of New York, United States of America.

The name and address of the agent for service of process of the investment manager in the provinces of Ontario and Quebec shall be provided to prospective investors on request.

There may be difficulty enforcing legal rights against the Adviser because it is not registered in Canada, its head office or principal place of business is located outside of Canada, and all or substantially all of its assets may be situated outside of Canada.

Rights for Purchasers in Ontario

Section 130.1 of the Ontario Act provides that every purchaser of securities pursuant to an offering memorandum (such as the Prospectus) shall have a statutory right of action for damages or rescission in the event that such offering memorandum contains a misrepresentation. Where used herein, "misrepresentation" means an untrue statement of a material fact (meaning a fact that would reasonably be expected to have a significant effect on the value of the Shares) or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. A purchaser who purchases securities offered by an offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission provided that:

(a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages;

(b) the Fund and the Adviser will not be liable if they prove that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) the Fund and the Adviser will not be liable for all or any portion of damages that they prove do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and

(d) in no case shall the amount recoverable exceed the price at which the securities were offered. Section 138 of the Ontario Act provides that no action shall be commenced to enforce these rights more than:

   a. in the case of an action for rescission, 180 days from the day of the transaction that gave rise to the cause of action; or

   b. in the case of an action for damages, the earlier of:

      i. 180 days from the day that the purchaser first had knowledge of the facts giving rise to the cause of action; or

      ii. three years from the day of the transaction that gave rise to the cause of action.

The rights referred to in Section 130.1 of the Ontario Act do not apply in respect of an offering memorandum (such as the Prospectus) delivered to a prospective purchaser in connection with a distribution made in reliance on the exemption from the prospectus requirement in Section 73.3(2) of the Ontario Act (the "Accredited Investor" exemption) if the prospective purchaser is:

(a) a Canadian Financial Institution (as defined in NI 45-106) or a Schedule III Bank;

(b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or

(c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

The rights of action for damages or rescission under the Ontario Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Rights for Purchasers in Québec

Legislation has been adopted in Québec, but is not yet in force, that will provide the purchasers of the securities with a statutory right to sue (if proclaimed in force). Until such time as this legislation is in force, in addition to any other right or remedy available to the purchasers of the securities under ordinary civil liability rules, purchasers are granted the same rights of action for damages or rescission as purchasers in Ontario. If and when this legislation is in force, then purchasers of the securities residing in the province of Québec will no longer have the rights granted to purchasers in Ontario and the following will apply, in addition to any other right or remedy available to purchasers of securities residing in the province of Québec under ordinary civil liability rules:

If there is a misrepresentation in the offering document, purchasers will have a statutory right to sue:

(a) to cancel subscription agreement to buy the securities or to revise the price at which the securities were sold to the purchaser; and

(b) for damages against the issuer, the persons in charge of the issuer's patrimony, the dealer(s) under contract to the issuer in connection with the sale of the securities and any expert whose opinion appears in the offering document if such opinion contains a misrepresentation.

This statutory right to sue will be available to purchasers whether or not purchasers have relied on the offering document. Purchasers will be able to elect to cancel their agreement to buy the securities or to bring an action to revise the price without prejudice to their claim for damages.

However, there will be various defenses available to the persons that purchasers will have a right to sue. For example, they will have a defense if purchasers knew of the misrepresentation when they purchased the securities. In an action for damages, a person listed above, other than the issuer or the persons in charge of the issuer's patrimony, will not be liable if that person acted with prudence and diligence.

In addition, the defendant will not be liable for a misrepresentation in forward-looking information if the defendant proves that:

(a) the offering document contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection; and

(b) there was a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

If purchasers of securities intend to rely on the rights described in (a) or (b) above, they will have to do so within strict time limitations. Purchasers will have to commence an action to cancel the agreement or revise the price within three years after the date of the purchase. Purchasers will have to commence an action for damages within the earlier of (i) three years after they first had knowledge of the facts giving rise to the cause of action (except on proof of tardy knowledge imputable to purchaser's negligence) or (ii) five years after the filing of the offering document with the Autorité des marchés financiers.

This summary is subject to the express provisions of the securities act (Québec) and the regulations and rules made under it, and you should refer to the complete text of those provisions.

Rights for Purchasers in Alberta and British Columbia

Purchasers of the Shares resident in Alberta and British Columbia, do not have a statutory right of action for damages or rescission and therefore will be entitled, pursuant to the subscription agreement to be entered into between each such purchaser and the Fund in connection with the offering, to a contractual right of action for damages or rescission that is equivalent to the statutory right of action for damages or recession available to purchasers resident in Ontario and referred to under "Rights for Purchasers in Ontario" above (including insofar as such right may be subject to defences and limitations available under applicable regulation).

Canada – Language of Documents in Canada

Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only.

Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

NOTICE TO RESIDENTS OF THE CARIBBEAN

The Fund and any other products or services referenced in the Prospectus may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed the Prospectus or any other document or material issued in connection with the offer or sale of Shares of the Fund or the merits of the products and services referenced in such materials. The Prospectus and any other document or material issued in connection with the offer or sale of Shares of the Fund does not constitute or form part of any investment advice or an offer or solicitation of an offer to buy any investment products in the Caribbean or in any jurisdiction in which the offer of the Fund and any other products or services referenced in such documents would be unlawful under the securities laws of that jurisdiction.

If you receive a copy of the Prospectus, you may not treat this as constituting an offer, and you should note that there may be restrictions or limitations as to whom these materials may be made available. The Prospectus is directed at and intended for institutional investors (as such term is defined in the various jurisdictions). The Prospectus is provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in the Prospectus, prospective clients should inform themselves of and observe all applicable laws and regulations of any relevant jurisdictions, including, inter alia, any foreign exchange restrictions that may be relevant thereto. Any entity responsible for forwarding this material to other parties takes responsibility for ensuring compliance with applicable securities

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

The Prospectus is not an invitation to the public in the Cayman Islands to subscribe for Shares.

NOTICE TO RESIDENTS OF CHILE

Date of the offer: June 2020

1. This offer is made pursuant to Rule 336 issued by the Comisión para el Mercado Financiero of Chile (CMF);
2. This offer deals with securities that are not registered in the Securities Registry nor in the Foreign Securities Registry kept by the CMF, and that are, therefore, not subject to the supervision of the CMF;
3. Given that the securities are not registered, there is no obligation for the issuer to disclose in Chile public information about said securities; and
4. The securities may not be publicly offered as long as they are not registered in the corresponding Securities Registry.

Fecha de inicio de la oferta: June 2020

a. La presente oferta se acoge a la Norma de Carácter General N° 336 de la Comisión para el Mercado Financiero (CMF) de Chile;

b. La presente oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la Comisión para el Mercado Financiero, por lo que los valores sobre los cuales ésta versa, no están sujetos a su fiscalización;

c. Que por tratarse de valores no inscritos, no existe la obligación por parte del emisor de entregar en Chile información pública respecto de estos valores; y

d. Estos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el Registro de Valores correspondiente.

NOTICE TO RESIDENTS OF CHINA

No invitation to offer, or offer for, or sale of, the Shares will be made in the People's Republic of China ("PRC") (which, for such purpose, does not include the Hong Kong or Macau Special Administrative Regions or Taiwan) or by any means that would be deemed public under the laws of the PRC. The information relating to the Shares contained in the Prospectus has not been submitted to or approved by the China Securities Regulatory Commission or any other relevant governmental authority in the PRC. The Shares may only be offered or sold to investors in the PRC that are expressly authorized under the laws and regulations of the PRC to buy and sell securities denominated in a currency other than the Renminbi (or RMB), which is the official currency of the PRC. Potential investors who are resident in the PRC are responsible for obtaining the required approvals from all relevant government authorities in the PRC, including, but not limited to, the State Administration of Foreign Exchange, before purchasing the Shares. This document further does not constitute any securities or investment advice to citizens of the PRC, or nationals with permanent residence in the PRC, or to any corporation, Fund, or other entity incorporated or established in the PRC.

NOTICE TO RESIDENTS OF COLOMBIA

The Prospectus does not have the purpose or the effect of initiating, directly or indirectly, the purchase of a product or the rendering of a service by the Fund to Colombian residents. The Fund´s products and/or services may not be promoted or marketed in Colombia or to Colombian residents unless such promotion and marketing is made in compliance with Decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign financial and/or securities related products or services in Colombia. Neither the Fund nor any related person or entity has received authorization or licensing from the Financial Superintendency of Colombia or any other governmental authority in Colombia to market or sell the Shares within Colombia.

By receiving the Prospectus, each recipient resident in Colombia acknowledges and agrees that it has contacted the Adviser or Fund at its own initiative and not as a result of any promotion or publicity by the Adviser, the Fund or any of their respective agents or representatives. Colombian residents acknowledge that (1) the receipt of the Prospectus does not constitute a solicitation from the Fund for its products and/or services, and (2) they are not receiving from the Fund any direct or indirect promotion or marketing of financial products and/or services.

The Prospectus is strictly private and confidential and may not be reproduced or used for any purpose other than evaluation of a potential investment in the Fund by the intended recipient or provided to any person or entity other than the intended recipient.

NOTICE TO RESIDENTS OF COSTA RICA

This is an individual and private offer which is made in Costa Rica upon reliance on an exemption from registration before the General Superintendence of Securities (“SUGEVAL”), pursuant to article 6 of the Regulations on the Public Offering of Securities (“Reglamento sobre Oferta Pública de Valores”). This information is confidential, and is not to be reproduced or distributed to third parties as this is NOT a public offering of securities in Costa Rica.

The Shares being offered are not intended for the Costa Rican public or market and are neither registered nor will be registered before the SUGEVAL, nor can be traded in the secondary market in Costa Rica.

NOTICE TO RESIDENTS OF THE DOMINICAN REPUBLIC

The Prospectus does not constitute an offer or solicitation to the public in the Dominican Republic to subscribe for the Shares discussed herein, and any transaction contemplated hereby will take place on a private placement basis only. The Shares have not been and will not be registered with the Dominican Securities Superintendence, an independent credit risk rating has not been obtained, the Shares cannot be negotiated on a secondary market, and the investor cannot benefit from the special protection conferred by the Dominican Securities Law for public offerings.

Any public offering, as defined under the laws and regulations of the Dominican Republic, of the Shares in the Dominican Republic is not legal without prior registration.

NOTICE TO RESIDENTS OF ECUADOR

The Prospectus relates to a foreign Fund which is not subject to any form of local regulation by the Ecuadorian authorities. Ecuadorian authorities and entities are not responsible for reviewing or verifying any Prospectus or other documents in connection with this Fund and have not approved the Prospectus or any other associated documents nor taken any steps to verify the information set out herein and has no responsibility for it.

NOTICE TO RESIDENTS OF EL SALVADOR

The recipient of the Prospectus hereby acknowledges that the same has been provided by the Adviser upon the recipient’s express request and instructions and on a private placement basis.

NOTICE TO PERSONS IN THE EUROPEAN ECONOMIC AREA (“EEA”)

The Fund is an alternative investment fund for the purpose of the European Union Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (“AIFMD”). The Adviser is the alternative investment fund manager (“AIFM”) of the Fund.

Shares in the Fund may only be marketed to prospective investors which are domiciled or have a registered office in a member state of the EEA (“EEA Persons”) in which marketing has been registered or authorized (as applicable) under the relevant national implementation of Article 42 of AIFMD and in such cases only to EEA Persons which are Professional Investors or any other category of person to which such marketing is permitted under the national laws of such member state. The Prospectus is not intended for, should not be relied on by and should not be construed as an offer (or any other form of marketing) to any other EEA Person. Shares in the Fund will not be made available to any investor (within the meaning of the EU Packaged Retail and Insurance-based Investment Products Regulation (No 1286/2014) ("PRIIPs Regulation")) within the EEA.

A "Professional Investor" is an investor who is considered to be a professional client or which may, on request, be treated as a professional client within the relevant national implementation of Annex II of Directive 2014/65/EU (Markets in Financial Instruments Directive) and AIFMD.

A list of jurisdictions in which the Fund has been registered or authorized (as applicable) under Article 42 of AIFMD is available from the AIFM on request.

NOTICE TO RESIDENTS OF GREECE

The Prospectus and the information contained herein does not constitute and is not intended to constitute an offer of securities and accordingly should not be construed as such. The Fund and any other products or services referenced in the Prospectus may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed this document or the merits of the products and services referenced herein. The Prospectus and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. The Prospectus is directed at and intended to be dispatched only to institutional or qualified investors (as such term is defined in each jurisdiction in which the Fund is marketed). The Prospectus is provided on a confidential basis for informational purposes only and may not be reproduced in any form. The Prospectus is for the use of the named addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

Before acting on any information included in the Prospectus, investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent legal, financial, tax or other advice if required. THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE THE FUTURE ONES.

NOTICE TO RESIDENTS OF GUATEMALA

The Prospectus and any accompanying information (the "Materials") are intended solely for informational purposes and do not constitute (and should not be interpreted to constitute) the offering, selling, or conducting of business with respect to such securities, products or services in the jurisdiction of the addressee (this "Jurisdiction"), or the conducting of any brokerage, banking or other similarly regulated activities ("Financial Activities") in this Jurisdiction. The Fund, the securities, products and services described herein, are not registered (or intended to be registered) in this Jurisdiction. Furthermore, neither the Fund, nor the securities, products, services or activities described herein, are regulated or supervised by any governmental or similar authority in this Jurisdiction. The Materials are private, confidential and are sent by the Fund only for the exclusive use of the addressee. The Materials must not be publicly distributed and any use of the Materials by anyone other than the addressee is not authorized. The addressee is required to comply with all applicable laws in this Jurisdiction, including, without limitation, tax laws and exchange control regulations, if any.

NOTICE TO RESIDENTS OF GUERNSEY

Neither the Guernsey Financial Services Commission nor the States of Guernsey take any responsibility for the financial soundness of the Fund or for the correctness of any of the statements made or opinions expressed with regard to it.

If you are in any doubt about the contents of the Prospectus you should consult your accountant, legal or professional adviser or financial adviser.

The Adviser has taken all reasonable care to ensure that the facts stated in the Prospectus are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. The Adviser accepts responsibility accordingly.

It should be remembered that the price of Shares and the income from them can go down as well as up.

The Prospectus has not been approved or authorized by the Guernsey Financial Services Commission (the "Commission") or the States of Guernsey nor has it been delivered to the Commission pursuant to the Prospectus Rules 2008 issued under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (the "POI Law") and therefore the Prospectus may not be circulated by way of public offer in the Bailiwick of Guernsey.

The Prospectus may only be distributed or circulated directly or indirectly in or from within the Bailiwick of Guernsey (i) by persons licensed to do so by the Commission under the POI Law or (ii) to persons licensed under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000.

NOTICE TO RESIDENTS OF HONDURAS

The Shares described herein are not securities regulated by the National Banking and Insurance Commission or a Securities Brokerage Firm in Honduras. The Shares may not be offered or sold in Honduras except in circumstances which do not constitute a public offer. Any investment in Shares of the Fund is done at the investor's own risk.

NOTICE TO RESIDENTS OF HONG KONG SAR

Warning – The contents of the Prospectus have not been reviewed nor endorsed by any regulatory authority in Hong Kong. Hong Kong residents are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of the Prospectus, you should obtain independent professional advice.

The Fund is not authorized by the Securities and Futures Commission ("SFC") in Hong Kong pursuant to Section 104 of the Securities and Futures Ordinance ("SFO"). The Prospectus has not been approved by the SFC in Hong Kong, nor has a copy of it been registered with the Registrar of Companies in Hong Kong. Accordingly:

1. Shares may not be offered or sold in Hong Kong by means of the Prospectus or any other document other than to "professional investors" within the meaning of Part I of Schedule 1 to the SFO and any rules made under the SFO, or in other circumstances which do not result in the document being a "prospectus" as defined in the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) ("CWUMPO") or which do not constitute an offer or invitation to the public for the purposes of the CWUMPO or the SFO; and
2. No person shall issue or possess for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so in (1) above or under the laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors".

The Prospectus is distributed on a confidential basis and may not be reproduced in any form or transmitted to any person other than the person to whom it is addressed. No Shares in the Fund will be issued to any person other than the person to whom the Prospectus has been addressed and no person other than such addressee may treat the same as constituting an invitation for him to invest.

NOTICE TO RESIDENTS OF THE ISLE OF MAN

The Fund and any other products or services referenced in the Prospectus are not licensed in the Isle of Man, and unless otherwise indicated, no regulator or government authority in the Isle of Man has reviewed the Prospectus or any other document or material issued in connection with the offer or sale of Shares of the Fund or the merits of the products and services referenced in such materials. The Prospectus and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by applicable laws and regulations in the Isle of Man. The Prospectus is provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in the Prospectus, prospective investors should inform themselves of and observe all applicable laws, rules and regulations in the Isle of Man with respect to the acquisition, holding or disposal of Shares or the ongoing provision of services and obtain independent advice if required. Prospective investors should also be aware that investors in the Fund are not protected by any statutory compensatory scheme. The Prospectus is for the use of the named addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). Any entity responsible for forwarding this material to other parties takes responsibility for ensuring compliance with applicable securities laws.

NOTICE TO RESIDENTS OF ISRAEL

Capitalized terms that are used in the following paragraphs and are not otherwise defined herein, shall have the meaning ascribed to them under the Regulation of Investment Advice, of Investment Marketing, and of Portfolio Management Law, 1995 (the "Investment Advice Law").

The Prospectus, as well as investment in the Fund described herein, is directed at and intended for investors that fall within at least one category in each of: (1) the First Schedule of the Israeli Securities Law, 1968 ("Sophisticated Investors"); and (2) the First Schedule of the Investment Advice Law ("Qualified Clients").

No action has been taken or will be taken in Israel that would permit the public offering of the Fund, or distribution of materials that relate to investment therein to the public in Israel. Neither this document, nor any other document that relates to the Fund, has been approved by the Israel Securities Authority.

It is hereby noted that with respect to Qualified Clients, the Adviser is not obliged to comply with the following requirements of the Investment Advice Law: (1) ensuring the compatibility of service to the needs of client; (2) engaging in a written agreement with the client, the content of which is as described in section 13 of the Investment Advice Law; (3) providing the client with appropriate disclosure regarding all matters that are material to a proposed transaction or to the advice given; (4) a prohibition on preferring certain Securities or other Financial Assets; (5) providing disclosure about "extraordinary risks" entailed in a transaction (and obtaining the client's approval of such transactions, if applicable); (6) a prohibition on making Portfolio Management fees conditional upon profits or number of transactions; (7) maintaining records of advisory/discretionary actions.

By receiving this document you hereby declare that you are a Sophisticated Investor and a Qualified Client, that you are aware of the implications of being considered a Sophisticated Investor and a Qualified Client (including the implications mentioned in the above paragraph), and consent thereto. Any Investor which is either: (1) not a Sophisticated Investor; or (2) not a Qualified Client – must immediately return the Prospectus to the Adviser or the Fund. The Prospectus is for the use of the named addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). In any case, the Fund shall not be offered or sold to any investor in Israel which is not a Sophisticated Investor.

The Prospectus is not intended to serve, and should not be treated as Investment Advice or Investment Marketing. Accordingly, the content of the Prospectus does not replace and should not serve as substitution for Investment Marketing or Investment Advising that take into account the special characteristics and needs of each investor. The Adviser is affiliated with the Fund, has a personal interest in the sale of the Fund and might prefer the Fund over other Financial Assets. The Adviser does not hold a license or have insurance as required under the Investment Advice Law.

NOTICE TO RESIDENTS OF JAPAN

The Prospectus is not, and under no circumstances is to be considered as, a public offering of securities in Japan. No registration pursuant to Article 4 paragraph 1 of Japan's Financial Instruments and Exchange Act ("FIEA") has been or will be made with respect to the solicitation of applications for acquisition of the Shares of the Fund on the grounds that such solicitation would constitute a "solicitation for qualified institutional investors" as set forth in Article 23-13, paragraph 1 of the FIEA. The offering is made on the condition that each investor enters into an agreement whereby the investor covenants not to transfer its Shares (i) to persons other than qualified institutional investors as defined in Article 2, paragraph 3, item 1 of the FIEA ("QIIs"), or (ii) without entering into an agreement whereby the transferee covenants not to transfer its Shares to persons other than QIIs. The Prospectus is distributed on a confidential basis and may not be reproduced in any form or transmitted to any person other than the persons to whom it is addressed. No Shares in a Fund will be issued to any person other than the person to whom the Prospectus has been addressed and no persons other than such addressees may treat the same as constituting an invitation for them to invest.

NOTICE TO RESIDENTS OF JERSEY

The Prospectus relates to a private placement and does not constitute an offer to the public in Jersey to subscribe for the Shares offered hereby. The Fund has no relevant connection with Jersey. No regulatory approval has been sought for the offer in Jersey. The offer of the Shares is personal to the person to whom the Prospectus is being delivered on behalf of the Fund, and a subscription for Shares will only be accepted from such person. The Prospectus may not be produced or used for any other purpose, nor be furnished to any other person other than those to whom it has been so delivered.

NOTICE TO RESIDENTS OF KOREA (SOUTH)

The Prospectus is not, and under no circumstances is to be considered as, a public offering of securities in Korea. Neither the Fund nor any distributor may make any representation with respect to the eligibility of any recipients of the Prospectus to acquire the Fund offered thereby under the laws of Korea, including but without limitation, the Foreign Exchange Transaction Act of Korea and the regulations thereunder. Once the Fund has been registered under the Financial Investment Services and Capital Markets Act of Korea ("FSCMA") for offering and sale only to certain professional investors as designated under Article 301(2) of the Presidential Decree to the FSCMA, the Fund may be offered, sold or delivered, or offered or sold to any person for reoffering or resale, directly or indirectly, in Korea or to any resident of Korea only if (x) the offeree qualifies as the above-mentioned designated professional investor and (y) the offering is otherwise in compliance with regulations under the FSCMA.

NOTICE TO RESIDENTS OF MEXICO

The Shares have not been, and will not be, registered with the Mexican National Securities Registry (Registro Nacional de Valores) maintained by the Mexican National Banking Commission, (Comisión Nacional Bancaria y de Valores) or the "CNBV" and may not be publicly offered or sold in the United Mexican States. The Prospectus relating to the Shares offering may not be distributed publicly in Mexico and the Shares may not be traded in Mexico. The CNBV has not reviewed or approved these offering materials. This is not a public offering of securities in Mexico.

NOTICE TO RESIDENTS OF MONACO

Neither the Fund nor its agents are licensed or authorized to engage in marketing activities in Monaco. Any marketing or sale of Shares of the Fund will only be undertaken or made in strict compliance with applicable law in Monaco.

The Prospectus is strictly private and confidential and may not be (1) reproduced or used for any purpose other than evaluation of a potential investment in the Fund by the intended recipient, or (2) provided to any person or entity other than the intended recipient.

NOTICE TO RESIDENTS OF NEW ZEALAND

No Shares are offered to the public. Accordingly, the Shares may not, directly or indirectly, be offered, sold or delivered in New Zealand, nor may any offering document or advertisement in relation to any offer of the Shares be distributed in New Zealand, other than in circumstances where there is no contravention of the Financial Markets Conduct Act 2013.

NOTICE TO RESIDENTS OF NICARAGUA

For purposes of the Nicaragua Capital Markets Law and rules issued by the Superintendencia de Bancos y de Otras Instituciones Financieras (the "Bank Superintendence"), the issuer emphasizes that the Shares hereby offered do not constitute a public offer and, the offer includes Shares which are not registered with the Bank Superintendence. The information provided in the Prospectus has not been reviewed by any public or private entity, in order to ensure that such information is complete, accurate and timely. The fundamental principle of this offer is that it consists of a private transaction amongst private parties.

NOTICE TO RESIDENTS OF PANAMA

The Shares have not been and will not be registered with the Superintendence of the Securities Market of Panama (Superintendencia del Mercado de Valores de la República de Panamá). Accordingly, (i) the Fund cannot be publicly offered or sold in Panama, except in transactions exempted from registration under the securities laws of Panama, (ii) the Superintendence of the Securities Market of Panama has not reviewed the information contained in the Prospectus, (iii) the Fund's Shares and the offering thereof are not subject to the supervision of the Superintendence of the Securities Market of Panama, and (iv) the Fund securities do not benefit from the tax incentives provided by Panamanian securities laws and regulations.

NOTICE TO RESIDENTS OF PARAGUAY

This investment prospect is addressed solely to the person indicated on the letterhead, or in any such case to whom personally received the same, and therefore it does not imply a public offering of values in accordance to Paraguayan Securities Market Law No. 5810 of 2017.

The securities and financial products offered herein may not be offered or traded publicly in Paraguay. Accordingly, the offering of these securities has not been nor will be submitted to the National Securities Commission ("CNV") for approval. Documents relating to such offering, as well as the information contained herein and therein may not be supplied to the public, as a public offering in Paraguay, or be used in connection with any offer for subscription or sale to the public in Paraguay.

You acknowledge that the securities and financial products offered herein were issued outside of Paraguay and are not subject to Paraguayan Administration of Investment Funds Law, No. 5452 of 2015, nor supervised or controlled by the Paraguayan Central Bank or Bank's Super Quartermaster, nor regulated, covered or protected by Paraguayan Bank, Financial Institutions and other Credits Institutions Law, No. 861 of 1996, nor the Paraguayan Deposit Insurance Law, No. 2334 of 2003.

You acknowledge that any legal matter arising from this offer shall not be submitted to any Paraguayan government authority. Any past returns do not guarantee similar future returns. On all stock investment there is a possibility of partial or total loss of the invested capital, of which the investor is conscious and recognizes to have sufficient knowledge to evaluate such risk in relation to his total assets.

El presente prospecto de inversión se encuentra dirigido únicamente a la persona del encabezado o, en su defecto, a quien lo haya recibido en propias manos, y por lo tanto, no constituye una oferta pública de valores en virtud de lo establecido en la Ley No. 5810 de 2017, del Mercado de Valores de la República del Paraguay.

Los valores y los productos financieros ofrecidos por este medio no pueden ser ofrecidos o vendidos en forma pública en el Paraguay. En tal sentido, la oferta de estos valores no ha sido ni será sometida a consideración de la Comisión Nacional de Valores (CNV) para su aprobación. Los documentos pertinentes a esta oferta, así como toda información contenida en ellos no pueden ser provistos al público como una oferta pública en el Paraguay, o ser usados en conexión con cualquier oferta de suscripción o venta pública en el Paraguay.

Usted reconoce que los valores y los productos financieros ofrecidos por este medio fueron emitidos fuera de Paraguay y no se encuentran sujetos a la Ley Nro. 5452 de 2015, de Administración de Fondos Patrimoniales de Inversión de la República del Paraguay, ni están supervisados o controlados por el Banco Central del Paraguay o la Superintendencia de Bancos, ni regulados, amparados o protegidos por la Ley Nro. 861 de 1996, de Bancos, Financieras y otras Entidades de Crédito de la República del Paraguay, o por la Ley Nro. 2334 de 2003, de Garantía de Depósitos de Paraguay.

Usted acepta que cualquier disputa o conflicto legal que surja en virtud de esta oferta no será sometida a autoridad pública paraguaya alguna. Los rendimientos producidos en el pasado no garantizan un rendimiento similar en el futuro. En todo tipo de inversión bursátil siempre existe la posibilidad de pérdida parcial o total del capital invertido, del cual el inversor es consciente y reconoce tener los conocimientos necesarios para evaluar dicho riesgo con relación al total de sus activos.

NOTICE TO RESIDENTS OF PERU

The Fund and any other products or services referenced in the Prospectus may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed this document or the merits of the products and services referenced herein.

Specifically, the Shares will not be subject to a public offering in Peru. The Shares described herein have not been and will not be approved by or registered with the Peruvian Superintendency of Capital Markets (Superintendencia del Mercado de Valores, or the "SMV") or the Lima Stock Exchange (Bolsa de Valores de Lima). Accordingly, the Shares may not be offered or sold in Peru except, among others, if such offering is considered a private offer under the securities laws and regulations of Peru. The Shares cannot be offered or sold in Peru or in any other jurisdiction except in compliance with the securities laws thereof. In making an investment decision, institutional investors (as defined by Peruvian law) must rely on their own examination of the terms of the offering of the Shares to determine their ability to invest in the Shares.

The Prospectus and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. The Prospectus is directed at and intended for institutional investors (as such term is defined in each jurisdiction in which the Fund is marketed). The Prospectus is provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in the Prospectus, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. The Prospectus is for the use of the named addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

NOTICE TO RESIDENTS OF PHILIPPINES

THE SECURITIES BEING OFFERED OR SOLD IN THE PROSPECTUS HAVE NOT BEEN REGISTERED WITH THE PHILIPPINES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

NOTICE TO RESIDENTS OF TAIWAN

The Shares are being made available in Taiwan on a private placement basis only to banks, bills houses, trust enterprises, insurance companies, securities firms, financial holding companies and other qualified entities or institutions (collectively, "Qualified Institutions") and other entities and individuals meeting specific criteria ("Other Qualified Investors") pursuant to the private placement provisions of Taiwan Rules Governing Offshore Funds. No other offer or sale of the Shares in Taiwan is permitted. Taiwan purchasers of the Shares may not sell or otherwise dispose of their holdings except by redemption, transfer to a Qualified Institution or Other Qualified Investor, transfer by operation of law or other means approved by the Taiwan Financial Supervisory Commission.

NOTICE TO RESIDENTS OF THAILAND

The Prospectus and the information contained therein does not constitute and is not intended to constitute an offer of securities under the laws of Thailand and accordingly should not be construed as such. The Fund and any other products or services referenced in the Prospectus may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed the Prospectus or the merits of the products and services referenced therein. The Prospectus and the information contained therein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. The Prospectus is directed at and intended for institutional investors (as such term is defined in each jurisdiction in which the Fund is marketed). The Prospectus is provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in the Prospectus, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. The Prospectus is for the use of the named addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

NOTICE TO RESIDENTS OF URUGUAY

The sale of Shares of the Fund qualifies as a private placement pursuant to section 2 of Uruguayan law 18,627. The Fund must not be offered or sold to the public in Uruguay, except in circumstances which do not constitute a public offering or distribution under Uruguayan laws and regulations. The Shares in the Fund are not and will not be registered with the Financial Services Superintendency of the Central Bank of Uruguay. The Shares correspond to investment funds that are not investment funds regulated by Uruguayan law 16,774 dated September 27, 1996, as amended.

This Supplement should be retained with your Prospectus for future reference.

KKR CREDIT OPPORTUNITIES PORTFOLIO

(the **Fund)**

SINGAPORE SUPPLEMENT

24 JUNE 2021

Information contained herein is selective, containing specific information in relation to the Fund. This document (the Singapore supplement) forms part of and must be read in conjunction with the prospectus for the Fund dated 28 February 2021, as supplemented (the Prospectus), (collectively the Memorandum). This document is for distribution in Singapore only.

Capitalized terms not defined herein shall have the meanings defined in the Prospectus, unless otherwise stated or the context otherwise requires.

The disclosures contained herein are made pursuant to the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005.

General
This Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

The contents of this Memorandum are for informational purposes only, and do not constitute or form financial advice to buy Shares. This Memorandum was prepared without regard to the specific investment objectives, financial situation or particular needs of any particular person.

Singapore
The Fund and the offer of the Shares which are the subjects of this Memorandum do not relate to a collective investment scheme which is authorized by the Monetary Authority of Singapore (**MAS**) under section 286 of the Securities and Futures Act (Cap. 289) (the **SFA**) or recognized by the MAS under section 287 of the SFA, and Shares of the Fund are not allowed to be offered to the retail public.

This Memorandum (as well as any other document issued in connection with the offer or sale of Shares) is not a prospectus as defined in the SFA, nor will it be lodged or registered as a prospectus with the MAS and, accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply, and potential investors should carefully consider whether an investment in the Shares is suitable for them. The MAS assumes no responsibility for the contents of this Memorandum (nor any other document issued in connection with the offer or sale of the Shares).

No offer of the Shares for subscription or purchase, or invitation to subscribe for or purchase the Shares, may be made, nor any document or other material (including but not limited to this Memorandum relating to the Shares) may be circulated or distributed, either directly or indirectly, to any person in Singapore other than:

i. to an institutional investor (as defined in section 4A of the SFA) pursuant to section 304 of the SFA;
ii. to a relevant person (as defined in section 305(5) of the SFA) pursuant to section 305(1) of the SFA;
iii. on terms that the minimum consideration is the equivalent of Singapore dollars 200,000 in accordance with section 305(2) of the SFA; or
iv. otherwise pursuant to, and in accordance with the conditions of, any other exemption under the SFA.

Pursuant to section 305 of the SFA, read in conjunction with regulation 32 of and the Sixth Schedule to the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005, the Fund has been entered into the list of restricted schemes maintained by the MAS for the purposes of offering Shares in the Fund to relevant persons (as defined in section 305(5) of the SFA), or, for the purposes of offering Shares in the Fund in accordance with the conditions of section 305(2) of the SFA.

Where an offer is made to institutional investors pursuant to section 304 of the SFA, the following restrictions (under section 304A) apply to Shares acquired pursuant to such an offer. Where such Shares are first sold to any person other than an institutional investor, the requirements of Subdivisions (2) and (3) of Division 2 to Part XIII of the SFA will apply to the offer resulting in such sale, save where the Shares acquired are of the same class as, or can be converted into Shares of the same class as, the other Shares:

i. which are listed for quotation on an approved exchange (as defined in the SFA); and
ii. in respect of which any offer information statement, introductory document, unitholders' circular for a reverse take-over, document issued for the purposes of a trust scheme, or any other similar document approved by an approved exchange (as defined in the SFA), was issued in connection with an offer of those Shares, or the listing for quotation of those Shares.

Where an offer is made to relevant persons pursuant to section 305 of the SFA, the following restrictions (under section 305A) apply to Shares acquired pursuant to such an offer.

Where such Shares are first sold to any person other than:

i. an institutional investor;
ii. a relevant person; or
iii. on terms in accordance with section 305(2) of the SFA, the requirements of Subdivisions (2) and (3) of Division 2 to Part XIII of the SFA will apply to the offer resulting in such sale, save where the Shares acquired are of the same class as other Shares:

1. which are listed for quotation on an approved exchange (as defined in the SFA); and
2. in respect of which any offer information statement, introductory document, unitholders' circular for a reverse take-over, document issued for the purposes of a trust scheme, or any other similar document approved by an approved exchange (as defined in the SFA), was issued in connection with an offer of those Shares, or the listing for quotation of those Shares.

Further, where the Shares are acquired pursuant to an offer made in reliance on section 305 of the SFA and the acquirer is:

i. a corporation which is not an accredited investor (as defined in the SFA), whose sole business is to hold investments and the entire share capital of which is owned by individuals each of whom is an accredited investor); or
ii. a trust of which the trustee is not an accredited investor and whose sole purpose is to hold investments for the benefit of beneficiaries each of whom ism an accredited investor,

then no securities of such a corporation and no rights and interests of the beneficiaries in such a trust (as the case may be) shall be transferred for a period of 6 months from the time the corporation or trust (as the case may be) acquired the Shares, unless such transfers are in accordance with the conditions specifically provided in sections 305A(2) and 305A(3) of the SFA (as the case may be).

Important Information

The Fund
The Fund is a newly organized, diversified, closed-end management investment company that continuously offers its shares and is operated as an "interval fund." The Fund was organized as a Delaware statutory trust on September 5, 2019.

Contact details for the Fund:
KKR Credit Opportunities Portfolio
555 California Street, 50th Floor
San Francisco
California, 94104
United States of America.
Telephone: + 1 415 315 3620.

The Adviser
KKR Credit Advisors (US) LLC (the **Adviser**) is incorporated under the laws of Delaware as a limited liability company and is regulated by the Securities and Exchange Commission (**SEC**) in the U.S. as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended, (the **1940 Act**).

Contact details for the Adviser:
KKR Credit Advisors (US) LLC
555 California Street
50th Floor
San Francisco
California, 94104

United States of America.
Telephone: + 1 415 315 3620.

Contact details for the SEC:
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
United States of America.
Tel: +1 202 942 8088

The Custodian
U.S. Bank N.A. (the **Custodian**) serves as custodian for the Fund. The Custodian is regulated by the SEC with respect to its services as custodian for the Fund and incorporated in the state of Delaware.

Contact details for the Custodian:
U.S. Bank N.A.
1555 North River Center Drive
Suite 302,
Milwaukee, Wisconsin 53212
United States of America.

Contact details for the SEC
Set out above.

AIFMD SUPPLEMENT

For

KKR CREDIT OPPORTUNITIES PORTFOLIO

14 June 2021

This AIFMD Supplement (the "AIFMD Supplement") contains information for shareholders and prospective investors required by Directive 2011/61/EU of the European Parliament and the Council of the European Union on alternative investment fund managers (the "AIFMD") and any implementing legislation and regulations thereunder including, without limitation, Commission Delegated Regulation (EU) No 231/2013 supplementing the AIFMD with regard to exemptions, general operating conditions, depositaries, leverage, transparency, supervision and other applicable regulations implementing the AIFMD, in each case as may be altered, amended, added to or cancelled from time to time (the "AIFMD Rules") and should not be relied upon for any other purpose.

THIS AIFMD SUPPLEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY SHARES IN KKR CREDIT OPPORTUNITIES PORTFOLIO (THE "FUND") AND PROSPECTIVE SHAREHODERS SHOULD READ IN THEIR ENTIRETY THE PROSPECTUS OF THE FUND DATED 28 FEBRUARY 2021 AND ANY SUPPLEMENTS THERETO BEFORE MAKING ANY DECISION TO INVEST IN THE FUND. ANY OFFERING OF SHARES MAY ONLY BE MADE PURSUANT TO THE PROSPECTUS AND PROSPECTIVE SHAREHOLDERS MUST NOT RELY SOLELY ON THIS AIFMD SUPPLEMENT.

The contents of this AIFMD Supplement should not be considered legal, tax or financial advice and prospective shareholders should consult with their own counsel and advisers as to all matters concerning an investment in the Fund.

Unless otherwise defined herein, capitalized terms used in this AIFMD Supplement have the same meaning attributed to them in Prospectus.

NOTICE TO PERSONS IN THE EUROPEAN ECONOMIC AREA

The Fund is an alternative investment fund ("**AIF**") for the purposes of the AIFMD Rules. KKR Credit Advisors (US) LLC acts as the alternative investment fund manager ("**AIFM**") of the Fund.

Shares may only be marketed to prospective shareholders which are domiciled or have a registered office in a member state of the EEA ("**EEA Persons**") in which marketing has been registered or authorised (as applicable) under the relevant national implementation of Article 42 of the AIFMD and in such cases only to EEA Persons which are Professional Investors (as defined below) or any other category of person to which such marketing is permitted under the national laws of such member state. This document is not intended for, should not be relied on by and should not be construed as an offer (or any other form of marketing) to any other EEA Person.

A "Professional Investor" is an investor who is considered to be a professional client or which may, on request, be treated as a professional client within the relevant national implementation of Annex II of Directive 2004/39/EC (Markets in Financial Instruments Directive) and AIFMD.

A list of jurisdictions in which the AIFM has been registered or authorized (as applicable) under Article 42 of the AIFMD is available from the Adviser on request.

United Kingdom

The Fund is an Alternative Investment Fund for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom ("**FSMA**") and has been qualified under Regulation 59(1) of the Alternative Investment Fund Managers Regulations 2013 of the United Kingdom. On that basis, the Fund may be marketed in the United Kingdom to EEA Persons who qualify as "professional investors", as defined under FSMA.

As regards prospective shareholders in the United Kingdom who are not EEA Persons or who do not qualify as professional investors ("**Other Persons**"), the Fund is a collective investment scheme and is not a recognised scheme for the purposes of FSMA. The communication in the United Kingdom of any invitation or inducement to invest in Shares is restricted by law. Accordingly, any offer of Shares is directed only at Other Persons in the United Kingdom reasonably believed to be of a kind to whom such an invitation or inducement may lawfully be communicated (i) if effected by a person who is not an authorised person under FSMA, pursuant to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**FPO**") or (ii) if effected by a person who is an authorised person under FSMA, pursuant to the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**PCIS Order**") or the rules in Section 4.12 of the Conduct of Business Sourcebook of the Financial Conduct Authority of the United Kingdom. Such persons include: (a) persons having professional experience of participating in unregulated collective investment schemes and (b) high net worth bodies corporate, partnerships, unincorporated associations, trusts, etc. falling within Article 49 of the FPO or Article 22 of the PCIS Order. Investment in the Shares is available only to such persons.

All prospective shareholders in the United Kingdom are advised that the rules made under FSMA for the protection of retail clients will not apply to an investment in the Fund and compensation under the U.K. Financial Services Compensation Scheme will not be available.

1. DISCLOSURES AND LOCATION OF DISCLOSURES REQUIRED BY ARTICLE 23 OF THE AIFMD

	Disclosure Item	**Response**
Article 23(1)(a) of the Directive	Description of the investment strategy and objectives of the AIF.	**Please refer to the following sections of the Prospectus:** Investment Objective – Cover page, 1, 60 Investment Strategies – Cover page, 1, 61 **Please refer to the following sections of the Statement of Additional Information:** INVESTMENT OBJECTIVE - 1
Article 23(1)(a) of the Directive	If the AIF is a feeder AIF, information on where the master AIF is established.	Not applicable.
Article 23(1)(a) of the Directive	If the AIF is a fund of funds, information on where the underlying funds are established.	Not applicable.
Article 23(1)(a) of the Directive	A description of the types of assets in which the AIF may invest.	**Please refer to the following sections of the Prospectus:** Investment Strategies – Cover page, 1, 61 USE OF PROCEEDS – 60 Portfolio Composition - 66 **Please refer to the following sections of the Statement of Additional Information:** INVESTMENT POLICIES AND TECHNIQUES – 4 PORTFOLIO TRANSACTIONS AND BROKERAGE - 42
Article 23(1)(a) of the Directive	The techniques that the AIF, or the AIFM on behalf of the AIF, may employ and all associated risks.	**Please refer to the following sections of the Prospectus:** Investment Strategies – Cover page, 1, 61 *Leverage* – iv, 6, 84 Investment Philosophy - 63 The Investment Process - 64 RISKS – 87 **Please refer to the following sections of the Statement of Additional Information:** INVESTMENT POLICIES AND TECHNIQUES - 4
Article 23(1)(a) of the Directive	Any applicable investment restrictions.	**Please refer to the following sections of the Prospectus:** Percentage Limitations - 83 **Please refer to the following sections of the Statement of Additional Information:**

	Disclosure Item	Response
		INVESTMENT RESTRICTIONS - 1
Article 23(1)(a) of the Directive	The circumstances in which the AIF may use leverage, the types and sources of leverage permitted and the associated risks, any restrictions on the use of leverage and any collateral and asset reuse arrangements and the maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF.	**Please refer to the following sections of the Prospectus:** Leverage – iv, 6, 84 **Leverage Risk – 17, 91** *Collateral and Asset Re-use Arrangements* There are no collateral and asset re-use arrangements currently in place.
Article 23(1)(b) of the Directive	Procedures by which the AIF may change its investment strategy or investment policy.	**Please refer to the following sections of the Prospectus:** Investment Objective 1 Investment Strategies – Cover page, 1 Changes to the investment objective, investment policy and investment restrictions of the Fund as set out in the Prospectus, may be made by the Adviser, provided that changes believed by the Adviser to be material will not be made without shareholders having been given prior notice of the same.
Article 23(1)(c) of the Directive	The main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, on the applicable law and on the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established.	The main legal implications of the contractual relationship entered into by a shareholder when making an investment in the Fund are as follows: Upon a shareholder becoming a holder of shares, the shareholder will be bound by the terms of the Prospectus, Statement of Additional Information, Declaration of Trust, Bylaws and Subscription Agreement of the Fund. Shareholders will have the rights and obligations set out in the Prospectus, Statement of Additional Information, Declaration of Trust and Bylaws. The Fund is a statutory trust organized under the laws of Delaware pursuant to the Declaration of Trust dated December 13, 2019. The Fund and all or substantially all of the directors, officers and other persons acting on behalf of the Fund may be located outside a shareholder's local jurisdiction and, as a result, it may not be possible for such shareholders to effect service of process within that jurisdiction upon the Fund or such persons. All or a substantial portion of the assets of the Fund, and such other persons, may be located outside of such local jurisdiction and, as a result, it may not be possible to satisfy a judgment against the Fund or such persons in such local jurisdiction or to enforce a judgment obtained in the local jurisdiction's courts against the Fund or persons outside of such shareholder's local jurisdiction.

	Disclosure Item	Response
		Prospective EEA shareholders should consult their own local counsel concerning the enforceability of locally rendered judgments in the appropriate Delaware court, as applicable. Prospective shareholders must review the Prospectus Statement of Additional Information, Declaration of Trust and Bylaws and Subscription Agreement before making any decision to invest in the Fund.
Article 23(1)(d) of the Directive	Identity of the AIFM, the AIF's depositary, auditor and any other service providers and a description of their duties and the investors' rights.	**Please refer to the following sections of the Prospectus:** Investment Adviser – iv, 7, 123 Administrator – 7, 125 Custodian and Transfer Agent – 8, 146 Distributor – 8 Board of Trustees – 123 LEGAL MATTERS – 146 INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM – 146 **Please refer to the following sections of the Statement of Additional Information:** The Adviser – 32 Administrator 33, 61 Portfolio Managers – 3 INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM – 54 CUSTODIAN AND TRANSFER AGENT – 54 Custodian, Dividend Paying Agent, Transfer Agent and Registrar – 61 Shareholders have the rights and obligations set out in the Prospectus pursuant to which the shareholder was admitted to the Fund. None of the agreements appointing the Adviser or the Fund's service providers provide for any third party rights for shareholders. Absent a direct contractual relationship between a shareholder and a service provider, shareholders generally have no direct rights against the relevant service provider and there are only very limited circumstances in which a shareholder may bring a claim against a service provider.
Article 23(1)(e) of the Directive	A description of how the AIFM complies with the requirements referred to in Article 9(7) of the Directive.	As the Adviser is a non-EEA AIFM, the Adviser is not subject to these requirements.

	Disclosure Item	**Response**
Article 23(1)(f) of the Directive	A description of any delegated management function as referred to in Annex I of the Directive by the AIFM and of any safe-keeping function delegated by the depositary, the identification of each delegate and any conflicts of interest that may arise from such delegations.	As the Adviser is a non-EEA AIFM, the requirements under the AIFMD in relation to the delegation of management functions do not apply. As the Adviser is a non-EEA AIFM and the Fund is a non-EEA AIF, the requirements under the AIFMD in relation to the appointment of depositaries do not apply.
Article 23(1)(g) of the Directive	A description of the AIF's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing hard-to-value assets in accordance with Article 19 of the Directive.	**Please refer to the following sections of the Statement of Additional Information:** Valuation of Investments - 58 As a non-EEA AIFM, the Adviser is not subject to the requirements under Article 19 of the AIFMD.
Article 23(1)(h) of the Directive	A description of the AIF's liquidity risk management, including the redemption rights both in normal and in exceptional circumstances, and the existing redemption arrangements with investors.	**Please refer to the following sections of the Prospectus:** Interval Fund/Repurchase Offers – iv The Offering - 4 Periodic Repurchase Offers – 5 Repurchase Offers Risk – 9 Illiquid and Long-Term Investments Risk – 12, 88 Liquidity Risk – 49, 111 Repurchase Offers - 135 Suspension or Postponement of a Repurchase Offer – 136 Liquidity Requirements – 136 Redemption of Senior Securities - 136
Article 23(1)(i) of the Directive	A description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by investors	**Please refer to the following sections of the Prospectus:** Securities Offered – Cover page The Offering – 4 Distributions – 6 Adviser – 7 Administrator – 7 Distributor – 8, 126 Expenses Limitation and Reimbursement Agreement - 9 SUMMARY OF FUND EXPENSES – 58 Other Investment Companies - 82 Investment Advisory Agreement – 125 Administrator – 125 PURCHASE OF SHARES - 126 **Please refer to the following sections of the Statement of Additional Information:** Other Investment Companies – 26 Compensation of Trustees – 30 The Adviser – 33

	Disclosure Item	Response
		Administrator – 34 Portfolio Managers - 34 PORTFOLIO TRANSACTIONS AND BROKERAGE - 42 Investment Advisory Agreement – 60 Organization and Offering Costs – 60 Save to the extent disclosed in the sections referenced above, there is no specific monetary cap on the amount of fees, charges, and expenses which are directly or indirectly borne by shareholders. The amount of charges and expenses which are borne by a shareholder may vary from year to year. For more information on expenses charged during the most recent financial year, prospective shareholders should review the Fund's annual audited financial statements for the prior financial year.
Article 23(1)(j) of the Directive	A description of how the AIFM ensures a fair treatment of investors and, whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of that preferential treatment, the type of investors who obtain such preferential treatment and, where relevant, their legal or economic links with the AIF or AIFM.	The Adviser owes certain fiduciary duties to the Fund which requires it, among other things, to act in good faith and in what it considers to be the best interests of the Fund and correspondingly the Adviser is required to act at all times in good faith in the interests of the Fund. In doing so, the Adviser will act in a manner that ensures the fair treatment of shareholders. Under the AIFMD Rules, the Adviser must treat all shareholders fairly. The Adviser ensures the fair treatment of shareholders through its decision-making procedures and organisational structure which (1) identify any preferential treatment, or the right thereto, accorded to shareholders and (2) ensure that any such preferential treatment does not result in an overall disadvantage to other shareholders.
Article 23(1)(k) of the Directive	The latest annual report of the AIF.	Shareholders may request a free copy of the annual and semi-annual reports (when available) by calling toll-free (866) 514-4499, by writing to the Fund or visiting the Fund's website (http://www.kkrfunds.com). Shareholders will be notified by mail each time a report is posted and provided with a website link to access the report.
Article 23(1)(l) of the Directive	The procedure and conditions for the issue and sale of units or shares.	**Please refer to the following sections of the Prospectus:** The Offering – 4 Minimum Investment – 5 PURCHASE OF SHARES - 126 Shares - 126 Minimum Investment - 126 How to Purchase Shares – 127 Acceptance and Timing of Purchase Orders – 128 Purchase by Mail – 128 Telephone Purchase – 129 Initial Investment - By wire – 129 For Subsequent Investments - By wire – 129 Wired Funds Disclaimer - 129

	Disclosure Item	**Response**
Article 23(1)(m) of the Directive	The latest net asset value of the AIF or the latest market price of the unit or share of the AIF, in accordance with Article 19	The latest net asset value will be made available by the Fund upon request. As a non-EEA AIFM, the Adviser is not subject to the requirements under Article 19 of the AIFMD.
Article 23(1)(n) of the Directive	Where available, the historical performance of the AIF	Information on the historic performance of the Fund will be available upon request from the Fund Such information will be updated periodically in accordance with the AIFMD Rules.
Article 23(1)(o) of the Directive	The identity of the prime brokers and a description of any material arrangements of the AIF with its prime brokers and the way the conflicts of interest in relation thereto are managed and the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets, and information about any transfer of liability to the prime broker that may exist.	The Fund has not appointed a prime broker. As the Adviser is a non-EEA AIFM and the Fund is a non-EEA AIF, the requirements under the AIFMD in relation to the appointment of depositaries do not apply.
Article 23(1)(p) of the Directive	A description of how and when the information required under Articles 23(4) and 23(5) of the Directive will be disclosed.	Please see the section entitled "*Periodic and Regular Disclosure*" below.

2. PERIODIC AND REGULAR DISCLOSURE

The periodic and regular disclosures required under Articles 23(4) and (5) of the AIFMD and the AIFMD Rules will be disclosed to shareholders as applicable at the same time as the annual financial statements and may be provided at other times by way of a report, email and/or letter sent to shareholders.

* * *

Please retain this Memorandum for future reference

Filed Pursuant to Rule 424(b)(3)
File No. 333-233709

PROSPECTUS

KKR CREDIT OPPORTUNITIES PORTFOLIO

CLASS I SHARES
CLASS D SHARES
CLASS T SHARES
CLASS U SHARES

The Fund. KKR Credit Opportunities Portfolio (the "Fund") is a diversified, closed-end management investment company that continuously offers its shares ("Shares") and is operated as an "interval fund."

Securities Offered. The Fund offers Class I Shares, Class D Shares, Class T Shares and Class U Shares. The Fund has been granted exemptive relief from the U.S. Securities and Exchange Commission (the "SEC") that permits the Fund to issue multiple classes of Shares and to impose asset-based distribution fees and early-withdrawal fees.

Investment Objective. The Fund's investment objective is to seek to provide attractive risk-adjusted returns and high current income. There can be no assurance that the Fund will achieve its investment objective.

Investment Strategies. The Fund invests in a select portfolio of the Fund's investment adviser's (the "Adviser") publicly traded and private credit through exposure to two of its primary credit strategies: (a) Opportunistic Credit, a conviction-based approach investing in a portfolio consisting primarily of publicly traded high yield bonds (commonly referred to as "junk" bonds), first- and second-lien secured bank loans and structured credit (e.g., collateralized loan obligation ("CLO") mezzanine debt) and (b) Private Credit, which includes directly originated hard and financial asset-based lending, corporate mezzanine debt, as well as directly originated first-lien, second-lien and unitranche senior loans to upper middle-market companies.

In pursuing its investment objective, the Fund invests, under normal circumstances, at least 80% of its Managed Assets (defined below) in senior and subordinated corporate debt and debt related instruments. Debt related instruments include bonds, secured bank loans, convertible securities, structured products (such as CLOs), convertible debt securities, repurchase agreements and municipal securities. The debt and debt related instruments in which the Fund invests may include those of issuers from the United States and other countries, including emerging market countries. The Fund can invest without limit in below investment grade debt and debt related instruments. When determining the attractiveness of anticipated return levels, the Adviser considers the risks inherent in the underlying investments.

The Fund, under normal circumstances, invests 70-80% of its Managed Assets in the Opportunistic Credit strategy and 20-30% of its Managed Assets in the Private Credit Strategy, though the Fund's allocation in investments could vary from these guidelines at any time in the Fund's discretion. On at least a quarterly basis, the Fund's Investment Committee (the "Investment Committee") meets to, among other things, review and establish the allocation percentage between the Opportunistic Credit Strategy and Private Credit Strategy for the ensuing period. The Investment Committee considers factors such as KKR's (defined below) macro-economic and market outlooks, assessment of the relative risk and return of each strategy, and other factors in making its determination. "Managed Assets" means the total assets of the Fund (including any assets attributable to borrowings for investment purposes) minus the sum of the Fund's accrued liabilities (other than liabilities representing borrowings for investment purposes).

<u>Opportunistic Credit Strategy</u>

The Opportunistic Credit Strategy's investment objective is to provide an attractive risk-adjusted return through investment in a diversified portfolio of fixed income securities and financial instruments. To achieve the Fund's investment objective, the Adviser utilizes a high conviction credit strategy with a broad mandate and flexibility to toggle among various asset classes including, but not limited to, junk bonds, first- and second-lien secured bank loans and structured credit (i.e., CLO mezzanine debt) and thematic approaches to investing depending on the credit market environment. Themes include (in order of expected weighting):

- *Market Dislocations and Relative Value* – Positions in higher-yielding investments resulting from a broader market dislocation and volatility, or a credit specific dislocation.
- *Event Driven* – Positions in securities with near term catalysts that are expected to lead to price appreciation/depreciation. Catalysts include refinancings, restructurings, mergers and acquisitions and rating upgrades, among others.
- *Proprietary Sourcing* – Trades that leverage broader firm relationships with private equity sponsors and Wall Street firms. These include reverse inquiry (an inquiry by the Adviser to an issuer with regard to originating a particular debt instrument), secondary opportunities (investments that can be acquired from existing investors, rather than from the issuers of such investments) and/or larger block trades (the purchase or sale of a large number of securities) and potential anchor positions (taking a large position in an issuance prior to the issuer soliciting other investors).
- *Stressed Credits* – Positions in companies under financial strain that could have a restructuring need and/or companies in out of favor industries that could be under market pressure.
- *Structured Products* – Trading in securitized products, including tranches of CLOs, other securitizations and indices, as well as capital relief trades.
- *Illiquidity Premium* – Credit investments in situations that offer a market premium, either in contractual rate or structure. These are expected to include small, less liquid trades as well as investments in misunderstood businesses or industries.

Private Credit Strategy

The Private Credit Strategy's investment objective is to deliver attractive returns primarily in the form of contractual interest or coupon payments with a focus on principal protection, diversification, and, to a lesser degree, potential capital appreciation. The strategy makes investments in directly originated and negotiated financing instruments in what we believe are underserved and/or mispriced asset classes resultant from the withdrawal of global financial institutions from the financing market place and seeks to earn a premium for originating and holding a loan or other instrument to maturity. Private Credit strategies can include:

- *Private Opportunistic Credit* – focus on attractive private credit investments with mezzanine-like returns in asset-based finance investment, corporate mezzanine debt, second lien debt, and structured credit. Asset based finance includes opportunities to either directly finance certain hard or financial assets or to invest in origination and/or servicing platforms of those assets (i.e., companies that originate investments in hard assets or financial asset or that perform the functions and processes relating to the origination and administration of such investments). We believe that these asset-based opportunities offer mezzanine-like structural downside protection as well as asset collateral, and equity-like upside that can be achieved through appreciation at the asset level or, in the case of platforms, through growth of the enterprise value. Key areas of focus include, but are not limited to the Aircraft, Shipping, Renewables, Real Estate, Consumer Finance, Equipment Financing and Leasing sectors.
- *Direct Lending* – focus on investments typically in the most senior tranches of a corporate or other issuer's capital structure. Generally, these investments take the form of privately negotiated first-, second-lien or unitranche senior loans established through custom financing agreements entered into with corporate or other borrowers with a focus on upper-middle market companies. In addition, the Adviser seeks to be the sole or, at minimum, lead lender, which generally results in a greater ability to dictate deal structure and terms and control all or a majority of the credit tranche.

KKR employs a holistic approach toward origination that is focused on partnering with high-quality borrowers and sponsors and serving as a solutions provider for their capital needs. We strive to understand the goals of borrowers and structure appropriate financing solutions that are tailored to meet their specific objectives. The breadth of our credit and capital markets platforms is crucial to exploring and creating these opportunities, as it enables us to provide a "one-stop" solution for a borrower's entire capital structure. KKR's credit team (the "KKR Credit Team") seeks to conduct deep due diligence (including, among other things, an evaluation of the quality of cash flows of the underlying investment, strengths and weaknesses in a borrower's cost structure, cost structure relative to competitors and quality of suppliers) on each investment, with a focus on investing in debt instruments of companies where it believes KKR has a competitive advantage or a differentiated view. The Fund can invest without limit in originated loans. The Fund can originate loans of any maturity or duration to borrowers located both within the United States and outside the United States.

The Adviser, a subsidiary of KKR & Co. Inc. (together with the Adviser and its other affiliates, "KKR"), uses KKR's global network of resources, due diligence skills, intellectual capital and experience in seeking to achieve the Fund's investment objective. The Adviser employs a fundamentally-driven investment approach that is based on deep credit underwriting and rigorous financial analysis. Because KKR has deep experience in credit and private equity underwriting, the Adviser's investment approach is designed to incorporate valuable characteristics of both. The Adviser seeks to reallocate the portfolio of the Fund to opportunistically emphasize those investments, categories of investments and geographic exposures believed to be best suited to contribute to the achievement of the Fund's investment objective under the market conditions existing at the time of investment.

The Fund seeks to leverage the diverse backgrounds and many years of experience in portfolio management, investing, finance and economics of the KKR Credit Team, as well as the global network and proprietary resources of KKR to source, diligence and execute attractive investment opportunities.

The Fund relies on an exemptive order from the SEC that permits it to, among other things, co-invest with certain other persons, including certain affiliates of the Adviser and certain public or private funds managed by the Adviser and its affiliates, subject to certain terms and conditions.

The Fund's investment strategies are not fundamental and may be changed by the Board without approval of the Fund's shareholders ("Shareholders").

Investing in the Shares involves certain risks. See "Risks."

	Offering Price[1]	Maximum Sales Load	Proceeds to the Fund[2]
Class I Shares	Current NAV	None	$ amount invested at current NAV
Class D Shares	Current NAV	None	$ amount invested at current NAV
Class T Shares	Current NAV plus sales load	2.00%	$ amount invested at current NAV
Class U Shares	Current NAV	None	$ amount invested at current NAV

1 Each class of Shares is continuously offered at a price equal to net asset value ("NAV"), and, in the case of Class T Shares, plus a maximum sales load of 2.00% of the offering price. Information in the table reflects the initial offering price.

2 Through December 31, 2022, the Adviser has agreed to waive its fees and/or reimburse expenses of the Fund so that certain of the Fund's expenses ("Specified Expenses") will not exceed 0.40% of net assets (annualized). The Fund has agreed to repay these amounts, when and if requested by the Adviser, but only if and to the extent that Specified Expenses are less than 0.40% of net assets (annualized) (or, if a lower expense limit is then in effect, such lower limit) within the three-year period after the Adviser bears the expense.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Prospectus dated February 28, 2022, as amended March 16, 2022.

***Interval Fund/Repurchase Offers*.** The Fund is an "interval fund," a type of fund that, in order to provide liquidity to Shareholders, conducts quarterly repurchase offers of 10% to 25% of its outstanding Shares at NAV. The Fund currently conducts quarterly repurchase offers for 10% of its outstanding Shares under ordinary circumstances.

Risks. Investing in the Fund involves a high degree of risk. See "Risks." In particular:

- **The Fund is suitable only for investors who can bear the risks associated with the limited liquidity of the Fund and should be viewed as a long-term investment.**
- **The Fund intends to accrue and declare distributions daily and distribute them on a monthly basis; however, the amount of distributions that the Fund may pay, if any, is uncertain.**
- **The Fund, from time to time, pays distributions in significant part from sources that may not be available in the future and that are unrelated to the Fund's performance, such as a return of capital.**
- **An investor could be subject to a sales load of up to 2.00% for Class T Shares.**
- **The Shares have no history of public trading, nor is it intended at this time that the Shares will be listed on a public exchange. No secondary market is expected to develop for the Shares, liquidity for the Shares will be provided only through repurchase offers at NAV and there is no guarantee that an investor will be able to sell all the Shares the investor desires to sell in a repurchase offer. Due to these restrictions, an investor should consider an investment in the Fund to be illiquid. Investing in Shares is speculative and involves a high degree of risk, including the risks associated with leverage.**

***Leverage*.** In pursuing the Fund's investment objective, the Adviser seeks to enhance the Fund's return by the use of leverage. The Fund is permitted to obtain leverage using any form or combination of financial leverage instruments, including through funds borrowed from banks or other financial institutions (i.e., a credit facility), margin facilities, the issuance of preferred shares or notes and leverage attributable to reverse repurchase agreements, dollar rolls or similar transactions in an aggregate amount up to 33 1/3% of its Managed Assets, unless otherwise permitted under other SEC applicable rules and guidance. The Fund, under normal circumstances, uses leverage in an aggregate amount equal to approximately 25-30% of its Managed Assets (which equates to approximately 33-43% of its net assets). The Fund, from time to time, uses leverage opportunistically and chooses to increase or decrease its leverage, or use different types or combinations of leveraging instruments, from time to time based on the Fund's assessment of market conditions and the investment environment. There can be no assurance that the Fund will use leverage or that its leveraging strategy will be successful during any period in which it is employed. See "Risks—Leverage Risk."

***Investment Adviser*.** KKR Credit Advisors (US) LLC, serves as the Adviser pursuant to the terms of an investment advisory agreement with the Fund. The Adviser, a subsidiary of KKR, is a leading manager of non-investment grade debt and public equities. The Adviser was formed as a limited liability company under the laws of the State of Delaware on June 24, 2004, and is a registered investment adviser under the Investment Advisers Act of 1940, as amended. The Adviser currently serves as an investment adviser of certain unregistered private investment companies and a registered investment company. The Adviser has access to KKR's global network of resources, due diligence skills, intellectual capital and experience. KKR is a leading global investment firm that operates an integrated global platform for sourcing and executing investments across multiple industries, asset classes and geographies.

This prospectus, together with any applicable prospectus supplement, sets forth concisely information about the Fund you should know before investing. Please read this prospectus carefully before deciding whether to invest and retain it for future reference. A Statement of Additional Information (the "SAI") dated February 28, 2022, as amended, has been filed with the SEC. This prospectus incorporates by reference the entire SAI. The SAI, along with other Fund-related materials, are available on the EDGAR database on the SEC's website (http://www.sec.gov), and copies of this information may be obtained, after paying a duplicating fee, by electronic request at publicinfo@sec.gov.

You may also request a free copy of the SAI, annual and semi-annual reports to Shareholders and additional information about the Fund, and may make other Shareholder inquiries, by calling toll-free (866) 514-4499, by writing to the Fund or visiting the Fund's website (http://www.kkrfunds.com). The information contained in, or accessed through, the Fund's website is not part of this prospectus.

The Shares do not represent a deposit or obligation of and are not guaranteed or endorsed by any bank or other insured depository institution and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

TABLE OF CONTENTS

PROSPECTUS SUMMARY	1
SUMMARY OF FUND EXPENSES	60
FINANCIAL HIGHLIGHTS	63
SENIOR SECURITIES	66
THE FUND	67
USE OF PROCEEDS	68
THE FUND’S INVESTMENTS	69
LEVERAGE	92
RISKS	95
CONFLICTS OF INTEREST	126
MANAGEMENT OF THE FUND	132
PURCHASE OF SHARES	135
PERIODIC REPURCHASE OFFERS	144
NET ASSET VALUE	146
DISTRIBUTIONS	148
DIVIDEND REINVESTMENT PLAN	150
DESCRIPTION OF SHARES	151
CERTAIN PROVISIONS IN THE DECLARATION OF TRUST	153
TAX CONSIDERATIONS	154
CUSTODIAN AND TRANSFER AGENT	158
LEGAL MATTERS	158
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	158
APPENDIX A: SUPPLEMENTAL PERFORMANCE INFORMATION OF RELATED FUNDS AND ACCOUNTS	A-1

You should rely only on the information contained in or incorporated by reference into this prospectus. The Fund has not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Fund is not making an offer of these securities in any jurisdiction where the offer is not permitted.

PROSPECTUS SUMMARY

This is only a summary. This summary does not contain all of the information that you should consider before investing in KKR Credit Opportunities Portfolio. You should review the more detailed information contained in this prospectus and in the Statement of Additional Information (the "SAI").

The Fund

KKR Credit Opportunities Portfolio is a diversified, closed-end management investment company that continuously offers its shares ("Shares") and is operated as an "interval fund." Throughout the prospectus, we refer to KKR Credit Opportunities Portfolio as the "Fund" or as "we."

Investment Objective

The Fund's investment objective is to seek to provide attractive risk-adjusted returns and high current income. There can be no assurance that the Fund will achieve its investment objective. The Fund's investment objective is not fundamental and may be changed by the Board of Trustees of the Fund (the "Board") without Shareholder approval.

Investment Strategies

The Fund invests in a select portfolio of the Fund's investment adviser's (the "Adviser") publicly traded and private credit through exposure to two of its primary credit strategies: (a) Opportunistic Credit, a conviction-based approach investing in a portfolio consisting primarily of publicly traded high yield bonds (commonly referred to as "junk" bonds), first- and second-lien secured bank loans and structured credit (e.g., collateralized loan obligation ("CLO") mezzanine debt) and (b) Private Credit, which includes directly originated hard and financial asset-based lending, corporate mezzanine debt, as well as directly originated first-lien, second-lien and unitranche senior loans to upper middle-market companies.

In pursuing its investment objective, the Fund invests, under normal circumstances, at least 80% of its Managed Assets (defined below) in senior and subordinated corporate debt and debt related instruments. Debt related instruments include bonds, secured bank loans, convertible securities, structured products (such as CLOs), convertible debt securities, repurchase agreements and municipal securities. The debt and debt related instruments in which the Fund invests may include those of issuers from the United States and other countries, including emerging market countries. The Fund can invest without limit in below investment grade debt related instruments. When determining the attractiveness of anticipated return levels, the Adviser considers the risks inherent in the underlying investments.

The Fund, under normal circumstances, invests 70-80% of its Managed Assets in the Opportunistic Credit strategy and 20-30% of its Managed Assets in the Private Credit Strategy, though the Fund's allocation in investments could vary from these guidelines at any time in the Fund's discretion. On at least a quarterly basis, the Fund's Investment Committee (the "Investment Committee") meets to, among other things, review and establish the allocation percentage between the Opportunistic Credit Strategy and Private Credit Strategy for the ensuing period. The Investment Committee considers factors such as KKR's (defined below) macro-economic and market outlooks, assessment of the relative risk and return of each strategy, and other factors in making its determination. "Managed Assets" means the total assets of the Fund (including any assets attributable to borrowings for investment purposes) minus the sum of the Fund's accrued liabilities (other than liabilities representing borrowings for investment purposes).

Opportunistic Credit Strategy

The Opportunistic Credit Strategy's investment objective is to provide an attractive risk-adjusted return through investment in a diversified portfolio of fixed income securities and financial instruments. To achieve the Fund's investment objective, the Adviser utilizes a high conviction credit strategy with a broad mandate and flexibility to toggle among various asset classes including, but not limited to, junk bonds, first- and second-lien secured bank loans and structured credit (i.e., CLO mezzanine debt) and thematic approaches to investing depending on the credit market environment. Themes include (in order of expected weighting):

- *Market Dislocations and Relative Value* – Positions in higher-yielding investments resulting from a broader market dislocation and volatility, or a credit specific dislocation.
- *Event Driven* – Positions in securities with near term catalysts that are expected to lead to price appreciation/depreciation. Catalysts include refinancings, restructurings, mergers and acquisitions and rating upgrades, among others.
- *Proprietary Sourcing* – Trades that leverage broader firm relationships with private equity sponsors and Wall Street firms. These include reverse inquiry (an inquiry by the Adviser to an issuer with regard to originating a particular debt instrument), secondary opportunities (investments that can be acquired from existing investors, rather than from the issuers of such investments) and/or larger block trades (the purchase or sale of a large number of securities) and potential anchor positions (taking a large position in an issuance prior to the issuer soliciting other investors).
- *Stressed Credits* – Positions in companies under financial strain that could have a restructuring need and/or companies in out of favor industries that could be under market pressure.
- *Structured Products* – Trading in securitized products, including tranches of CLOs, other securitizations and indices, as well as capital relief trades.

- *Illiquidity Premium* – Credit investments in situations that offer a market premium, either in contractual rate or structure. These are expected to include small, less liquid trades as well as investments in misunderstood businesses or industries.

Private Credit Strategy

The Private Credit Strategy's investment objective is to deliver attractive returns primarily in the form of contractual interest or coupon payments with a focus on principal protection, diversification, and, to a lesser degree, potential capital appreciation. The strategy makes investments in directly originated and negotiated financing instruments in what we believe are underserved and/or mispriced asset classes resultant from the withdrawal of global financial institutions from the financing market place and seeks to earn a premium for originating and holding a loan or other instrument to maturity. Private Credit strategies can include:

- *Private Opportunistic Credit* – focus on attractive private credit investments with mezzanine-like returns in asset-based finance investment, corporate mezzanine debt, second lien debt, and structured credit. Asset based finance includes opportunities to either directly finance certain hard or financial assets or to invest in origination and/or servicing platforms of those assets (i.e., companies that originate investments in hard assets or financial asset or that perform the functions and processes relating to the origination and administration of such investments). We believe that these asset-based opportunities offer mezzanine-like structural downside protection as well as asset collateral, and equity-like upside that can be achieved through appreciation at the asset level or, in the case of platforms, through growth of the enterprise value. Key areas of focus include, but are not limited to the Aircraft, Shipping, Renewables, Real Estate, Consumer Finance, Equipment Financing and Leasing sectors.
- *Direct Lending* – focus on investments typically in the most senior tranches of a corporate or other issuer's capital structure. Generally, these investments take the form of privately negotiated first-, second-lien or unitranche senior loans established through custom financing agreements entered into with corporate or other borrowers with a focus on upper-middle market companies. In addition, the Adviser seeks to be the sole or, at minimum, lead lender, which generally results in a greater ability to dictate deal structure and terms and control all or a majority of the credit tranche.

KKR employs a holistic approach toward origination that is focused on partnering with high-quality borrowers and sponsors and serving as a solutions provider for their capital needs. We strive to understand the goals of borrowers and structure appropriate financing solutions

	that are tailored to meet their specific objectives. The breadth of our credit and capital markets platforms is crucial to exploring and creating these opportunities, as it enables us to provide a "one-stop" solution for a borrower's entire capital structure. KKR's credit team (the "KKR Credit Team") seeks to conduct deep due diligence (including, among other things, an evaluation of the quality of cash flows of the underlying investment, strengths and weaknesses in a borrower's cost structure, cost structure relative to competitors and quality of suppliers) on each investment, with a focus on investing in debt instruments of companies where it believes KKR has a competitive advantage or a differentiated view. The Fund can invest without limit in originated loans. The Fund can originate loans of any maturity or duration to borrowers located both within the United States and outside the United States. The Adviser, a subsidiary of KKR & Co. Inc. (together with the Adviser and its other affiliates, "KKR"), uses KKR's global network of resources, due diligence skills, intellectual capital and experience in seeking to achieve the Fund's investment objective. The Adviser employs a fundamentally-driven investment approach that is based on deep credit underwriting and rigorous financial analysis. Because KKR has deep experience in credit and private equity underwriting, the Adviser's investment approach is designed to incorporate valuable characteristics of both. The Adviser seeks to reallocate the portfolio of the Fund to opportunistically emphasize those investments, categories of investments and geographic exposures believed to be best suited to contribute to the achievement of the Fund's investment objective under the market conditions existing at the time of investment. The Fund seeks to leverage the diverse backgrounds and many years of experience in portfolio management, investing, finance and economics of the KKR Credit Team, as well as the global network and proprietary resources of KKR to source, diligence and execute attractive investment opportunities. The Fund relies on an exemptive order from the U.S. Securities and Exchange Commission (the "SEC") that permits it to, among other things, co-invest with certain other persons, including certain affiliates of the Adviser and certain public or private funds managed by the Adviser and its affiliates, subject to certain terms and conditions. The Fund's investment strategies are not fundamental and may be changed by the Board without Shareholder approval.
The Offering	The Fund offers Institutional Class I Shares ("Class I Shares"), Class D Shares, Class T Shares and Class U Shares. The Fund has been granted exemptive relief from the SEC that permits the Fund to issue multiple classes of Shares and to impose asset-based distribution fees and early-withdrawal fees.

	Class I Shares, Class D Shares and Class U Shares are offered on a continuous basis at net asset value ("NAV") per Share. Class T Shares are offered on a continuous basis at NAV per Share, plus a maximum sales load of 2.00%. Proceeds from the offering will be held by the Fund's Custodian (defined below). Class I Shares, Class D Shares, Class T Shares and Class U Shares have equal rights and privileges with each other. The Fund and the Distributor (defined below) reserve the right to reject a purchase order for any reason. Shareholders do not have the right to redeem their Shares. However, as described below, in order to provide some liquidity to Shareholders, the Fund conducts quarterly repurchase offers of 10% to 25% of its outstanding Shares at NAV. The Fund currently conducts quarterly repurchase offers for 10% of its outstanding Shares under ordinary circumstances.
Minimum Investment	The minimum initial investment for Class D Shares, Class T Shares and Class U Shares is $10,000 per account, and the minimum initial investment for Class I Shares is $1,000,000 per account. The minimum subsequent investment in the Fund per account is $500. The minimum investment for each class of Shares can be modified or waived in the sole discretion of the Fund or the Distributor (defined below), including for certain financial firms that submit orders on behalf of their customers, the Trustees of the Fund and certain employees of KKR, including its affiliates, vehicles controlled by such employees and their extended family members.
Periodic Repurchase Offers	The Fund has adopted a fundamental policy, which may only be changed with Shareholder approval, to provide liquidity to Shareholders by conducting quarterly repurchase offers of 10% to 25% of its outstanding Shares at NAV. The Fund currently conducts quarterly repurchase offers for 10% of its outstanding Shares under ordinary circumstances. Notification of each quarterly repurchase offer will be made available to Shareholders at least 21 calendar days before the repurchase request deadline (i.e., the date by which Shareholders must tender their Shares in response to a repurchase offer) (the "Repurchase Request Deadline"). The Fund has not listed and does not intend to list its Shares for trading on any securities exchange. There is currently no secondary market for its Shares and the Fund does not expect any secondary market to develop for its Shares. Accordingly, you may not be able to sell Shares when and/or in the amount that you desire. Thus, the Shares are appropriate only for long-term investors who can bear the risks associated with the limited liquidity of the Shares. Investors should consider their investment goals, time horizons and risk tolerance before investing in the Fund. In addition, the Fund's repurchase offers could subject the Fund and Shareholders to special risks. See "Risks—Repurchase Offers Risk."

Leverage	In pursuing the Fund's investment objective, the Adviser seeks to enhance the Fund's return by the use of leverage. The Fund is permitted to obtain leverage using any form or combination of financial leverage instruments, including through funds borrowed from banks or other financial institutions (i.e., a credit facility), margin facilities, the issuance of preferred shares or notes and leverage attributable to reverse repurchase agreements, dollar rolls or similar transactions in an aggregate amount up to 33 1/3% of its Managed Assets. The Fund, under normal circumstances, uses leverage in an aggregate amount equal to approximately 25-30% of its Managed Assets (which equates to approximately 33-43% of its net assets). The Fund, from time to time, uses leverage opportunistically and chooses to increase or decrease its leverage, or use different types or combinations of leveraging instruments, from time to time based on the Fund's assessment of market conditions and the investment environment. There can be no assurance that the Fund will use leverage or that its leveraging strategy will be successful during any period in which it is employed. See "Risks—Leverage Risk."
Distributions	The Fund intends to distribute substantially all of its net investment income to Shareholders in the form of dividends. The Fund intends to distribute its net investment income monthly. The Fund intends to accrue and declare distributions from net investment income daily and distribute them on a monthly basis. The amount of distributions that the Fund may pay, if any, is uncertain. If the Fund realizes a long-term capital gain, it will be required to allocate such gain between the Shares and any preferred shares issued by the Fund in proportion to the total distributions paid to each class for the year in which the income is realized. Various factors affect the level of the Fund's income, including the asset mix, the average maturity of the Fund's portfolio, the amount of leverage used by the Fund and the Fund's use of hedging. To permit the Fund to maintain a more stable monthly distribution, the Fund will, from time to time, distribute less than the entire amount of income earned in a particular period. The undistributed income would be available to supplement future distributions. As a result, the distributions paid by the Fund for any particular monthly period could be more or less than the amount of income actually earned by the Fund during that period. Undistributed income will add to the Fund's NAV (and indirectly benefit the Adviser and the Administrator (defined below) by increasing their fees) and, correspondingly, distributions from the Fund's income will reduce the Fund's NAV. In the event that for any calendar year the total distributions on the Fund's preferred shares exceed the Fund's current and accumulated earnings and profits allocable to such shares, the excess distributions will generally be treated as a tax free return of capital (to the extent of the Shareholder's tax basis in the shares). The amount treated as a

	tax-free return of capital will reduce a Shareholder's adjusted tax basis in the preferred shares, thereby increasing the Shareholder's potential taxable gain or reducing the potential taxable loss on the sale of the shares. Any amount in excess of a Shareholder's remaining outstanding basis will constitute gain to such Shareholder.
Adviser	The Adviser serves as the Fund's investment adviser pursuant to the terms of an investment advisory agreement with the Fund. The Adviser, a subsidiary of KKR, is a leading manager of non-investment grade debt and public equities. The Adviser was formed as a limited liability company under the laws of the State of Delaware on June 24, 2004 and is a registered investment adviser under the Investment Company Act of 1940, as amended (the "1940 Act"). The Adviser currently serves as an investment adviser of certain unregistered private investment companies and a registered investment company. The Adviser uses KKR's global network of resources, due diligence skills, intellectual capital and experience in seeking to achieve the Fund's investment objective. KKR is a leading global investment firm that operates an integrated global platform for sourcing and executing investments across multiple industries, asset classes and geographies. As of December 31, 2021, KKR had over $471 billion in assets under management. As of December 31, 2021, the Adviser had over $171 billion in assets under management. Pursuant to an investment advisory agreement, the Adviser receives an annual fee, payable monthly by the Fund, in an amount equal to 1.30% of the Fund's average daily Managed Assets (the "Management Fee"). The Adviser has voluntarily agreed to temporarily reduce its Management Fee to an annual rate of 1.00% of the Fund's average daily Managed Assets from July 1, 2021, to September 30, 2022. Effective October 1, 2022, the Adviser's agreement to temporarily reduce its Management Fee will terminate, and the Adviser will receive a Management Fee at an annual rate of 1.30% of the Fund's average daily Managed Assets. The aforementioned limitation to the fee schedule may be extended, terminated or modified by the Adviser in its sole discretion and at any time, including prior to any such date listed above. See "Management of the Fund—Investment Advisory Agreement."
Administrator	U.S. Bank Global Fund Services, located at 615 East Michigan Street, Milwaukee, Wisconsin 53202, serves as administrator to the Fund (the "Administrator"). Under the administration agreement, the Administrator is responsible for generally managing the administrative affairs of the Fund. The Administrator is entitled to receive a monthly fee based on the average daily value of the Fund's net assets, subject to a minimum annual fee, plus out-of-pocket expenses. See "Management of the Fund—The Administrator."

Custodian and Transfer Agent	U.S. Bank, N.A. serves as the Fund's custodian (the "Custodian"). U.S. Bank Global Fund Services serves as the Fund's transfer agent.
Distributor	KKR Capital Markets LLC (the "Distributor") is the principal underwriter and distributor of the Shares and serves in that capacity on a best efforts basis, subject to various conditions. The Distributor has entered into a Sub-Distribution Agreement with Foreside Fund Services, LLC (the "Sub-Distributor"). Shares are offered through other brokers, dealers and other financial intermediaries (referred to as "selling agents") that have entered into selling agreements with the Distributor or Sub-Distributor and that are authorized to receive purchase orders and repurchase requests on the Fund's behalf. Such selling agents may designate other intermediaries to receive purchase orders and repurchase requests on the Fund's behalf. Selling agents typically receive the sales load with respect to Class T Shares purchased by their clients. The Distributor does not retain any portion of the sales load. Class T Shares are sold subject to a maximum sales load of up to 2.00% of the offering price. However, purchases of Class T Shares may be eligible for a sales load discount. See "Purchase of Shares – Sales Loads." The selling agents may, in their sole discretion, reduce or waive the sales load on a non-scheduled basis in individual cases. Class I Shares, Class D Shares and Class U Shares are each not subject to a sales load; however, investors could be required to pay brokerage commissions on purchases and sales of Class I Shares, Class D Shares and Class U Shares to their selling agents. Investors should consult with their selling agents about the sales load and any additional fees or charges their selling agents might impose on each class of Shares. The Fund pays the Distributor an ongoing fee (the "Shareholder Servicing Fee") that is calculated and accrued monthly at an annualized rate of 0.25% of the net assets of the Fund attributable to Class D Shares, Class T Shares and Class U Shares. The Shareholder Servicing Fee is for personal services provided to Shareholders and/or the maintenance of Shareholder accounts services and to reimburse the Distributor for related expenses incurred. The Distributor generally pays all or a portion of the Shareholder Servicing Fee to the selling agents that sell Class D Shares, Class T Shares and Class U Shares. Payment of the Shareholder Servicing Fee is governed by the Fund's Distribution and Service Plan. In addition, the Fund pays the Distributor an ongoing distribution fee (the "Distribution Fee") that is calculated and accrued monthly at an annualized rate of 0.50% of the net assets of the Fund attributable to Class T Shares and Class U Shares. The Distribution Fee is for the sale and marketing of the Class T Shares and Class U Shares and to reimburse the Distributor for related expenses incurred. The Distributor generally pays all or a portion of the Distribution Fee to the selling agents that sell Class T Shares and Class U Shares.

	Payment of the Distribution Fee is governed by the Fund's Distribution and Service Plan. Class I Shares do not incur a Shareholder Servicing Fee or Distribution Fee, and Class D Shares do not incur a Distribution Fee. Under the terms of the Sub-Distribution Agreement, the Distributor is responsible for paying the Sub-Distributor for its services.
Expenses Limitation and Reimbursement	Pursuant to an Expense Limitation and Reimbursement Agreement, through December 31, 2022, the Adviser has agreed to waive its fees and/or reimburse expenses of the Fund so that certain of the Fund's expenses ("Specified Expenses") will not exceed 0.40% of net assets (annualized). The Fund has agreed to repay these amounts, when and if requested by the Adviser, but only if and to the extent that Specified Expenses are less than 0.40% of net assets (annualized) (or, if a lower expense limit is then in effect, such lower limit) within the 36-month period after the Adviser bears the expense. This arrangement cannot be terminated prior to December 31, 2022 without the Board's consent. "Specified Expenses" is defined to include all expenses incurred in the business of the Fund, including organizational costs, with the exception of (i) the Management Fee, (ii) the Shareholder Servicing Fee, (iii) the Distribution Fee, (iv) brokerage costs, (v) dividend/interest payments (including any dividend payments, interest expenses, commitment fees, or other expenses related to any leverage incurred by the Fund), (vi) taxes, and (vii) extraordinary expenses (as determined in the sole discretion of the Adviser).
Investor Suitability	An investment in the Fund involves a considerable amount of risk. It is possible that you will lose money. An investment in the Fund is suitable only for long-term investors who can bear the risks associated with the limited liquidity of the Shares. Before making your investment decision, you should (i) consider the suitability of this investment with respect to your investment objective and personal financial situation and (ii) consider factors such as your personal net worth, income, age, risk tolerance and liquidity needs. An investment in the Fund should not be viewed as a complete investment program.
Risks	Investing in the Fund involves risks, including the risk that you may receive little or no return on your investment or that you may lose part or all of your investment. Below is a summary of the principal risks of investing in the Fund. You should consider carefully the following principal risks before investing in the Fund. ***Limited Operating History Risk.*** The Fund is a diversified, closed-end management investment company with limited operating history. As a result, prospective investors have a limited track record or history on which to base their investment decision. The Fund is

subject to all of the business risks and uncertainties associated with any new business.

Repurchase Offers Risk. As described under "Periodic Repurchase Offers" above, the Fund is an interval fund and, in order to provide liquidity to Shareholders, the Fund, subject to applicable law, conducts quarterly repurchase offers of 10% to 25% of its outstanding Shares at NAV, subject to approval of the Board. The Fund currently conducts quarterly repurchase offers for 10% of its outstanding Shares under ordinary circumstances. The Fund believes that these repurchase offers are generally beneficial to the Fund's Shareholders, and repurchases generally are funded from available cash, cash from the sale of Shares or sales of portfolio securities. However, repurchase offers and the need to fund repurchase obligations affect the ability of the Fund to be fully invested or force the Fund to maintain a higher percentage of its assets in liquid investments, which could harm the Fund's investment performance. Moreover, it is possible that diminution in the size of the Fund through repurchases will result in an increased expense ratio for Shareholders who do not tender their Shares for repurchase, will result in untimely sales of portfolio securities (with associated imputed transaction costs, which could be significant) and will limit the ability of the Fund to participate in new investment opportunities or to achieve its investment objective. The Fund will, from time to time, accumulate cash by holding back (i.e., not reinvesting) payments received in connection with the Fund's investments and cash from the sale of Shares. The Fund believes that it can meet the maximum potential amount of the Fund's repurchase obligations. If at any time cash and other liquid assets held by the Fund are not sufficient to meet the Fund's repurchase obligations, the Fund intends, if necessary, to sell investments. In addition, if the Fund borrows to finance repurchases, interest on that borrowing will negatively affect Shareholders who do not tender their Shares by increasing the Fund's expenses and reducing any net investment income.

If a repurchase offer is oversubscribed, the Board has authority to increase the amount repurchased by up to 2% of the Fund's outstanding Shares as of the date of the Repurchase Request Deadline. In the event that the Board determines not to repurchase more than the repurchase offer amount, or if Shareholders tender more than the repurchase offer amount plus 2% of the Fund's outstanding Shares as of the date of the Repurchase Request Deadline, the Fund will repurchase the Shares tendered on a pro rata basis. In that case, Shareholders will have to wait until the next repurchase offer to make another repurchase request. As a result, Shareholders could be unable to liquidate all or a given percentage of their investment in the Fund during a particular repurchase offer. Some Shareholders, in anticipation of proration, may tender more Shares than they wish to have repurchased in a particular month, thereby increasing the likelihood that proration will occur. Between the Repurchase Request Deadline and the date on which the NAV for tendered Shares is determined, the Fund is subject to market and other risks and the NAV of Shares tendered in a repurchase offer could decline. In addition, the repurchase of Shares by the Fund is generally a taxable event to Shareholders.

Investment and Market Risk. An investment in the Fund involves a considerable amount of risk. Before making an investment decision, a prospective investor should (i) consider the suitability of this investment with respect to his or her investment objectives and personal situation and (ii) consider factors such as his or her personal net worth, income, age, risk tolerance and liquidity needs. An investment in Shares represents an indirect investment in the portfolio of loans and fixed-income instruments, short positions and other securities and derivative instruments owned by the Fund, and the value of these securities and instruments will fluctuate, sometimes rapidly and unpredictably, and such investment is subject to investment risk, including the possible loss of the entire principal amount invested. At any point in time, an investment in Shares could be worth less than the original amount invested, even after taking into account distributions paid by the Fund and the ability of Shareholders to reinvest dividends. The Fund also uses leverage, which magnifies the Fund's investment, market and certain other risks.

The Fund is materially affected by market, economic and political conditions and events, such as natural disasters, epidemics and pandemics, globally and in the jurisdictions and sectors in which it invests or operates, including factors affecting interest rates, the availability of credit, currency exchange rates and trade barriers. For example, the disease caused by a novel strain of coronavirus ("COVID-19") has adversely impacted, and any future outbreaks could adversely impact, the markets and economy in general, including the companies in which the Fund invests, and could harm Fund performance. Epidemics and pandemics, such as the COVID-19 outbreak, have and may further result in, among other things, travel restrictions, closure of international borders, certain businesses and securities markets, restrictions on securities trading activities, quarantines, supply chain disruptions and reduced consumer demand, as well as general concern and uncertainty. The COVID-19 outbreak has had, and will continue to have, a material adverse impact on the global economy, including the U.S. economy, as cross border commercial activity and market sentiment have been negatively impacted by the outbreak and government and other measures seeking to contain its spread. Efforts to support the economy and financial markets also contribute to a risk that asset prices have a higher degree of correlation than historically seen across markets and asset classes. Market, economic and political conditions and events are outside the Adviser's control and could adversely affect the liquidity and value of the Fund's investments and reduce the ability of the Fund to make attractive new investments.

Ongoing events in the subprime mortgage market and other areas of the fixed income markets have caused and can continue to cause significant dislocations, illiquidity and volatility in the leveraged loan and bond markets, as well as in the wider global financial markets. To the extent portfolio companies and other issuers of the Fund's portfolio investments participate in or have exposure to such markets, the results of their operations could be adversely affected. In addition, to the extent that such economic and market events and conditions reoccur, this would have a further adverse impact on the availability of credit to businesses generally. Global economic conditions could adversely impact the financial resources and credit quality of corporate and other borrowers in which the Fund invests and result in the inability of such borrowers to make principal and interest payments on, or refinance, outstanding debt when due.

In the event of such defaults, the Fund could suffer a partial or total loss of their investment in such borrowers, which would, in turn, have an adverse effect on the Fund's returns. Such economic and market events and conditions also could restrict the ability of the Fund to sell or liquidate investments at favorable times or for favorable prices (although such events and conditions would not necessarily foreclose the Fund's ability to hold such investments until maturity). In particular, the Fund's investment strategies rely, in part, on the continued stabilization and improvement of the conditions in the global economy and markets generally and credit markets specifically, and it is possible that the value of the Fund's investments will not generate expected current proceeds or appreciate as anticipated and could suffer a loss.

Trends and historical events do not imply, forecast or predict future events and past performance is not necessarily indicative of future results. There can be no assurance that the assumptions made or the beliefs and expectations currently held by the Adviser will prove correct, and actual events and circumstances can vary significantly.

The Fund will, from time to time, be subject to risk arising from a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution could cause a series of defaults by the other institutions. This is sometimes referred to as "systemic risk" and could adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Fund interacts on a daily basis.

Illiquid and Long-Term Investments Risk. Investment in the Fund requires a long-term commitment, with no certainty of return. A significant portion of the Fund's investments generally are in private, illiquid securities, which are typically subject to restrictions on resale. There can be no assurance that the Fund will be able to generate returns for Shareholders, that the returns will be commensurate with the risks of investing in the type of transactions and issuers described herein or that the Adviser's methodology for evaluating risk-adjusted return profiles for investments will achieve its objective. In some cases, the Fund will be legally, contractually or otherwise prohibited from selling certain investments for a period of time or otherwise be restricted from disposing of them, and illiquidity could also result from the absence of an established market for certain investments. The realizable value of a highly illiquid investment, at any given time, could be less than its intrinsic value. In addition, it is anticipated that certain types of investments made by the Fund will require a substantial length of time to liquidate. As a result, from time to time, the Fund will be unable to realize its investment objective by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy.

Although investments by the Fund are expected to generate current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete repayment or disposition of such investment, as to which there can be no certainty. The Fund's investments are speculative in nature and, particularly where leverage is used by the Fund, there can be no assurance that current income received by the Fund will be sufficient to service the Fund's debt or that any investor will receive a return of his or her invested capital or any distribution from the Fund. While an investment can be sold or repaid at any time, this will occur typically a number of years after the investment is made, and investors should expect that they will not receive a return of their capital for a long period of time even if the Fund's investments prove successful.

Certain investments by the Fund could be in securities that are or become publicly traded and are therefore subject to the risks inherent in investing in public companies (including new issues of securities). These factors are outside the Adviser's control and could adversely affect the liquidity and value of the Fund's investments and reduce the ability of the Fund to make attractive new investments. In addition, in some cases the Fund could be prohibited by contract or other limitations from selling such securities for a period of time so that the Fund is unable to take advantage of favorable market prices. The Fund will likely not have the same access to information in connection with investments in public companies, either when investigating a potential investment or after making an investment, as with investments in private companies. Furthermore, it can be expected from time to time that the Fund will be limited in its ability to make investments, and to sell existing investments, in public or private companies because KKR could be deemed to have material, non-public information regarding the issuers of those securities or as a result of other internal policies. Accordingly, there can be no assurance that the Fund will be able to make investments in public companies that the Adviser otherwise deems appropriate or, if it does, as to the amount it will so invest. Moreover, the inability to sell investments in public or private companies in these circumstances could materially adversely affect the investment results of the Fund.

The Fund also invests in 144A securities, which investment is likely to raise many of the same issues and risks discussed above. It is possible that the Adviser, in its sole discretion, will decline to receive material nonpublic information in respect of a public company in which the Fund has invested that would otherwise be available to it to avoid being restricted from trading in securities issued by such public company or to avoid the Adviser or its affiliates being so restricted on behalf of other funds, vehicles or accounts sponsored, managed or advised by KKR or any of its affiliates. See "Conflicts of Interest".

Fixed-Income Instruments Risk. The Fund invests in loans and other types of fixed-income instruments and securities. Such investments are secured, partially secured or unsecured, can be unrated and, whether or not rated, can have speculative characteristics. The market price of the Fund's investments changes in response to changes in interest rates and other factors. Generally, when interest rates rise, the values of fixed-income instruments fall and vice versa. In typical interest rate environments, the prices of longer-term fixed-income instruments generally fluctuate more than the prices of shorter-term fixed-income instruments as interest rates change. These risks are more pronounced in the current market environment of historically low interest rates. Most high yield investments pay a fixed rate of interest and are therefore vulnerable to inflation risk.

From time to time, the obligor of a fixed-income instrument will not be able or willing to pay interest or to repay principal when due in accordance with the terms of the associated agreement. An obligor's willingness and ability to pay interest or to repay principal due in a timely manner will be affected by, among other factors, its cash flow. Commercial bank lenders could be able to contest payments to the holders of other debt obligations of the same obligor in the event of default under their commercial bank loan agreements.

Interest Rate Risk. The Fund's investments expose the Fund to interest rate risks, meaning that changes in prevailing market interest rates could negatively affect the value of such investments. Factors that can affect market interest rates include, without limitation, inflation, slow or stagnant economic growth or recession, unemployment, money supply, governmental monetary policies, international disorders and instability in U.S. and non-U.S. financial markets. The Fund expects that it will periodically experience imbalances in the interest rate sensitivities of its assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, the Adviser might not be able to manage this risk effectively. If the Adviser is unable to manage interest rate risk effectively, the Fund's performance could be adversely affected.

Senior Loans Risk. Senior secured floating rate and fixed-rate loans ("Senior Loans") hold the most senior position in the capital structure of a corporation, partnership or other business entity (a "Borrower").

Senior Loans in most circumstances are fully collateralized by assets of the borrower. Thus, they are generally repaid before unsecured bank loans, corporate bonds, subordinated debt, trade creditors and preferred or common stockholders. Substantial increases in interest rates could cause an increase in loan defaults as borrowers might lack resources to meet higher debt service requirements. The value of the Fund's assets could also be affected by other uncertainties such as economic developments affecting the market for senior secured term loans or affecting borrowers generally. Moreover, the security for the Fund's investments in secured debt might not be recognized for a variety of reasons, including the failure to make required filings by lenders, trustees or other responsible parties and, as a result, the Fund might not have priority over other creditors as anticipated.

Senior Loans usually include restrictive covenants, which must be maintained by the borrower. The Fund will, from time to time, have an obligation with respect to certain senior secured term loan investments to make additional loans upon demand by the borrower. Such instruments, unlike certain bonds, usually do not have call protection. This means that such interests, although having a stated term, can be prepaid, often without penalty. The rate of such prepayments will be affected by, among other things, general business and economic conditions, as well as the financial status of the borrower. Prepayment would cause the actual duration of a Senior Loan to be shorter than its stated maturity.

Senior Loans typically are secured by pledges of collateral from the borrower in the form of tangible and intangible assets. In some instances, the Fund invests in Senior Loans that are secured only by stock of the borrower or its subsidiaries or affiliates. The value of the collateral could decline below the principal amount of the senior secured term loans subsequent to an investment by the Fund.

Senior Loans generally are not registered with the SEC or any state securities commission and are not listed on any national securities exchange. There is less readily available or reliable information about most Senior Loans than is the case for many other types of securities, including securities issued in transactions registered under the Securities Act of 1933, as amended (the "Securities Act"), or registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). No active trading market exists for some Senior Loans, and some Senior Loans are subject to restrictions on resale. A secondary market could be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods, which could impair the Fund's ability to realize full value and thus cause a material decline in the Fund's NAV. In addition, at times, the Fund will not be able to readily dispose of its Senior Loans at prices that approximate those at which the Fund could sell such loans if they were more widely traded and, as a result of such illiquidity, the Fund will, from time to time, have to sell other investments or engage in borrowing transactions if necessary to raise cash to meet its obligations. During periods of limited supply and liquidity of Senior Loans, the Fund's yield could be lower. See "Risks—Below Investment Grade Instruments Risk."

If legislation or government regulations impose additional requirements or restrictions on the ability of financial institutions to make loans, the availability of Senior Loans for investment by the Fund will be adversely affected. In addition, such requirements or restrictions could reduce or eliminate sources of financing for certain Borrowers. This would increase the risk of default. See "Investment Objectives and Investment Strategies—Portfolio Composition—Senior Loans" and "Risks—Senior Loans Risk."

Credit Risk. The Fund's debt investments are subject to the risk of non-payment of scheduled interest or principal by the borrowers with respect to such investments. Such non-payment would likely result in a reduction of income to the Fund and a reduction in the value of the debt investments experiencing non-payment.

Although the Fund will, from time to time, invest in investments that the Adviser believes are secured by specific collateral, the value of which exceeds the principal amount of the investments at the time of initial investment, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of a borrower, the Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing an investment. Under certain circumstances, collateral securing an investment will be released without the consent of the Fund. The Fund, from time to time, also invests in high yield instruments and other unsecured investments, each of which involves a higher degree of risk than Senior Loans. The Fund's right to payment and its security interest, if any, could be subordinated to the payment rights and security interests of more senior creditors. Certain of these investments will have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In this case, a portfolio company's ability to repay the principal of an investment could be dependent upon a liquidity event or the long-term success of the company, the occurrence of which is uncertain.

Companies in which the Fund invests could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment or an economic downturn. As a result, companies that the Fund expected to be stable could operate, or expect to operate, at a loss or have significant variations in operating results, could require substantial additional capital to support their operations or maintain their competitive position or could otherwise have a weak financial condition or be experiencing financial distress.

Leverage Risk. The Fund is permitted to obtain leverage using any form or combination of financial leverage instruments, including through funds borrowed from banks or other financial institutions (i.e., a credit facility), margin facilities, the issuance of preferred shares or notes and leverage attributable to reverse repurchase agreements, dollar rolls or similar transactions. The Fund, from time to time, uses leverage opportunistically and chooses to increase or decrease its leverage, or use different types or combinations of leveraging instruments, at any time based on the Fund's assessment of market conditions and the investment environment.

The 1940 Act generally limits the extent to which the Fund is able to use borrowings and certain transactions that give rise to a form of leverage, including reverse repurchase agreements, dollar rolls, swaps, futures and forward contracts, options and other derivative transactions, together with any other senior securities representing indebtedness, to 33 and 1/3% of the Fund's Managed Assets at the time used. In addition, the 1940 Act limits the extent to which the Fund is able to issue preferred shares to 50% of the Fund's Managed Assets (less the Fund's obligations under senior securities representing indebtedness). In accordance with current federal securities laws, rules, and SEC staff positions, "covered" reverse repurchase agreements, dollar rolls, swaps, futures and forward contracts, options and other derivative transactions are not counted against the foregoing limits under the 1940 Act. Under current SEC requirements, the Fund "covers" its derivative positions by segregating an amount of cash and/or liquid securities as required by the 1940 Act and applicable SEC interpretations and guidance from time to time. Alternatively, the Fund can enter into an offsetting position or own positions covering its obligations with respect to the transaction. The Fund generally does not cover an applicable derivative transaction if it does not need to do so to comply with the foregoing 1940 Act requirements and, in the view of the Adviser, the assets that would have been used to cover could be better used for a different purpose. However, these transactions, even if covered, could represent a form of economic leverage and will create risks. The potential loss on derivative instruments can be substantial relative to the initial investment therein. In addition, these segregation and coverage requirements could result in the Fund maintaining securities positions that it would otherwise liquidate, segregating assets at a time when it might be disadvantageous to do so or otherwise restricting portfolio management. Such segregation and cover requirements will not limit or offset losses on related positions.

Use of leverage creates an opportunity for increased income and return for Shareholders but, at the same time, creates risks, including the likelihood of greater volatility in the NAV and market price of, and distributions on, the Shares. Increases and decreases in the value of the Fund's portfolio will be magnified if the Fund uses leverage. In particular, leverage can magnify interest rate risk, which is the risk that the prices of portfolio securities will fall (or rise) if market interest rates for those types of securities rise (or fall). As a result, leverage can cause greater changes in the Fund's NAV, which will be borne entirely by the Fund's Shareholders. There can be no assurance that the Fund will use leverage or that its leveraging strategy will be successful during any period in which it is employed. The Fund will, from time to time, be subject to investment restrictions of one or more nationally recognized statistical rating organizations ("NRSROs") and/or credit facility lenders as a result of its use of financial leverage. These restrictions could impose asset coverage or portfolio composition requirements that are more stringent than those imposed on the Fund by the 1940 Act. It is not anticipated that these covenants or portfolio requirements will significantly impede the Adviser in managing the Fund's portfolio in accordance with its investment objective and policies. Nonetheless, if these covenants or guidelines are more restrictive than those imposed by the 1940 Act, the Fund will not be able to use as much leverage as it otherwise could have, which could reduce the Fund's investment returns. In addition, the Fund expects that any notes it issues or credit facility it enters into would contain covenants that, among other things, impose geographic exposure limitations, credit quality minimums, liquidity minimums, concentration limitations and currency hedging requirements on the Fund. These covenants would also likely limit the Fund's ability to pay distributions in certain circumstances, incur additional debt, change fundamental investment policies and engage in certain transactions, including mergers and consolidations. Such restrictions could cause the Adviser to make different investment decisions than if there were no such restrictions and could limit the ability of the Board and Shareholders to change fundamental investment policies.

The costs of a financial leverage program (including the costs of offering preferred shares and notes) will be borne entirely by Shareholders and consequently will result in a reduction of the NAV of the Shares. During periods in which the Fund is using leverage, the fees paid by the Fund for investment advisory services will be higher than if the Fund did not use leverage because the investment advisory fees paid will be calculated on the basis of the Fund's Managed Assets, which includes proceeds from (and assets subject to) any credit facility, margin facility, any issuance of preferred shares or notes, any reverse repurchase agreements, dollar rolls or similar transactions. This will create a conflict of interest between the Adviser, on the one hand, and Shareholders, on the other hand. To monitor this potential conflict, the Board intends to periodically review the Fund's use of leverage, including its impact on Fund performance and on the Adviser's fees. See "Conflicts of Interest" and "Risks—Conflicts of Interest Risk."

The Fund can also offset derivative positions against one another or against other assets to manage the effective market exposure resulting from derivatives in its portfolio. In addition, to the extent that any offsetting positions do not behave in relation to one another as expected, the Fund could perform as if it were leveraged. The Fund's use of leverage could create the opportunity for a higher return for Shareholders but would also result in special risks for Shareholders and can magnify the effect of any losses. If the income and gains earned on the securities and investments purchased with leverage proceeds are greater than the cost of the leverage, the return on the Shares will be greater than if leverage had not been used. Conversely, if the income and gains from the securities and investments purchased with such proceeds do not cover the cost of leverage, the return on the Shares will be less than if leverage had not been used. There is no assurance that a leveraging strategy will be successful.

Subordinated and Unsecured or Partially Secured Loans Risk. The Fund will, from time to time, invest in unsecured loans and secured subordinated loans, including second and lower lien loans. Second lien loans are generally second in line in terms of repayment priority. A second lien loan could have a claim on the same collateral pool as the first lien or it could be secured by a separate set of assets. Second lien loans generally give investors priority over general unsecured creditors in the event of an asset sale. The priority of the collateral claims of third or lower lien loans ranks below holders of second lien loans and so on. Such junior loans are subject to the same general risks inherent to any loan investment, including credit risk, market and liquidity risk and interest rate risk. Due to their lower place in the borrower's capital structure and possible unsecured or partially secured status, such loans involve a higher degree of overall risk than Senior Loans of the same borrower.

Mezzanine Securities Risk. The Fund expects most of its mezzanine securities and other investments, if any, to be unsecured and made in companies whose capital structures have significant indebtedness ranking ahead of the investments, all or a significant portion of which could be secured. Although the securities and other investments could benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of the investments and could benefit from cross-default provisions and security over the portfolio company's assets, some or all of such terms might not be part of particular investments. Mezzanine securities and other investments generally are subject to various risks including, without limitation: (i) a subsequent characterization of an investment as a "fraudulent conveyance;" (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing; (iii) equitable subordination claims by other creditors; (iv) so-called "lender liability" claims by the issuer of the obligations; and (v) environmental liabilities that arise with respect to collateral securing the obligations.

Below Investment Grade Instruments Risk. The Fund will, from time to time, invest in debt securities and instruments that are rated below investment grade by recognized rating agencies or will be unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. Such securities and instruments are generally not exchange-traded and, as a result, trade in the over-the-counter ("OTC") marketplace, which is less transparent than the exchange-traded marketplace. In addition, the Fund will, from time to time, invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. The Fund's investments in high yield instruments expose it to a substantial degree of credit risk and interest rate risk. The market values of certain of these lower-rated and unrated debt investments could reflect individual corporate developments to a greater extent and tend to be more sensitive to economic conditions than those of higher-rated investments, which react primarily to fluctuations in the general level of interest rates. Companies that issue such securities are often highly leveraged and might not have available to them more traditional methods of financing. General economic recession or a major decline in the demand for products and services in which the borrower operates would likely have a materially adverse impact on the value of such securities and the ability of the issuers of such securities to repay principal and interest thereon, thereby increasing the incidence of default of such securities. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, could also decrease the value and liquidity of these high yield debt investments.

Stressed and Distressed Investments Risk. The Fund intends to invest in securities and other obligations of companies that are in significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments could result in significant returns for the Fund, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful investment in distressed assets is unusually high. There is no assurance that the Fund will correctly evaluate the value of the assets collateralizing the Fund's investments or the prospects for a successful reorganization or similar action in respect of any company. In any reorganization or liquidation proceeding relating to a company in which the Fund invests, the Fund could lose its entire investment, could be required to accept cash or securities with a value less than the Fund's original investment and/or could be required to accept payment over an extended period of time. Troubled company investments and other distressed asset-based investments require active monitoring.

Risk of Investments in Highly Leveraged Companies. The Fund's investments are expected to include investments in issuers whose capital structures have significant leverage (including substantial leverage senior to the Fund's investments, a considerable portion of which could be secured and/or could be at floating interest rates).

Such investments are inherently more sensitive to declines in revenues, competitive pressures and increases in expenses and interest rates. The leveraged capital structure of such issuers will increase their exposure to adverse economic factors, such as downturns in the economy or deterioration in the condition of the issuers or their industries, and such companies could be subject to restrictive financial and operating covenants in more senior debt instruments and contracts that adversely impact the Fund's investments. This leverage could result in more serious adverse consequences to such companies (including their overall profitability or solvency) in the event these factors or events occur than would be the case for less leveraged companies. If an issuer of the Fund's portfolio investments cannot generate adequate cash flow to meet debt obligations, the issuer could default on its loan agreements or be forced into bankruptcy resulting in a restructuring of the company's capital structure or liquidation of the company. The debt investments acquired by the Fund generally are the most junior in what is typically a complex capital structure, and thus subject to the greatest risk of loss. Furthermore, to the extent issuers in which the Fund is invested have become insolvent, the Fund could determine, in cooperation with other debtholders or on its own, to engage, at the Fund's expense, in whole or in part, counsel and other advisors in connection therewith. In addition to leverage in the capital structure of the issuer, the Fund can incur leverage. See "Risks—Leverage Risk."

Risk of Investments in Companies in Regulated Industries. Certain industries are heavily regulated. To the extent that the Fund makes investments in industries that are subject to greater amounts of regulation than other industries generally, these portfolio companies would pose additional risks relative to investments in other companies. Changes in applicable laws or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures. If a portfolio company fails to comply with these requirements, it could also be subject to civil or criminal liability and the imposition of fines. Portfolio companies also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such issuer. Governments have considerable discretion in implementing regulations that could impact a portfolio company's business, and governments could be influenced by political considerations and make decisions that adversely affect a portfolio company's business. Additionally, certain portfolio companies could have a unionized workforce or employees who are covered by a collective bargaining agreement, which could subject any such issuer's activities and labor relations matters to complex laws and regulations relating thereto. Moreover, a portfolio company's operations and profitability could suffer if it experiences labor relations problems. Upon the expiration of any such portfolio company's collective bargaining agreements, it could be unable to negotiate new collective bargaining agreements on terms favorable to it, and its business operations at one or more of its facilities could be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating its collective bargaining agreements. A work stoppage at one or more of any such portfolio company's facilities could have a material adverse effect on its business, results of operations and financial condition. Any such problems additionally could bring scrutiny and attention to the Fund ***itself, which could adversely affect the Fund's ability to implement its investment objective.***

Risk of Investments in the Airline Industry. The Fund will, from time to time, make equity, debt or hybrid investments in companies that acquire financial and/or hard assets in the airline industry. The airline industry is cyclical and highly competitive. Airlines and related companies could be affected by political or economic instability, terrorist activities, changes in national policy, competitive pressures on certain air carriers, fuel prices and shortages, labor stoppages, insurance costs, recessions, world health issues and other political or economic events adversely affecting world or regional trading. The airline industry has been particularly affected by the reduction in travel resulting from the COVID-19 outbreak and related travel restrictions. Additionally, the airline industry is highly sensitive to general economic trends, and any downturn in the global economy or in the relevant local economy could adversely affect results of operations and financial conditions. The airline industry is subject to significant regulation, including increasing environmental regulations that could lead to increased costs and affect profitability.

Risk of Investments in the Shipping Industry. The Fund will, from time to time, make equity, debt or hybrid investments in companies that acquire financial and/or hard assets in the shipping industry, which are subject to, among others, the following risks, which might not be insurable: (i) extensive and changing safety, environmental protection and other international, national, state and local governmental laws, regulations, treaties and conventions in force in international waters, the jurisdictional waters of the countries in which a shipping company's vessels operate, as well as the countries of such vessels' registration, compliance with which could require ship modifications and changes in operating procedure; (ii) risks associated with non-U.S. investments and force majeure risks (for example, international sanctions, embargoes, restrictions, nationalizations, and wars or acts of piracy or terrorist attacks and severe weather and natural disasters; see "Risks—Non-U.S. Securities Risks"); (iii) labor-related risks; (iv) adverse changes in maintenance and other fixed costs and/or capital expenditure requirements; and (v) counterparty risks, including risks of adverse changes affecting chartering agreements from which a shipping company derives income. Additionally, the shipping industry and ports globally have been significantly impacted by the global decline in demand for goods that accompanied the COVID-19 outbreak.

Energy-Related Investments Risk. The Fund will, from time to time, invest in debt related securities of the energy industry. Electric generation and transmission, as well as oil, natural gas, and coal storage, handling, processing and transportation, are typically regulated to varying degrees. In addition to restrictions imposed by environmental regulators, statutory and regulatory requirements include those imposed by energy, zoning, land use, safety, labor and other regulatory or political authorities. It is possible that changes to applicable regulations or regulatory practice could have adverse consequences for an investment of the Fund.

Ordinary operation or the occurrence of an accident, with respect to an energy asset, could cause major environmental damage, which could result in significant financial distress to such asset. Certain environmental laws and regulations require that an owner or operator of an energy asset address prior environmental contamination, which could involve substantial cost. As a result, certain of the Fund’s investments in the energy sector could be exposed to substantial risk of loss from environmental claims. Furthermore, changes in environmental laws or regulations or the environmental condition of an energy investment could create liabilities that did not exist at the time of the investment by the Fund and that could not have been foreseen. Community and environmental groups might protest about the development or operation of energy assets, which could induce government action to the detriment of the Fund. New and more stringent environmental or health and safety laws, regulations and permit requirements, or stricter interpretations of current laws, regulations or requirements, could impose substantial additional costs on the issuer of a portfolio investment. Some of the most onerous environmental requirements regulate air emissions of pollutants and greenhouse gases; these requirements particularly affect companies in the power and energy industry.

Additionally, the COVID-19 outbreak and the resulting slowdown in economic activity reduced the demand for various natural resources, including oil, and increased the price volatility of natural resources and companies within the energy industry. Companies in the energy industry have been adversely impacted by the reduced demand and by price competition among key oil producing countries.

Real Estate Investments Risk. The Fund will, from time to time, make investments for which real estate is a significant portion of the investment’s asset base or value. Real estate values are affected by a number of factors, including changes in the general economic climate, local conditions (such as an oversupply of or a reduction in demand for real estate), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties, financial condition of tenants, buyers and sellers or properties, quality of maintenance, insurance and management services and changes in operating costs. Real estate values are also affected by and sensitive to factors such as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, the availability of financing and potential liability under changing environmental and other laws.

Real estate assets generally will be subject to the risks incident to the ownership and operation of real estate and real estate-related assets and/or risks incident to the making of nonrecourse mortgage loans secured by real estate, including risks associated with both the domestic and international general economic climates; local real estate conditions; risks due to dependence on cash flow; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of overbuilding); the financial condition of tenants, buyers and sellers of properties; changes in availability of debt financing; energy and supply shortages; changes in the tax, real estate, environmental and zoning laws and regulations; various uninsured or uninsurable risks; natural disasters; and the ability of the Fund or third-party borrowers to manage the real properties. The Fund could incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. The COVID-19 outbreak could have ongoing significant adverse impacts on the real estate market, including lower occupancy rates, decreased lease payments, defaults and foreclosures, among other consequences.

The Fund invests in a real estate asset on a passive basis, giving a third-party operating partner and/or property manager a large degree of authority and responsibility for daily management of the assets and, therefore, will, in large part, be dependent on the ability of third parties to successfully operate the underlying real estate assets. There is no assurance that there will be a ready market for resale of investments because investments in real estate generally are not liquid; holding periods accordingly are difficult to predict, particularly as business plans can be revised to adapt to changing economic, business and financial conditions.

Significant expenditures associated with real estate assets, such as mortgage payments, real estate taxes and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the assets.

The insurance coverage applicable to real estate assets contains policy specifications and insured limits customarily carried for similar properties, business activities and markets. There could be certain losses, including losses from floods and losses from earthquakes, acts of war, acts of terrorism or riots, that are not generally insured against or that are not generally fully insured against because it is not deemed to be economically feasible or prudent to do so. If an uninsured loss or a loss in excess of insured limits occurs with respect to a real estate asset, the Fund could experience a significant loss and could potentially remain obligated under any recourse debt associated with the property.

Under various U.S., state and local laws, ordinances and regulations, a current or previous owner, developer or operator of real estate could be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, under or in its property. The costs of removal or remediation of such substances could be substantial. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such hazardous substances. The Fund attempts to assess such risks as part of their due diligence activities, but cannot give any assurance that such conditions do not exist or might not arise in the future. The presence of such substances on the real estate assets could adversely affect the ability to sell such investments or to borrow using such assets as collateral.

Certain loans acquired or made by the Fund could be secured by real estate. To the extent the Fund needs to foreclose on such loans, the Fund could, directly or indirectly, own such real estate and would be subject to the risks incident to the ownership and operation of real estate.

From time to time, real estate loans or participation interests therein acquired by the Fund will at the time of their acquisition be, or may become after acquisition, non-performing for a wide variety of reasons. Such non-performing real estate loans could require a substantial amount of workout negotiations and/or restructuring, which could entail, among other things, a substantial reduction in the interest rate and a substantial write down of the principal of such loans. However, even if a restructuring were successfully accomplished, a risk exists that upon maturity of such real estate loan, replacement “takeout” financing will not be available. Purchases of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control.

The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including, without limitation, lender liability claims and defenses, even when such assertions have no basis in fact, in an effort to prolong the foreclosure action. In some jurisdictions, foreclosure actions can take up to several years or more to conclude. During the foreclosure proceedings, a borrower could have the ability to file for bankruptcy, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and could result in disrupting ongoing leasing and management of the property.

Short Selling Risk. Short selling involves a number of risks. Short sales are transactions in which the Fund sells a security or other instrument that it does not own but can borrow in the market. If a security sold short increases in price, the Fund could have to cover its short position at a higher price than the short sale price, resulting in a loss. It is possible that the Fund will not be able to borrow a security that it needs to deliver, or it will not be able to close out a short position at an acceptable price and could have to sell related long positions earlier than it had expected. Thus, the Fund might not be able to successfully implement its short sale strategy due to limited availability of desired securities or for other reasons. Also, there is the risk that the counterparty to a short sale could fail to honor its contractual terms, causing a loss to the Fund.

Until the Fund replaces a security borrowed in connection with a short sale, it could be required to maintain a segregated account of cash or liquid assets with a broker or custodian to cover the Fund's short position in accordance with current federal securities laws, rules, and staff positions. Generally, securities held in a segregated account cannot be sold unless they are replaced with other liquid assets. The Fund's ability to access the pledged collateral might also be impaired in the event the broker becomes bankrupt, insolvent or otherwise fails to comply with the terms of the contract. In such instances, the Fund will not be able to substitute or sell the pledged collateral and could experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. It is likely that the Fund could obtain only a limited recovery or could obtain no recovery in these circumstances. Additionally, under current SEC requirements, the Fund must maintain sufficient liquid assets (less any additional collateral pledged to the broker), marked-to-market daily, to cover the borrowed securities obligations as required by the 1940 Act and applicable SEC interpretations and guidance from time to time. This could limit the Fund's investment flexibility, as well as its ability to meet other current obligations.

Because losses on short sales arise from increases in the value of the security sold short, such losses are theoretically unlimited. By contrast, a loss on a long position arises from decreases in the value of the security and is limited by the fact that a security's value cannot decrease below zero. In addition, engaging in short selling could limit the Fund's ability to fully benefit from increases in the fixed-income markets.

By investing the proceeds received from selling securities short, the Fund could be deemed to be employing a form of leverage, which creates special risks. The use of leverage would increase the Fund's exposure to long securities positions and make any change in the Fund's NAV greater than it would be without the use of leverage.

This could result in increased volatility of returns. There is no guarantee that any leveraging strategy the Fund employs will be successful during any period in which it is employed. See “Risks—Leverage Risk.”

In times of unusual or adverse market, economic, regulatory or political conditions, the Fund might not be able, fully or partially, to implement its short selling strategy.

Prepayment Risk. Prepayment risk occurs when a debt investment held by the Fund can be repaid in whole or in part prior to its maturity. The amount of prepayable obligations in which the Fund invests from time to time will be affected by general business conditions, market interest rates, borrowers’ financial conditions and competitive conditions among lenders. In a period of declining interest rates, borrowers are more likely to prepay investments more quickly than anticipated, reducing the yield to maturity and the average life of the relevant investment. Moreover, when the Fund reinvests the proceeds of a prepayment in these circumstances, it will likely receive a rate of interest that is lower than the rate on the security that was prepaid. To the extent that the Fund purchases the relevant investment at a premium, prepayments could result in a loss to the extent of the premium paid. If the Fund buys such investments at a discount, both scheduled payments and unscheduled prepayments will increase current and total returns and unscheduled prepayments will also accelerate the recognition of income which could be taxable as ordinary income to Shareholders. In a period of rising interest rates, prepayments of investments could occur at a slower than expected rate, creating maturity extension risk. This particular risk could effectively change an investment that was considered short- or intermediate-term at the time of purchase into a longer-term investment. Because the value of longer-term investments generally fluctuates more widely in response to changes in interest rates than shorter-term investments, maturity extension risk could increase the volatility of the Fund. When interest rates decline, the value of an investment with prepayment features might not increase as much as that of other fixed-income instruments, and, as noted above, changes in market rates of interest could accelerate or delay prepayments and thus affect maturities.

Credit Derivatives Risk. The use of credit derivatives is a highly specialized activity which involves strategies and risks different from those associated with ordinary portfolio security transactions. If the Adviser is incorrect in its forecasts of default risks, liquidity risk, counterparty risk, market spreads or other applicable factors, the investment performance of the Fund would diminish compared with what it would have been if these techniques were not used. Moreover, even if the Adviser is correct in its forecasts, there is a risk that a credit derivative position will correlate imperfectly with the price of the asset or liability being protected. The Fund’s risk of loss in a credit derivative transaction varies with the form of the transaction.

For example, if the Fund sells protection under a credit default swap, it would collect periodic fees from the buyer and would profit if the credit of the underlying issuer or reference entity remains stable or improves while the swap is outstanding, but the Fund would be required to pay an agreed upon amount to the buyer (which could be the entire notional amount of the swap) if the reference entity defaults on the reference security. Credit default swap agreements involve greater risks than if the Fund invested in the reference obligation directly.

Derivatives Risk. The Fund's derivative investments have risks similar to its underlying asset and may have additional risks, including the imperfect correlation between the value of such instruments and the underlying asset, rate or index which creates the possibility that the loss on such instruments will be greater than the gain in the value of the underlying asset, rate or index in the Fund's portfolio; the loss of principal, including the potential loss of amounts greater than the initial amount invested in the derivative instrument; the possible default of the other party to the transaction; illiquidity of the derivative investments; risks arising from margin requirements; and risks arising from mispricing or valuation complexity. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund could experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding, or may not recover at all. In addition, in the event of the insolvency of a counterparty to a derivative transaction, the derivative contract would typically be terminated at its fair market value. If the Fund is owed this fair market value in the termination of the derivative contract and its claim is unsecured, the Fund will be treated as a general creditor of such counterparty and will not have any claim with respect to the underlying security. Certain derivatives may give rise to a form of leverage, which magnifies the potential for gain and the risk of loss.

The counterparty risk for cleared derivative transactions is generally lower than for uncleared OTC derivatives because generally a clearing organization becomes substituted for each counterparty to a cleared derivative contract and, in effect, guarantees the parties' performance under the contract as each party to a trade looks only to the clearing house for performance of financial obligations. However, there can be no assurance that the clearing house, or its members, will satisfy its obligations to the Fund. Exchange trading will generally increase market transparency and liquidity but could cause the Fund to incur increased expenses. In addition, depending on the size of the Fund and other factors, the margin required under the rules of a clearing house and by a clearing member could be in excess of the collateral required to be posted by the Fund to support its obligations under a similar OTC derivative transaction. However, the U.S. Commodity Futures Trading Commission ("CFTC") and other applicable regulators have adopted rules imposing certain margin requirements, including minimums, on uncleared OTC derivative transactions which could result in the Fund and its counterparties posting higher margin amounts for uncleared OTC derivative transactions.

Certain of the derivative investments in which the Fund invests will, in certain circumstances, give rise to a form of financial leverage, which may magnify the risk of owning such instruments. The ability to successfully use derivative investments depends on the ability of the Adviser to predict pertinent market movements, which cannot be assured. In addition, amounts paid by the Fund as premiums and cash or other assets held in margin accounts with respect to the Fund's derivative investments would not be available to the Fund for other investment purposes, which could result in lost opportunities for gain.

OTC derivatives generally are more difficult to purchase, sell or value than other investments. Although both OTC and exchange-traded derivatives markets can experience a lack of liquidity, OTC non-standardized derivative transactions are generally less liquid than exchange-traded instruments. The illiquidity of the derivatives markets can be due to various factors, including congestion, disorderly markets, limitations on deliverable supplies, the participation of speculators, government regulation and intervention, and technical and operational or system failures. In addition, the liquidity of a secondary market in an exchange-traded derivative contract could be adversely affected by "daily price fluctuation limits" established by the exchanges which limit the amount of fluctuation in an exchange-traded contract price during a single trading day. Once the daily limit has been reached in the contract, no trades may be entered into at a price beyond the limit, thus preventing the liquidation of open positions. Prices have in the past moved beyond the daily limit on a number of consecutive trading days. If it is not possible to close an open derivative position entered into by the Fund, the Fund would continue to be required to make cash payments of variation (or mark-to-market) margin in the event of adverse price movements. In such a situation, if the Fund has insufficient cash, it could have to sell portfolio securities to meet variation margin requirements at a time when it is disadvantageous to do so. The absence of liquidity generally would also make it more difficult for the Fund to ascertain a market value for such instruments. The inability to close derivatives transactions positions also could have an adverse impact on the Fund's ability to effectively hedge its portfolio. OTC derivatives that are not cleared are also subject to counterparty risk, which is the risk that the other party to the contract will not fulfill its contractual obligation to complete the transaction with the Fund. If a counterparty were to default on its obligations, the Fund's contractual remedies against such counterparty could be subject to bankruptcy and insolvency laws, which could affect the Fund's rights as a creditor (e.g., the Fund might not receive the net amount of payments that it is contractually entitled to receive). In addition, the use of certain derivatives could cause the Fund to realize higher amounts of income or short-term capital gains (generally taxed at ordinary income tax rates).

The derivatives markets have become subject to comprehensive statutes, regulations and margin requirements. In particular, in the United States the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") regulates the OTC derivatives market by, among other things, requiring many derivative transactions to be cleared and traded on an exchange, expanding entity registration requirements, imposing business conduct requirements on dealers and requiring banks to move some derivatives trading units to a non-guaranteed affiliate separate from the deposit-taking bank or divest them altogether. Rulemaking proposed or implemented under the Dodd-Frank Act could potentially limit or completely restrict the ability of the Fund to use these instruments as a part of its investment strategy, increase the costs of using these instruments or make them less effective. Limits or restrictions applicable to the counterparties with which the Fund engages in derivative transactions could also prevent the Fund from using these instruments or affect the pricing or other factors relating to these instruments, or could change availability of certain investments.

Regulation of the derivatives market presents additional risks to the Fund and may limit the ability of the Fund to use, and the availability or performance, of such instruments. For instance, in October 2020, the SEC adopted Rule 18f-4 under the 1940 Act, providing for the regulation of a registered investment company's use of derivatives, short sales, reverse repurchase agreements, and certain other instruments. Under Rule 18f-4, a fund's derivatives exposure is limited through a value-at-risk test and requires the adoption and implementation of a derivatives risk management program for certain derivatives users. However, subject to certain conditions, funds that do not invest heavily in derivatives may be deemed limited derivatives users and would not be subject to the full requirements of Rule 18f-4. In connection with the adoption of Rule 18f-4, the SEC also eliminated the asset segregation and cover framework arising from prior SEC guidance for covering derivatives and certain financial instruments, as discussed herein, effective at the time that the Fund complies with Rule 18f-4. Rule 18f-4 could limit the Fund's ability to engage in certain derivatives and other transactions and/or increase the costs of such transactions, which could adversely affect the value or performance of the Fund. Compliance with Rule 18f-4 will be required in August 2022.

The Fund's investments in regulated derivatives instruments, such as swaps, futures and options, will be subject to maximum position limits established by the CFTC and U.S. and foreign futures exchanges. Under the exchange rules all accounts owned or managed by advisers, such as the Adviser, their principals and affiliates would be combined for position limit purposes. In order to comply with the position limits established by the CFTC and the relevant exchanges, the Adviser could in the future reduce the size of positions that would otherwise be taken for the Fund or not trade in certain markets on behalf of the Fund in order to avoid exceeding such limits. A violation of position limits by the Adviser could lead to regulatory action resulting in mandatory liquidation of certain positions held by the Adviser on behalf of the Fund. In addition, in October 2020, the CFTC adopted amendments to its position limits rules that establish certain new and amended position limits for 25 specified physical commodity futures and related options contracts traded on exchanges, other futures contracts and related options directly or indirectly linked to such 25 specified contracts, and any OTC transactions that are economically equivalent to the 25 specified contracts. The Adviser will need to consider whether the exposure created under these contracts might exceed the new and amended limits in anticipation of the applicable compliance dates, and the limits may constrain the ability of the Fund to use such contracts. The amendments also modify the bona fide hedging exemption for which certain swap dealers are currently eligible, which could limit the amount of speculative OTC transaction capacity each such swap dealer would have available for the Fund prior to the applicable compliance date. There can be no assurance that the Adviser will liquidate positions held on behalf of all the Adviser's accounts in a proportionate manner or at favorable prices, which could result in substantial losses to the Fund. Such policies could affect the nature and extent of derivatives use by the Fund.

Structured Products Risk. The Fund invests in Structured Products, consisting of CLOs, collateralized debt obligations ("CDOs"), collateralized bond obligations ("CBOs") and credit-linked notes. Holders of Structured Products bear risks of the underlying investments, index or reference obligation and are subject to counterparty risk.

Structured Products are subject to the normal interest rate, default and other risks associated with fixed-income securities and asset-backed securities. Additionally, the risks of an investment in a Structured Product depend largely on the type of the collateral securities and the class of the Structured Product or other asset-backed security in which the Fund invests. The Fund generally has the right to receive payments only from the Structured Product, and generally does not have direct rights against the issuer or the entity that sold the underlying collateral assets. Such collateral could be insufficient to meet payment obligations and the quality of the collateral might decline in value or default. Also, the class of the Structured Product could be subordinate to other classes, values could be volatile, and disputes with the issuer could produce unexpected investment results. While certain Structured Products enable the investor to acquire interests in a pool of securities without the brokerage and other expenses associated with directly holding the same securities, investors in Structured Products generally pay their share of the

Structured Product's administrative and other expenses. Although it is difficult to predict whether the prices of indices and securities underlying Structured Products will rise or fall, these prices (and, therefore, the prices of Structured Products) will be influenced by the same types of political and economic events that affect issuers of securities and capital markets generally. If the issuer of a Structured Product uses shorter-term financing to purchase longer term securities, the issuer could be forced to sell its securities at below market prices if it experiences difficulty in obtaining short-term financing, which could adversely affect the value of the Structured Products owned by the Fund.

Structured Products issue classes or "tranches" that offer various maturity, risk and yield characteristics. Losses caused by defaults on underlying assets are borne first by the holders of subordinate tranches. If there are defaults or the Structured Product's collateral otherwise underperforms, scheduled payments to more senior tranches take precedence over those of subordinate tranches. The riskiest portion is the "equity" tranche which bears the bulk of defaults from the collateral and serves to protect the other, more senior tranches from default in all but the most severe circumstances. Since it is partially protected from defaults, a senior tranche from a Structured Product typically has higher ratings and lower yields than its underlying securities and could be investment grade. Despite the protection from the subordinate tranches, more senior tranches of structured products can experience substantial losses due to actual defaults, downgrades of the underlying collateral by rating agencies, forced liquidation of the collateral pool due to a failure of coverage tests, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, market anticipation of defaults as well as investor aversion to Structured Product securities as a class.

In addition to the general risks associated with debt securities discussed herein, Structured Products carry additional risks, including, but not limited to the risk that: (i) distributions from collateral securities might not be adequate to make interest or other payments; (ii) the collateral could default or decline in value or be downgraded, if rated by a NRSRO; (iii) the Fund is likely to invest in tranches of Structured Products that are subordinate to other tranches; (iv) the structure and complexity of the transaction and the legal documents could lead to disputes among investors regarding the characterization of proceeds; (v) the investment return achieved by the Fund could be significantly different than those predicted by financial models; (vi) there will be no readily available secondary market for Structured Products; (vii) technical defaults, such as coverage test failures, could result in forced liquidation of the collateral pool; and (viii) the Structured Product's manager could perform poorly.

Typically, Structured Products are privately offered and sold, and thus, are not registered under the securities laws and can be thinly traded or have a limited trading market. As a result, investments in Structured Products could be characterized as illiquid investments and could have limited independent pricing transparency. However, an active dealer market could exist for Structured Products that qualify under the Rule 144A "safe harbor" from the registration requirements of the Securities Act for resales of certain securities to qualified institutional buyers, and such Structured Products could be characterized by the Fund as liquid investments.

Mortgage-Backed and Asset-Backed Securities Risk. The price paid by the Fund for asset-backed securities, including CLOs, the yield the Fund expects to receive from such securities and the average life of such securities are based on a number of factors, including the anticipated rate of prepayment of the underlying assets. The value of these securities could be significantly affected by changes in interest rates, the market's perception of issuers, and the creditworthiness of the parties involved. The ability of the Fund to successfully utilize these instruments could depend on the ability of the Adviser to forecast interest rates and other economic factors correctly. These securities could have a structure that makes their reaction to interest rate changes and other factors difficult to predict, making their value highly volatile.

In addition to the risks associated with other asset-backed securities as described above, mortgage-backed securities are subject to the general risks associated with investing in real estate securities; that is, they could lose value if the value of the underlying real estate to which a pool of mortgages relates declines. In addition, mortgage-backed securities comprised of subprime mortgages and investments in other asset-backed securities collateralized by subprime loans could be subject to a higher degree of credit risk and valuation risk. Additionally, such securities could be subject to a higher degree of liquidity risk, because the liquidity of such investments could vary dramatically over time.

Mortgage-backed securities can be issued by governments or their agencies and instrumentalities, such as, in the United States, Ginnie Mae, Fannie Mae and Freddie Mac. They can also be issued by private issuers but represent an interest in or are collateralized by pass-through securities issued or guaranteed by a government or one of its agencies or instrumentalities. In addition, mortgage-backed securities can be issued by private issuers and collateralized by securities without a government guarantee. Such securities typically have some form of private credit enhancement.

Pools created by private issuers generally offer a higher rate of interest than government and government-related pools because there are no direct or indirect government or agency guarantees of payments. Notwithstanding that such pools can be supported by various forms of private insurance or guarantees, there can be no assurance that the private insurers or guarantors will be able to meet their obligations under the insurance policies or guarantee arrangements. From time to time, the Fund invests in private mortgage pass-through securities without such insurance or guarantees. Any mortgage-backed securities that are issued by private issuers are likely to have some exposure to subprime loans as well as to the mortgage and credit markets generally. In addition, such securities are not subject to the underwriting requirements for the underlying mortgages that would generally apply to securities that have a government or government-sponsored entity guarantee, thereby increasing their credit risk. The risk of non-payment is greater for mortgage-related securities that are backed by mortgage pools that contain subprime loans, but a level of risk exists for all loans. Market factors adversely affecting mortgage loan repayments include a general economic downturn, high unemployment, a general slowdown in the real estate market, a drop in the market prices of real estate or an increase in interest rates resulting in higher mortgage payments by holders of adjustable rate mortgages.

Repurchase Agreements Risk. Subject to its investment objective and policies, the Fund will, from time to time, invest in repurchase agreements as a buyer for investment purposes. Repurchase agreements typically involve the acquisition by the Fund of debt securities from a selling financial institution such as a bank, savings and loan association or broker-dealer. The agreement provides that the Fund will sell the securities back to the institution at a fixed time in the future. The Fund does not bear the risk of a decline in the value of the underlying security unless the seller defaults under its repurchase obligation. In the event of the bankruptcy or other default of a seller of a repurchase agreement, the Fund could experience both delays in liquidating the underlying securities and losses, including (i) possible decline in the value of the underlying security during the period in which the Fund seeks to enforce its rights thereto; (ii) possible lack of access to income on the underlying security during this period; and (iii) expenses of enforcing its rights. In addition, the value of the collateral underlying the repurchase agreement will be at least equal to the repurchase price, including any accrued interest earned on the repurchase agreement. In the event of a default or bankruptcy by a selling financial institution, the Fund generally seeks to liquidate such collateral. However, the exercise of the Fund's right to liquidate such collateral could involve certain costs or delays and, to the extent that proceeds from any sale upon a default of the obligation to repurchase were less than the repurchase price, the Fund could suffer a loss.

Reverse Repurchase Agreements and Dollar Rolls Risk. The use of reverse repurchase agreements and dollar rolls involve many of the same risks involved in the use of leverage, as the proceeds from reverse repurchase agreements and dollar rolls generally will be invested in additional securities. There is a risk that the market value of the securities acquired in the reverse repurchase agreement or dollar roll will decline below the price of the securities that the Fund has sold but remains obligated to repurchase. In addition, there is a risk that the market value of the securities retained by the Fund will decline. If the buyer of securities under a reverse repurchase agreement or dollar roll were to file for bankruptcy or experience insolvency, the Fund could be adversely affected. Also, in entering into reverse repurchase agreements, the Fund would bear the risk of loss to the extent that the proceeds of the reverse repurchase agreement are less than the value of the underlying securities. In addition, due to the interest costs associated with reverse repurchase agreements and dollar roll transactions, the Fund's NAV will decline, and, in some cases, the Fund could be worse off than if it had not used such instruments.

Swap Risk. The Fund, from time to time, also invests in credit default swaps, total return swaps, interest rate swaps and other types of swaps. Such transactions are subject to market risk, liquidity risk, risk of default by the other party to the transaction, known as "counterparty risk," regulatory risk and risk of imperfect correlation between the value of such instruments and the underlying assets and could involve commissions or other costs. When buying protection under a credit default swap, the risk of market loss with respect to the swap generally is limited to the net amount of payments that the Fund is contractually obligated to make. However, when selling protection under a swap, the risk of loss is often the notional value of the underlying asset, which can result in a loss substantially greater than the amount invested in the swap itself. As a seller, the Fund would be incurring a form of leverage. In accordance with current federal securities laws, rules, and staff positions, the Fund "covers" its swap positions by segregating an amount of cash and/or liquid securities as required by the 1940 Act and applicable SEC interpretations and guidance from time to time.

The Dodd-Frank Act and related regulatory developments ultimately will require the clearing and exchange-trading of many OTC derivative instruments that the CFTC and SEC recently defined as "swaps." Mandatory exchange-trading and clearing will occur on a phased-in basis based on the type of market participant and CFTC determination of contracts for central clearing. The Adviser will continue to monitor these developments, particularly to the extent regulatory changes affect the Fund's ability to enter into swap agreements.

The swap market has matured in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation. As a result, the swap market has become relatively liquid; however there is no guarantee that the swap market will continue to provide liquidity, and it could be subject to liquidity risk, which exists when a particular swap is difficult to purchase or sell. The absence of liquidity could also make it more difficult for the Fund to ascertain a market value for such instruments. The inability to close derivative positions also could have an adverse impact on the Fund's ability to effectively hedge its portfolio. If the Adviser is incorrect in its forecasts of market values, interest rates or currency exchange rates, the investment performance of the Fund would be less favorable than it would have been if these investment techniques were not used. In a total return swap, the Fund pays the counterparty a floating short-term interest rate and receives in exchange the total return of underlying loans or debt securities. The Fund bears the risk of default on the underlying loans or debt securities, based on the notional amount of the swap and, therefore, incurs a form of leverage. The Fund would typically have to post collateral to cover this potential obligation.

Options and Futures Risk. The Fund will, from time to time, use options and futures contracts and so-called "synthetic" options or other derivatives written by broker-dealers or other permissible financial intermediaries. Options transactions can be effected on securities exchanges or in the OTC market. When options are purchased OTC, the Fund's portfolio bears the risk that the counterparty that wrote the option will be unable or unwilling to perform its obligations under the option contract. Options can also be illiquid and, in such cases, the Fund could have difficulty closing out its position. OTC options can also include options on baskets of specific securities.

The Fund will, from time to time, purchase call and put options on specific securities and write and sell covered or uncovered call and put options for hedging purposes in pursuing its investment objective. A put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying security at a stated exercise price, typically at any time prior to the expiration of the option for American options or only at expiration for European options. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying security at a stated exercise price, typically at any time prior to the expiration of the option. A covered call option is a call option with respect to which the seller of the option owns the underlying security. The sale of such an option exposes the seller during the term of the option to possible loss of opportunity to realize appreciation in the market price of the underlying security or to possible continued holding of a security that might otherwise have been sold to protect against depreciation in the market price of the security. A covered put option is a put option with respect to which cash or liquid securities have been placed in a segregated account on the books of or with a custodian to fulfill the obligation undertaken. The sale of such an option exposes the seller during the term of the option to a decline in price of the underlying security while depriving the seller of the opportunity to invest the segregated assets.

The Fund might close out a position when writing options by purchasing an option on the same underlying security with the same exercise price and expiration date as the option that it has previously written on the security. In such a case, the Fund will realize a profit or loss if the amount paid to purchase an option is less or more than the amount received from the sale of the option.

Engaging in transactions in futures contracts and options involves risk of loss to the Fund. No assurance can be given that a liquid market will exist for any particular futures contract or option at any particular time. Many futures exchanges and boards of trade limit the amount of fluctuation permitted in futures contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit or trading can be suspended for specified periods during the trading day. Futures contract prices could move to the limit for several consecutive trading days with little or no trading, preventing prompt liquidation of futures positions and potentially subjecting the Fund to substantial losses.

A market could become unavailable if one or more exchanges were to stop trading options or it could become unavailable with respect to options on a particular underlying security if the exchanges stopped trading options on that security. In addition, a market could become temporarily unavailable if unusual events (e.g., volume exceeds clearing capability) were to interrupt normal exchange operations. If an options market were to become illiquid or otherwise unavailable, an option holder would be able to realize profits or limit losses only by exercising and an options seller or writer would remain obligated until it is assigned an exercise or until the option expires.

If trading is interrupted in an underlying security, the trading of options on that security is usually halted as well. Holders and writers of options will then be unable to close out their positions until options trading resumes, and they could be faced with considerable losses if the security reopens at a substantially different price. Even if options trading is halted, holders of options will generally be able to exercise them. However, if trading has also been halted in the underlying security, option holders face the risk of exercising options without knowing the security's current market value. If exercises do occur when trading of the underlying security is halted, the party required to deliver the underlying security could be unable to obtain it, which could necessitate a postponed settlement and/or the fixing of cash settlement prices.

Investment Companies Risk. The Fund will, from time to time, invest in securities of exchange-traded funds ("ETFs") and other closed-end funds. Investments in ETFs and closed-end funds are subject to a variety of risks, including all of the risks of a direct investment in the underlying securities that the ETF or closed-end fund holds. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices might not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Shares of ETFs and closed-end funds at times trade at a premium or discount to their NAV because the supply and demand in the market for their shares at any point in time might not be identical to the supply and demand in the market for their underlying securities. Some ETFs and closed-end funds are highly leveraged and therefore would subject the Fund to the additional risks associated with leverage. See “Risks—Leverage Risk.” In addition, the Fund will bear, along with other Shareholders of an investment company, its pro rata portion of the investment company’s expenses, including management fees. Accordingly, in addition to bearing their proportionate share of the Fund’s expenses, Shareholders also indirectly bear similar expenses of an investment company.

Counterparty Risk. Certain Fund investments will be exposed to the credit risk of the counterparties with which, or the dealers, brokers and exchanges through which, the Fund deals, whether in exchange-traded or OTC transactions. The Fund will be subject to the risk of loss of Fund assets on deposit or being settled or cleared with a broker in the event of the broker’s bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Fund, the bankruptcy of an exchange clearing house or the bankruptcy of any other counterparty. In the case of any such bankruptcy, the Fund might recover, even in respect of property specifically traceable to the Fund, only a pro rata share of all property available for distribution to all of the counterparty’s customers and counterparties. Such an amount could be less than the amounts owed to the Fund. Such events would have an adverse effect on the NAV of the Fund. Certain counterparties have general custody of, or title to, the Fund’s assets (including, without limitation, the Custodian). The failure of any such counterparty could result in adverse consequences to the NAV of the Fund.

Counterparty and Prime Brokerage Risk. Changes in the credit quality of the companies that serve as the Fund’s prime brokers or counterparties with respect to derivatives or other transactions supported by another party’s credit will affect the value of those instruments. Certain entities that have served as prime brokers or counterparties in the markets for these transactions have recently incurred significant financial hardships including bankruptcy and losses as a result of exposure to sub-prime mortgages and other lower quality credit investments that have experienced recent defaults or otherwise suffered extreme credit deterioration. As a result, such hardships have reduced such entities’ capital and called into question their continued ability to perform their obligations under such transactions. By using derivatives, swaps or other transactions, the Fund assumes the risk that its counterparties could experience similar financial hardships. If a prime broker or counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund could experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding; if the Fund’s claim is unsecured, the Fund will be treated as a general creditor of such prime broker or counterparty and will not have any claim with respect to the underlying security. It is possible that the Fund will obtain only a limited recovery or no recovery in such circumstances.

Lender Liability Risk. A number of U.S. judicial decisions have upheld judgments obtained by Borrowers against lending institutions on the basis of various evolving legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has violated a duty (whether implied or contractual) of good faith, commercial reasonableness and fair dealing, or a similar duty owed to the Borrower or has assumed an excessive degree of control over the Borrower resulting in the creation of a fiduciary duty owed to the Borrower or its other creditors or Shareholders. Because of the nature of its investments, the Fund will, from time to time, be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (i) intentionally takes an action that results in the undercapitalization of a Borrower to the detriment of other creditors of such Borrower; (ii) engages in other inequitable conduct to the detriment of such other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (iv) uses its influence as a stockholder to dominate or control a Borrower to the detriment of other creditors of such Borrower, a court might elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination."

Because affiliates of, or persons related to, the Adviser will, at times, hold equity or other interests in obligors of the Fund, the Fund could be exposed to claims for equitable subordination or lender liability or both based on such equity or other holdings.

Borrower Fraud; Covenant-Lite Loans; Breach of Covenant. The Fund seeks to obtain structural, covenant and other contractual protections with respect to the terms of its investments as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to its investments will achieve their desired effect and potential investors should regard an investment in the Fund as being speculative and having a high degree of risk. Some of the loans that the Fund originates or acquires could be "covenant-lite" loans, which possess fewer covenants that protect lenders than other loans or no such covenants whatsoever. Investments in covenant-lite loans will be particularly sensitive to the risks associated with loan investments. The Fund can invest without limit in covenant-lite loans. Of paramount concern in originating or acquiring the financing contemplated by the Fund is the possibility of material misrepresentation or omission on the part of borrower or other credit support providers or breach of covenant by such parties. Such inaccuracy or incompleteness or breach of covenants could adversely affect the valuation of the collateral underlying the loans or the ability of the Fund to perfect or effectuate a lien on the collateral securing the loan or otherwise realize on the investment. The Fund relies upon the accuracy and completeness of representations made by borrowers to the extent reasonable but cannot guarantee such accuracy or completeness.

Distressed Debt, Litigation, Bankruptcy and Other Proceedings. The Fund will, from time to time, be invested in debt securities and other obligations of companies that are experiencing significant financial or business distress. Investments in distressed securities involve a material risk of involving the Fund in a related litigation. Such litigation can be time-consuming and expensive and can frequently lead to unpredicted delays or losses. Litigation expenses, including payments pursuant to settlements or judgments, generally will be borne by the Fund.

From time to time, the Adviser will make investments for the Fund in companies involved in bankruptcy proceedings. There are a number of significant risks when investing in companies involved in bankruptcy proceedings, and many events in a bankruptcy are the product of contested matters and adversary proceedings which are beyond the control of the creditors. A bankruptcy filing could have adverse and permanent effects on a company. Further, if the proceeding is converted to a liquidation, the liquidation value of the company might not equal the liquidation value that was believed to exist at the time of the investment. In addition, the duration of a bankruptcy proceeding is difficult to predict. A creditor's return on investment can be impacted adversely by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court, and until it ultimately becomes effective. Certain claims, such as claims for taxes, wages and certain trade claims, could have priority by law over the claims of certain creditors and administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors.

Certain investments of the Fund could be subject to federal bankruptcy law and state fraudulent transfer laws, which vary from state to state, if the debt obligations relating to such investments were issued with the intent of hindering, delaying or defrauding creditors or, in certain circumstances, if the issuer receives less than reasonably equivalent value or fair consideration in return for issuing such debt obligations. If the debt is used for a buyout of Shareholders, this risk is greater than if the debt proceeds are used for day-to-day operations or organic growth. If a court were to find that the issuance of the debt obligations was a fraudulent transfer or conveyance, the court could void or otherwise refuse to recognize the payment obligations under the debt obligations or the collateral supporting such obligations, further subordinate the debt obligations or the liens supporting such obligations to other existing and future indebtedness of the issuer or require the Fund to repay any amounts received by it with respect to the debt obligations or collateral. In the event of a finding that a fraudulent transfer or conveyance occurred, the Fund might not receive any repayment on the debt obligations.

Under certain circumstances, payments to the Fund could be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings could be adversely affected by statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the court's discretionary power to disallow, subordinate or disenfranchise particular claims or recharacterize investments made in the form of debt as equity contributions.

Under Title 11 of the United States Code, as amended (the "Bankruptcy Code"), a lender that has inappropriately exercised control of the management and policies of a company that is a debtor under the Bankruptcy Code could have its claims against the company subordinated or disallowed or could be found liable for damages suffered by parties as a result of such actions. Such claims could also be disallowed or subordinated to the claims of other creditors if the lender (e.g., the Fund) (i) is found to have engaged in other inequitable conduct resulting in harm to other parties, (ii) intentionally takes action that results in the undercapitalization of a borrower, (iii) engages in fraud with respect to, or makes misrepresentations to other creditors, or (iv) uses its influence as a Shareholder to dominate or control a borrower to the detriment of other creditors of such borrower. The lender's investment could also be recharacterized or treated as equity if it is deemed to be a contribution to capital, or if the lender attempts to control the outcome of the business affairs of a company prior to its filing under the Bankruptcy Code. While the Fund attempts to avoid taking the types of action that would lead to the subordination, disallowance and liability described above, there can be no assurance that such claims will not be asserted or that the Fund will be able successfully to defend against them.

From time to time, the Fund seeks to place its representatives on the boards of certain companies in which the Fund has invested. The Fund could also invest in companies in which KKR and/or other KKR clients or accounts will have representatives on the boards of such companies. While such representation could enable the Fund to enhance the sale value of its debt investments in a company, such involvement (and/or an equity stake by the Fund, KKR or other KKR clients or accounts in such company) could also prevent the Fund from freely disposing of its debt investments and could subject the Fund to additional liability or result in recharacterization of the

Fund's debt investments as equity. The Fund attempts to balance the advantages and disadvantages of such representation when deciding whether and how to exercise its rights with respect to such companies, but the exercise of such rights could produce adverse consequences in particular situations.

Insofar as the Fund's portfolio includes obligations of non-U.S. obligors, the laws of certain foreign jurisdictions could provide for avoidance remedies under factual circumstances similar to those described above or under different circumstances, with consequences that might or might not be analogous to those described above under U.S. federal or state laws. Changes in bankruptcy laws (including U.S. federal and state laws and applicable non-U.S. laws) could adversely impact the Fund's securities.

Convertible Securities Risk. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that can be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities; (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics; and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors also could have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income instrument. Generally, the amount of the premium decreases as the convertible security approaches maturity. Although under normal market conditions longer-term convertible debt securities have greater yields than do shorter-term convertible debt securities of similar quality, they are subject to greater price fluctuations.

When-Issued Securities and Forward Commitments. From time to time, the Fund will purchase securities on a "forward commitment" or "when-issued" basis (meaning securities are purchased or sold with payment and delivery taking place in the future) in order to secure what is considered to be an advantageous price and yield at the time of entering into the transaction. However, the return on a comparable security when the transaction is consummated could vary from the return on the security at the time that the forward commitment or when-issued transaction was made. From the time of entering into the transaction until delivery and payment is made at a later date, the securities that are the subject of the transaction are subject to market fluctuations. In forward commitment or when-issued transactions, if the seller or buyer, as the case may be, fails to consummate the transaction, the counterparty could miss the opportunity of obtaining a price or yield considered to be advantageous. Forward commitment or when-issued transactions can occur a month or more before delivery is due. However, no payment or delivery is made until payment is received or delivery is made from the other party to the transaction.

Non-Controlling Equity Investments; Investments in Equity Securities; Investments and Joint Ventures with Third Parties. While the Fund intends to invest primarily in debt investments, it will, from time to time, also make non-controlling equity investments and investments in equity and equity-linked securities. The value of equity securities, including common stock, preferred stock and convertible stock, will fluctuate in response to factors affecting the particular company, as well as broader market and economic conditions. Prices of equity securities fluctuate for many reasons, including changes in investors' perceptions of the financial condition of an issuer or the general condition of the relevant stock market, or when political or economic events affecting the issuer occur. Moreover, in the event of a company's bankruptcy, claims of certain creditors, including bondholders, will have priority over claims of common stock holders and are likely to have varying types of priority over holders of preferred and convertible stock. These risks could increase fluctuations in the Fund's NAV. If the Fund's investments in equity securities are incidental to the Fund's investments in loans or fixed-income instruments, the Fund frequently could possess material non-public information about a Borrower or issuer as a result of its ownership of a loan or fixed-income instrument of a Borrower or issuer. Because of prohibitions on trading in securities while in possession of material non-public information, the Fund might be unable to enter into a transaction in a security of the Borrower or issuer when it would otherwise be advantageous to do so.

The Fund also could be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible instruments or private placements, delivering marketable common stock upon conversions of convertible instruments and registering restricted securities for public resale. With respect to non-controlling equity investments, the Fund could have a limited ability to protect its position in such investments.

From time to time, the Fund will also co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring jointly-controlled or non-controlling interests in certain investments in conjunction with participation by one or more third parties in such investment. As a co-investor, the Fund could have interests or objectives that are inconsistent with those of the third-party partners or co-venturers. Although the Fund might not have full control over these investments and, therefore, could have a limited ability to protect its position therein, the Adviser expects that appropriate rights will be negotiated to protect the Fund's interests. Nevertheless, such investments can involve risks not present in investments where a third party is not involved, including the possibility that a third-party partner or co-venturer could have financial difficulties resulting in a negative impact on such investment, could have economic or business interests or goals which are inconsistent with those of the Fund, or could be in a position to take (or block) action in a manner contrary to the Fund's investment objective or the increased possibility of default by, diminished liquidity or insolvency of, the third party, due to a sustained or general economic downturn. Third-party partners or co-venturers could opt to liquidate an investment at a time during which such liquidation is not optimal for the Fund. In addition, the Fund could in certain circumstances be liable for the actions of its third-party partners or co-venturers. In those circumstances where such third parties involve a management group, such third parties could receive compensation arrangements relating to such investments, including incentive compensation arrangements.

U.S. Government Debt Securities Risk. U.S. government debt securities generally do not involve the credit risks associated with investments in other types of debt securities, although, as a result, the yields available from U.S. government debt securities are generally lower than the yields available from other securities. Like other debt securities, however, the values of U.S. government securities change as interest rates fluctuate. Fluctuations in the value of portfolio securities will not affect interest income on existing portfolio securities but will be reflected in the Fund's NAV. Since the magnitude of these fluctuations will generally be greater at times when the Fund's average maturity is longer, under certain market conditions the Fund will for temporary defensive purposes, accept lower current income from short-term investments rather than investing in higher yielding long-term securities. In 2008, the Federal Housing Finance Agency ("FHFA") placed the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac") into conservatorship. As conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae and Freddie Mac and of any stockholder, officer or director of Fannie Mae and Freddie Mac and the assets of Fannie Mae and Freddie Mac. Fannie Mae and Freddie Mac are continuing to operate as going concerns while in conservatorship and each remains liable for all of its respective obligations, including guaranty obligations, associated with its mortgage-backed securities. There is no assurance that the obligations of such entities will be satisfied in full, or that such obligations will not lose value or default. Any Fund investments issued by Federal Home Loan Banks and Fannie Mae could ultimately lose value.

Non-U.S. Securities Risk. The Fund invests in securities or other instruments, including secured loans and unsecured loans, of non-U.S. issuers or Borrowers. Such investments involve certain factors not typically associated with investing in the United States or other developed countries, including risks relating to: (i) differences between U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; the absence of uniform accounting, auditing and financial reporting standards, practices, and disclosure requirements; and less government supervision and regulation; (ii) other differences in law and regulation, including fewer investor protections, less stringent fiduciary duties, less developed bankruptcy laws and difficulty in enforcing contractual obligations; (iii) certain economic and political risks, including potential economic, political or social instability; exchange control regulations; restrictions on foreign investment and repatriation of capital (possibly requiring government approval); expropriation or confiscatory taxation; higher rates of inflation; and reliance on a more limited number of commodity inputs, service providers, and/or distribution mechanisms; and (iv) the possible imposition of foreign taxes on income and gains recognized with respect to securities and other assets. Economic sanctions and other similar governmental actions or developments could, among other things, restrict or eliminate the Fund's ability to purchase or sell certain non-U.S. securities or other instruments, and the Fund may be forced to sell or otherwise dispose of non-U.S. securities or other instruments at inopportune times or prices. The risks of investments in emerging markets, including the risks described above, are usually greater than the risks involved in investing in more developed markets. Because non-U.S. securities could trade on days when the Fund's Shares are not priced, the Fund's NAV could change at times when Shares cannot be sold.

Emerging Markets Risk. Because of less developed markets and economies and, in some countries, less mature governments and governmental institutions, the risks of investing in foreign securities set forth above can be intensified in the case of investments in issuers domiciled or doing substantial business in emerging market countries. These risks include high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries, as well as a high concentration of investors and financial intermediaries; political and social uncertainties; less government regulation, which could lead to market manipulation, and less extensive, transparent and frequent accounting, auditing, recordkeeping, financial reporting and other requirements, which limit the quality and availability of financial information; over-dependence on exports, especially with respect to primary commodities, making these economies vulnerable to changes in commodity prices; overburdened infrastructure and obsolete or unseasoned financial systems; environmental problems; the absence of developed legal systems, including structures governing private or foreign investment or allowing for judicial redress (such as limits on rights and remedies available to the Fund) for investment losses and injury to private property; loss resulting from problems in share registration and custody; sensitivity to adverse political or social events affecting the region where an emerging market is located; particular sensitivity to economic and political disruptions, including adverse effects stemming from recessions, depressions or other economic crises, or reliance on international or other forms of aid, including trade, taxation and development policies; and the nationalization of foreign deposits or assets. Investing in securities of companies in emerging markets also entails risks of expropriation, nationalization, confiscation or the imposition of restrictions on foreign investment, the lack of hedging instruments, and the repatriation of capital invested. Emerging securities markets are substantially smaller, less developed, less liquid and more volatile than the major securities markets. The limited size of emerging securities markets and limited trading value compared to the volume of trading in U.S. securities could cause prices to be erratic for reasons apart from factors that affect the quality of the securities. For example, limited market size generally causes prices to be unduly influenced by traders who control large positions.

Foreign Currency Risk. Investments made by the Fund, and the income received by the Fund with respect to such investments, will, from time to time, be denominated in various non-U.S. currencies. However, the books of the Fund are maintained in U.S. dollars. Accordingly, changes in currency values could adversely affect the U.S. dollar value of portfolio investments, interest and other revenue streams received by the Fund, gains and losses realized on the sale of portfolio investments, and the amount of distributions, if any, made by the Fund. In addition, the Fund will incur costs in converting investment proceeds from one currency to another. The Fund will, from time to time, enter into derivative transactions designed to reduce such currency risks. Furthermore, the portfolio companies in which the Fund invests are subject to risks relating to changes in currency values, as described above. If a portfolio company suffers adverse consequences as a result of such changes, the Fund could also be adversely affected as a result.

Eurozone Risk. The Fund will, from time to time, invest in European companies and companies that have operations that are affected by the Eurozone economy. For example, concerns regarding the sovereign debt of various Eurozone countries and proposals for investors to incur substantial write-downs and reductions in the face value of certain countries' sovereign debt have given rise to new concerns about sovereign defaults, following the vote by the United Kingdom ("UK") to exit from the European Union ("EU") (commonly referred to as "Brexit"). Sovereign debt defaults and EU and/or Eurozone exits, generally, could have material adverse effects on investments by the Fund in European companies, including but not limited to the availability of credit to support such companies' financing needs, uncertainty and disruption in relation to financing, customer and supply contracts denominated in the Euro and wider economic disruption in markets served by those companies, while austerity and other measures introduced in order to limit or contain these issues could themselves lead to economic contraction and resulting adverse effects for the Fund. It is possible that a number of the Fund's securities will be denominated in the Euro. Legal uncertainty about the funding of Euro denominated obligations following any breakup or exits from the Eurozone (particularly in the case of investments in companies in affected countries) could also have material adverse effects on the Fund.

On June 23, 2016, the UK voted, via referendum, to exit from the EU. On January 31, 2020, the UK officially withdrew from the EU (commonly referred to as "Brexit"). On December 24, 2020, the UK and EU announced a preliminary trade agreement and security deal, which took effect on January 1, 2021. The UK's exit from the EU could impact the Fund and its investments (and their underlying issuers) in a variety of ways, not all of which are currently readily apparent. The UK, EU and broader global economy may experience substantial volatility in foreign exchange markets and a sustained weakness in the British pound's exchange rate against the United States dollar, the euro and other currencies, which may impact Fund returns. The Fund will, from time to time, invest in portfolio companies and other issuers with significant operations and/or assets in the UK, any of which could be adversely impacted by any new legal, tax and regulatory environment, whether by increased costs or impediments to the implementation of their business plan. Such events could result from, among other things, increased uncertainty and volatility in financial markets; fluctuations in asset values; fluctuations in exchange rates; decreased liquidity of investments located, traded or listed within the UK, the EU or elsewhere; and/or changes in legal and regulatory regimes to which Fund investments are or become subject. There is still significant uncertainty regarding the potential consequences and precise timeline for Brexit.

Brexit also may cause additional member states to contemplate departing from the EU, which would likely perpetuate political and economic instability in the region and cause additional market disruption in global financial markets. The effects on the UK, European and global economies of the exit of the UK (and/or other EU members) from the EU, or the exit of other EU members from the European monetary area and/or the redenomination of financial instruments from the Euro to a different currency, are difficult to predict and to protect fully against. Many of the foregoing risks are outside of the control of the Fund and the Adviser. These risks could affect the Fund, the Adviser and other service providers given economic, political and regulatory uncertainty created.

LIBOR Replacement Risk. Certain instruments in which the Fund invests pay interest at floating rates based on the London Interbank Offered Rate ("LIBOR") or are subject to interest caps or floors based on LIBOR. The Fund and/or certain issuers of instruments in which the Fund invests also will obtain financing at floating rates based on LIBOR. Certain derivative instruments utilized by the Fund and/or issuers of instruments in which the Fund invests also reference LIBOR. It is possible that the Fund will also utilize leverage or borrowings primarily based on LIBOR. As a result, LIBOR may be relevant to, and directly affect, the Fund's performance.

In July 2017, the head of the United Kingdom Financial Conduct Authority ("FCA") announced the desire to phase out the use of LIBOR by the end of 2021. On March 5, 2021, the FCA announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative immediately after December 31, 2021, in the case of all Sterling, Euro, Swiss Franc and Yen LIBOR settings, and 1-week and 2-month USD LIBOR settings, or immediately after June 30, 2023, in the case of overnight and 1-, 3-, 6-, and 12-month U.S.-dollar LIBOR settings. Abandonment of or modifications to LIBOR could have adverse impacts on newly issued financial instruments and existing financial instruments that reference LIBOR. While some instruments contemplate a scenario where LIBOR is no longer available by providing for an alternative rate setting methodology, not all instruments have such provisions, and there is significant uncertainty regarding the effectiveness of any such alternative methodologies. Abandonment of or modifications to LIBOR could lead to significant short-term and long-term uncertainty and market instability. In connection with supervisory guidance from regulators, some regulated entities will cease to enter into certain new LIBOR contracts after January 1, 2022. Some structured finance investments are tied to relatively new and developing reference rates, such as the Secured Overnight Financing Rate ("SOFR") or other reference rates based on SOFR. These relatively new and developing rates may behave differently than LIBOR would have or may not match the reference rate applicable to the underlying assets related to these investments. It remains uncertain how such changes would be implemented and the effects such changes would have on the Fund, issuers of instruments in which the Fund invests and financial markets generally. These developments could negatively impact financial markets in general and present heightened risks, including with respect to the Fund's investments. As a result of this uncertainty and developments relating to the transition process, the Fund and its investments may be adversely affected.

Abandonment of or modifications to LIBOR could lead to significant short-term and long-term uncertainty and market instability. The transition process might lead to increased volatility and illiquidity in markets for instruments with terms tied to certain LIBOR tenors. It could also lead to a reduction in the interest rates on, and the value of, some LIBOR-based investments and reduce the effectiveness of hedges mitigating risk in connection with LIBOR-based investments. Although some LIBOR-based instruments may contemplate a scenario where LIBOR is no longer available by providing for an alternative rate-setting methodology and/or increased costs for certain LIBOR-related instruments or financing transactions, others may not have such provisions and there may be significant uncertainty regarding the effectiveness of any such alternative methodologies. Instruments that include robust fallback provisions to facilitate the transition from LIBOR to an alternative reference rate may also include adjustments that do not adequately compensate the holder for the different characteristics of the alternative reference rate. The result may be that the fallback provision results in a value transfer from one party to the instrument to the counterparty. Additionally, because such provisions may differ across instruments (e.g., hedges versus cash positions hedged), LIBOR's cessation may give rise to basis risk and render hedges less effective. As the usefulness of LIBOR as a benchmark could deteriorate during the transition period, these effects and related adverse conditions could occur prior to the end of some LIBOR tenors in 2021 or the remaining LIBOR tenors in mid-2023. There also remains uncertainty and risk regarding the willingness and ability of issuers to include enhanced provisions in new and existing contracts or instruments, notwithstanding significant efforts by the industry to develop robust LIBOR replacement clauses. In many cases, in the event that an instrument falls back to an alternative reference rate, including the Secured Overnight Financing Rate, the alternative reference rate will not perform the same as LIBOR because the alternative reference rates do not include a credit sensitive component in the calculation of the rate. The alternative reference rates are generally secured by U.S. treasury securities and will reflect the performance of the market for U.S. treasury securities and not the inter-bank lending markets.

Legal and Regulatory Risk. Legal and regulatory changes could occur that would materially adversely affect the Fund. The regulation of the U.S. and non-U.S. securities and futures markets and investment funds such as the Fund has undergone substantial change in recent years, and such change could continue.

For example, the Dodd-Frank Act contains changes to the existing regulatory structure in the United States and is intended to establish rigorous oversight standards to protect the U.S. economy and American consumers, investors and businesses, including provisions that would significantly alter the regulation of commodity interests and comprehensively regulate the OTC derivatives markets for the first time in the United States. The Dodd-Frank Act and the rules that have been or will be promulgated thereunder by relevant regulators could negatively impact the ability of the Fund to meet its investment objective either through limits or requirements imposed on it or upon its counterparties. The implementation of the Dodd-Frank Act will occur over a period of time, and it is unknown in what form, when and in what order significant regulatory initiatives will be implemented or the impact any such implemented regulations will have on the Fund, the markets or instruments in which the Fund invests or the counterparties with which the Fund conducts business. The effect of the Dodd-Frank Act or other regulatory change on the Fund, while impossible to predict, could be substantial, adverse and potentially limit or completely restrict the ability of the Fund to implement its investment strategy or increase the costs of using certain instruments or make them less effective. In addition, the practice of short selling has been the subject of numerous temporary restrictions, and similar restrictions could be promulgated at any time. Such restrictions could adversely affect the returns of the Fund.

Event Driven Investing. The Fund will, from time to time, invest in companies in expectation of a specific event or catalyst, which could be external (e.g., a macro event impacting relevant markets) or an event that is idiosyncratic to the company (e.g., a future capital markets event). Such event-driven investing requires the investor to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of the Fund’s investment in the relevant company. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company might not be valued as highly by the market as the Adviser had anticipated, resulting in losses. In addition, a company could announce a plan of restructuring which promises to enhance value and fail to implement it, resulting in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Fund of the investment in respect of which such distribution was made.

Valuation Risk. Unlike publicly traded common stock which trades on national exchanges, there is no central place or exchange for loans or fixed-income instruments to trade. Loans and fixed-income instruments generally trade on an OTC market which could be anywhere in the world where the buyer and seller can settle on a price. Due to the lack of centralized information and trading, the valuation of loans or fixed-income instruments generally carries more risk than that of common stock. Uncertainties in the conditions of the financial market, unreliable reference data, lack of transparency and inconsistency of valuation models and processes could lead to inaccurate asset pricing. In addition, other market participants value securities differently than the Fund. As a result, the Fund will, from time to time, be subject to the risk that when a loan or fixed-income instrument is sold in the market, the amount received by the Fund is less than the value of such loans or fixed-income instruments carried on the Fund's books.

Liquidity Risk. The Fund intends to invest without limit in securities that, at the time of investment, are illiquid. The Fund, from time to time, also invests in restricted securities. Investments in restricted securities could have the effect of increasing the amount of the Fund's assets invested in illiquid securities if qualified institutional buyers are unwilling to purchase these securities.

Illiquid and restricted securities can be difficult to dispose of at a fair price at the times when the Fund believes it is desirable to do so. The market price of illiquid and restricted securities generally is more volatile than that of more liquid securities, which could adversely affect the price that the Fund pays for or recovers upon the sale of such securities. Illiquid and restricted securities are also more difficult to value, especially in challenging markets, and the Adviser's judgment will play a greater role in the valuation process. Investment of the Fund's assets in illiquid and restricted securities could restrict the Fund's ability to take advantage of market opportunities. In order to dispose of an unregistered security, the Fund, where it has contractual rights to do so, could have to cause such security to be registered. A considerable period could elapse between the time the decision is made to sell the security and the time the security is registered, thereby enabling the Fund to sell it. Contractual restrictions on the resale of securities vary in length and scope and are generally the result of a negotiation between the issuer and acquiror of the securities. In either case, the Fund would bear market risks during that period.

Some loans and fixed-income instruments are not readily marketable and could be subject to restrictions on resale. Loans and fixed-income instruments might not be listed on any national securities exchange and no active trading market might exist for certain of the loans and fixed-income instruments in which the Fund invests. Where a secondary market exists, the market for some loans and fixed-income instruments could be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. In addition, events occurring subsequent to an investment by the Fund, including, for example, withdrawals, changes in market, political or other relevant circumstances, could cause some loans and fixed-income instruments that were liquid at the time of acquisition to become illiquid or otherwise cause the Fund's concentration in illiquid investments to increase.

Inflation/Deflation Risk. Inflation risk is the risk that the intrinsic value of certain assets or income from the Fund's investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Shares and distributions on the Shares can decline. In addition, during any periods of rising inflation, the dividend rates or borrowing costs associated with the Fund's use of leverage would likely increase, which would tend to further reduce returns to Shareholders.

Deflation risk is the risk that prices throughout the economy decline over time—the opposite of inflation. Deflation could have an adverse effect on the creditworthiness of issuers and could make issuer defaults more likely, which could result in a decline in the value of the Fund's portfolio.

Conflicts of Interest Risk. The Adviser experiences conflicts of interest in connection with the management of the Fund, relating to the allocation of the Adviser's time and resources between the Fund and other investment activities; the allocation of investment opportunities by the Adviser and its affiliates; compensation to the Adviser; services provided by the Adviser and its affiliates to issuers in which the Fund invests; investments by the Fund and other clients of the Adviser, subject to the limitations of the 1940 Act; the formation of additional investment funds by the Adviser; differing recommendations given by the Adviser to the Fund versus other clients; and the Adviser's use of information gained from issuers in the Fund's portfolio to aid investments by other clients, subject to applicable law.

In addition, the Adviser's investment professionals will, from time to time, acquire confidential or material, non-public information concerning an entity in which the Fund has invested, or propose to invest, and the possession of such information generally will limit the Adviser's ability to buy or sell particular securities of such entity on behalf of the Fund, thereby limiting the investment opportunities or exit strategies available to the Fund. In addition, holdings in the securities of an issuer by the Adviser or its affiliates will affect the ability of the Fund to make certain acquisitions of, or enter into certain transactions with, such issuer. From time to time, broker-dealers and investment advisers affiliated with the Adviser will also acquire confidential or material non-public information concerning entities in which the Fund has invested or proposes to invest, which could restrict the Adviser's ability to buy or sell (or otherwise transact in) securities of such entities, thus limiting investment opportunities or exit strategies available to the Fund. See "Conflicts of Interest."

Uncertain Tax Treatment. The Fund will, from time to time, invest a portion of its net assets in below investment grade instruments. Investments in these types of instruments present special tax issues for the Fund. U.S. federal income tax rules are not entirely clear about issues such as when the Fund will cease to accrue interest, original issue discount ("OID") or market discount, when and to what extent deductions can be taken for bad debts or worthless instruments, how payments received on obligations in default should be allocated between principal and income and whether exchanges of debt obligations in a bankruptcy or workout context are taxable. These and other issues are addressed by the Fund to the extent necessary in order to seek to ensure that it distributes sufficient income to ensure that it does not become subject to U.S. federal income or excise tax.

Complex Transactions/Contingent Liabilities/Guarantees and Indemnities. The Adviser pursues certain complex investment opportunities for the Fund, which could involve substantial business, regulatory or legal complexity. Such complexity presents risks, as such transactions can be more difficult, expensive and time-consuming to finance and execute; it can be more difficult to manage or realize value from the assets acquired in such transactions; and such transactions sometimes entail a higher level of regulatory scrutiny or a greater risk of contingent liabilities. Additionally, in connection with certain transactions, the Fund is required to make representations about the business and financial affairs of a portfolio company, provide guarantees in respect of payments by portfolio companies and other third parties and provide indemnities against losses caused by portfolio companies and other third parties. The Fund will, from time to time, also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements could result in the incurrence of contingent liabilities by the Fund, even after the disposition of an investment and ultimately in material losses.

Availability of Investment Opportunities; Competition. The activity of identifying, completing and realizing the types of investment opportunities targeted by the Adviser for the Fund is highly competitive and involves a significant degree of uncertainty.

The Fund competes for investment opportunities with other investment companies and private investment vehicles, as well as the public debt markets, individuals and financial institutions, including investment banks, commercial banks and insurance companies, business development companies, strategic industry acquirers, hedge funds and other institutional investors, investing directly or through affiliates. Over the past several years, a number of such investment vehicles have been formed (and many such existing entities have grown in size). Additional entities with similar investment objectives could be formed in the future by other unrelated parties. It is possible that competition for appropriate investment opportunities could increase, thus reducing the number of opportunities available to the

Fund. Such supply-side competition could adversely affect the terms upon which investments can be made by the Fund. Moreover, transaction sponsors unaffiliated with the Fund or KKR could be reluctant to present investment opportunities to the Fund because of its affiliation with KKR. There can be no assurance that the Adviser will be able to locate and complete investments which satisfy the Fund's primary investment objective or to realize upon their values.

Dependence on Key Personnel Risk. The Adviser depends on the efforts, skills, reputations and business contacts of its key personnel, the information and deal flow they and others generate during the normal course of their activities and the synergies among the diverse fields of expertise and knowledge held by the Adviser's professionals. The loss of the services of any of them could have a material adverse effect on the Fund and could harm the Adviser's ability to manage the Fund.

The Adviser's principals and other key personnel possess substantial experience and expertise and have strong business relationships with members of the business community. The loss of these personnel could jeopardize the Adviser's relationships with members of the business community and could result in fewer investment opportunities for the Fund. For example, if any of the Adviser's principals were to join or form a competing firm, the Fund's results and financial condition could suffer.

Material Risks of Significant Methods of Analysis. The Adviser seeks to conduct reasonable and appropriate due diligence based on the facts and circumstances applicable to each investment. When conducting due diligence and making an assessment regarding an investment for the Fund, the Adviser relies on available resources, including information provided by the target of the investment and, in some circumstances, third-party investigations. As a result, the due diligence process can at times be subjective with respect to companies for which only limited information is available. Accordingly, the Adviser cannot be certain that due diligence investigations with respect to any investment opportunity for the Fund will reveal or highlight all relevant facts (including fraud) that could be necessary or helpful in evaluating such investment opportunity, or that its due diligence investigations will result in investments for the Fund being successful. There can be no assurance that the projected results of an investment opportunity will be achieved for the Fund, and actual results could vary significantly from the projections. General economic, natural, and other conditions, which are not predictable, can have an adverse impact on the reliability of such projections. Assumptions or projections about asset lives; the stability, growth, or predictability of costs; demand; or revenues generated by an investment or other factors associated therewith could, due to various risks and uncertainties including those described herein, differ materially from actual results.

Market Developments. Periods of market volatility remain, and could continue to occur in the future, in response to various political, social and economic events both within and outside of the United States. Instability in the credit markets could make it more difficult for a number of issuers of debt securities to obtain financing or refinancing for their investment or lending activities or operations. In particular, because of volatile conditions in the credit markets, issuers of debt securities could be subject to increased cost for debt, tightening underwriting standards and reduced liquidity for loans they make, securities they purchase and securities they issue.

For example, certain Borrowers could, due to macroeconomic conditions, be unable to repay secured loans. A Borrower's failure to satisfy financial or operating covenants imposed by lenders could lead to defaults and, potentially, termination of the secured loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize the Borrower's ability to meet its obligations under its debt securities. The Fund will, from time to time, incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting Borrower. In addition, if one of the Borrowers were to commence bankruptcy proceedings, even though the Fund will have structured its interest as senior debt, depending on the facts and circumstances, a bankruptcy court might recharacterize the Fund's debt holding and subordinate all or a portion of its claim to that of other creditors. Adverse economic conditions also could decrease the value of collateral securing some of the Fund's loans and the value of its equity investments. A recession could lead to financial losses in our portfolio and a decrease in revenues, net income and the value of the Fund's assets.

These developments could increase the volatility of the value of securities owned by the Fund. These developments also could make it more difficult for the Fund to accurately value its securities or to sell its securities on a timely basis. These developments could adversely affect the ability of the Fund to use leverage for investment purposes and increase the cost of such leverage, which would reduce returns to the holders of Shares. These developments also could adversely affect the broader economy, which in turn could adversely affect the ability of issuers of securities owned by the Fund to make payments of principal and interest when due, leading to lower credit ratings of the issuer and increased defaults by the issuer. Such developments could, in turn, reduce the value of securities owned by the Fund and adversely affect the NAV and market price of the Shares.

Market Disruptions from Natural Disasters or Geopolitical Risks. Political instability, the ongoing epidemics of infectious diseases in certain parts of the world, terrorist attacks in the United States and around the world, natural disasters, social and political discord, debt crises (such as the Greek crisis), sovereign debt downgrades, or the exit or potential exit of one or more countries from the EU (such as the UK) or the European Economic and Monetary Union, among others, could result in market volatility, could have long term effects on the United States and worldwide financial markets, and could cause further economic uncertainties in the United States and worldwide. The Fund cannot predict the effects of natural disasters or geopolitical events in the future on the economy and securities markets.

Government Intervention in the Financial Markets. During the global financial crisis, the U.S. government took a number of actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity. The U.S. government has taken certain similar actions during the COVID-19 outbreak. Federal, state, and other governments, their regulatory agencies or self-regulatory organizations could take additional actions that affect the regulation of the securities or Structured Products in which the Fund invests, or the issuers of such securities or Structured Products, in ways that are unforeseeable. Borrowers under secured loans held by the Fund could seek protection under the bankruptcy laws. Legislation or regulation could also change the way in which the Fund itself is regulated. Such legislation or regulation could limit or preclude the Fund's ability to achieve its investment objective. The Adviser monitors developments and seeks to manage the Fund's portfolio in a manner consistent with achieving the Fund's investment objective, but there can be no assurance that it will be successful in doing so.

Portfolio Turnover Risk. The Fund's annual portfolio turnover rate could vary greatly from year to year, as well as within a given year. Portfolio turnover rate is not considered a limiting factor in the execution of investment decisions for the Fund. High portfolio turnover could result in the realization of net short-term capital gains by the Fund which, when distributed to Shareholders, will be taxable as ordinary income. A high portfolio turnover could increase the Fund's current and accumulated earnings and profits, resulting in a greater portion of the Fund's distributions being treated as a dividend to the Shareholders. In addition, a higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund. See "Tax Considerations."

Anti-Takeover Provisions. The Fund's Declaration of Trust includes provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to open-end status. These provisions could deprive the holders of Shares of opportunities to sell their Shares at a premium over the then current market price of the Shares or at NAV. See "Description of Capital Structure —Anti-Takeover and Certain Other Provisions in the Declaration of Trust."

Duration Risk. Duration is the sensitivity, expressed in years, of the price of a fixed income security to changes in the general level of interest rates (or yields). Securities with longer durations tend to be more sensitive to interest rate (or yield) changes than securities with shorter durations. Duration differs from maturity in that it considers potential changes to interest rates, a security's coupon payments, yield, price and par value and call features, in addition to the amount of time until the security matures. The duration of a security will be expected to change over time with changes in market factors and time to maturity.

Risks Relating to Fund's RIC Status. To qualify and remain eligible for the special tax treatment accorded to regulated investment companies ("RICs") and their shareholders under the Internal Revenue Code (the "Code"), the Fund must meet certain source-of-income, asset diversification and annual distribution requirements. Very generally, in order to qualify as a RIC, the Fund must derive at least 90% of its gross income for each taxable year from dividends, interest, payments with respect to certain securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, or other income derived with respect to its business of investing in stock or other securities and currencies. The Fund must also meet certain asset diversification requirements at the end of each quarter of each of its taxable years. Failure to meet these diversification requirements on the last day of a quarter could result in the Fund having to dispose of certain investments quickly in order to prevent the loss of RIC status. Any such dispositions could be made at disadvantageous prices or times and could result in substantial losses to the Fund. In addition, in order to be eligible for the special tax treatment accorded RICs, the Fund must meet the annual distribution requirement, requiring it to distribute with respect to each taxable year at least 90% of the sum of its "investment company taxable income" (generally its taxable ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any) and its net tax-exempt income (if any) to its Shareholders. If the Fund fails to qualify as a RIC for any reason and becomes subject to corporate tax, the resulting corporate taxes could substantially reduce its net assets, the amount of income available for distribution and the amount of its distributions. Such a failure would have a material adverse effect on the Fund and its Shareholders. In addition, the Fund could be required to recognize unrealized gains, pay substantial taxes and interest and make substantial distributions in order to re-qualify as a RIC.

RIC-Related Risks of Investments Generating Non-Cash Taxable Income. Certain of the Fund's investments require the Fund to recognize taxable income in a taxable year in excess of the cash generated on those investments during that year. In particular, the Fund invests in loans and other debt obligations that will be treated as having "market discount" and/or OID for U.S. federal income tax purposes. Because the Fund will, from time to time, be required to recognize income in respect of these investments before, or without receiving, cash representing such income, the Fund will have difficulty satisfying the annual distribution requirements applicable to

RICs and avoiding Fund-level U.S. federal income and/or excise taxes in such circumstances. Accordingly, the Fund will, from time to time, be required to sell assets, including at potentially disadvantageous times or prices, borrow, raise additional equity capital, make taxable distributions of its Shares or debt securities, or reduce new investments, to obtain the cash needed to make these income distributions. If the Fund liquidates assets to raise cash, the Fund will, from time to time, realize gain or loss on such liquidations; in the event the Fund realizes net capital gains from such liquidation transactions, its Shareholders could receive larger capital gain distributions than they would in the absence of such transactions.

Cybersecurity. Increased reliance on internet-based programs and applications to conduct transactions and store data creates growing operational and security risks. Targeted cyber-attacks or accidental events can lead to breaches in computer and data systems security, and subsequent unauthorized access to sensitive transactional and personal information held or maintained by KKR, its affiliates, and third-party service providers or counterparties. Any breaches that occur could result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to investors and the beneficial owners of investors, and could lead to theft, data corruption, or overall disruption in operational systems. Criminals could use data taken in breaches in identity theft, obtaining loans or payments under false identities and other crimes that have the potential to affect the value of assets in which the Fund invests. These risks have the potential to disrupt KKR’s ability to engage in transactions, cause direct financial loss and reputational damage or lead to violations of applicable laws related to data and privacy protection and consumer protection. Cybersecurity risks also necessitate ongoing prevention and compliance costs.

Private and Middle Market Companies. The Fund will, from time to time, acquire loans from issuers, including, but not limited to, private and middle-market companies, which involve a number of particular risks that might not exist in the case of large public companies, including:

- these companies could have limited financial resources and limited access to additional financing, which could increase the risk of their defaulting on their obligations, leaving creditors dependent on any guarantees or collateral they have obtained;
- these companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors’ actions and market conditions, as well as general economic downturns;
- there will not be as much information publicly available about these companies as would be available for public companies and such information might not be of the same quality;

- these companies are more likely to depend on the management talents and efforts of a small group of persons; as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations; and
- the frequency and volume of the trading of these companies generally is substantially less than is typical of larger companies and as such it could be more difficult for the Fund to exit the investment in the company at its then fair value.

Risks Arising from Purchases of Debt on a Secondary Basis. The Fund will, from time to time, invest in loans and debt securities acquired on a secondary basis. The Fund is unlikely to be able to negotiate the terms of such debt as part of its acquisition and, as a result, these investments might not include some of the covenants and protections the Fund would generally seek. Even if such covenants and protections are included in the investments held by the Fund, the terms of the investments could provide portfolio companies substantial flexibility in determining compliance with such covenants. In addition, the terms on which debt is traded on the secondary market could represent a combination of the general state of the market for such investments and either favorable or unfavorable assessments of particular investments by the sellers thereof.

SUMMARY OF FUND EXPENSES

This table illustrates the fees and expenses of the Fund that you will incur if you buy and hold Shares. Because the Fund has limited operating history, many of these expenses are estimates.

	Class I Shares	Class D Shares	Class T Shares	Class U Shares
Shareholder Transaction Expenses:				
Maximum Sales Load (as a percentage of the offering price)[1]	None[2]	None[2]	2.00%	None[2]
Maximum Deferred Sales Load (as a percentage of the offering price or repurchase proceeds, whichever is lower)	None	None	1.00%[3]	None
Annual Expenses (Percentage of Net Assets Attributable to Shares)				
Management Fee[4]	1.73%	1.73%	1.73%	1.73%
Shareholder Servicing Fee[5]	None	0.25%	0.25%	0.25%
Distribution Fee[6]	None	None	0.50%	0.50%
Interest Payments on Borrowed Funds[7]	0.57%	0.57%	0.57%	0.57%
Other Expenses[8]	0.46%	0.46%	0.46%	0.46%
Total Annual Fund Operating Expenses	2.76%	3.01%	3.51%	3.51%

1 The Distributor is the principal underwriter and distributor of the Shares and serves in that capacity on a best efforts basis, subject to various conditions. The Distributor has entered into a Sub-Distribution Agreement with the Sub-Distributor. Shares may be offered through selling agents that have entered into selling agreements with the Distributor or Sub-Distributor and that are authorized to receive purchase orders and repurchase requests on the Fund's behalf. Such selling agents may designate other intermediaries to receive purchase orders and repurchase requests on the Fund's behalf. Selling agents typically receive the sales load with respect to Class T Shares purchased by their clients. The Distributor does not retain any portion of the sales load. Class T Shares are sold subject to a maximum sales load of up to 2.00% of the offering price. However, purchases of Class T Shares may be eligible for a sales load discount. See "Purchase of Shares—Sales Loads." The selling agents may, in their sole discretion, reduce or waive the sales load on a non-scheduled basis in individual cases.

2 While neither the Fund nor the Distributor impose an initial sales charge, if you buy Class I Shares, Class D Shares or Class U Shares through certain financial firms, they may directly charge you transaction or other fees in such amounts as they may determine. Any such fees will be in addition to an investor's investment in the Fund and not deducted therefrom. Please consult your financial firm for additional information.

3 A contingent deferred sales charge of 1.00% may be assessed on Class T Shares investments over $250,000 without a sales charge if they are repurchased before the first day of the month of the one-year anniversary of the purchase.

4 Pursuant to an investment advisory agreement, the Adviser receives an annual fee, payable monthly by the Fund, in an amount equal to 1.30% of the Fund's average daily Managed Assets. The Management Fee percentage calculation assumes the use of leverage by the Fund. To derive the annual Management Fee as a percentage of the Fund's net assets (which are the Fund's total assets less all of the Fund's liabilities), the Fund's Managed Assets were multiplied by the annual Management Fee rate and then divided by the Fund's net assets.

The Adviser has voluntarily agreed to temporarily reduce its Management Fee to an annual rate of 1.00% of the Fund's average daily Managed Assets from July 1, 2021, to September 30, 2022. This voluntary fee reduction is not reflected in the fee schedule above. Effective October 1, 2022, the Adviser's agreement to temporarily reduce its Management Fee will terminate, and the Adviser will receive a Management Fee at an annual rate of 1.30% of the Fund's average daily Managed Assets. The aforementioned limitation to the fee schedule may be extended, terminated or modified by the Adviser in its sole discretion and at any time, including prior to any such date listed above. See "Management of the Fund—Investment Advisory Agreement."

5 The Fund pays the Distributor a Shareholder Servicing Fee that is calculated monthly and accrued daily at an annualized rate of 0.25% of the net assets of the Fund attributable to Class D Shares, Class T and Class U Shares. The Shareholder Servicing Fee is for personal services provided to Shareholders and/or the maintenance of Shareholder accounts and to reimburse the Distributor for related expenses incurred. The Distributor generally will pay all or a portion of the Shareholder Servicing Fee to the selling agents that sell Class D Shares, Class T Shares and Class U Shares. The Shareholder Servicing Fee is governed by the Fund's Distribution and Service Plan.

6 The Fund pays the Distributor a Distribution Fee that is calculated monthly and accrued daily at an annualized rate of 0.50% of the net assets of the Fund attributable to Class T and Class U Shares. The Distribution Fee is for the sale and marketing of the Class T and Class U Shares and to reimburse the Distributor for related expenses incurred. The Distributor generally will pay all or a portion of the Distribution Fee to the selling agents that sell Class T and Class U Shares. Payment of the Distribution Fee is governed by the Fund's Distribution and Service Plan.

7 The table assumes the use of leverage in an amount equal to 25% of the Fund's Managed Assets (after the leverage is incurred), which equates to 33.3% of the Fund's net assets, and assumes the annual interest rate on borrowings is 1.72%. The Fund's actual interest costs associated with leverage may differ from the estimates above.

8 "Other Expenses" are estimated based on anticipated expenses for the Fund's current fiscal year. "Other Expenses" include professional fees and other expenses, including, without limitation, filing fees, printing fees, administration fees, investor servicing fees, custody fees, trustee fees, insurance costs and financing costs.

Class I Example[1]

The following example illustrates the expenses that you would pay on a $1,000 investment in Class I Shares, assuming (i) total annual expenses of net assets attributable to the Class I Shares remains the same, (ii) a 5% annual return, and (iii) reinvestment of all dividends and distributions at NAV:

	1 Year	3 Years	5 Years	10 Years
Total Expenses Incurred	$ 28	$ 86	$ 146	$ 309

Class D Example[1]

The following example illustrates the expenses that you would pay on a $1,000 investment in Class D Shares and assuming (i) total annual expenses of net assets attributable to the Class D Shares remains the same, (ii) a 5% annual return, and (iii) reinvestment of all dividends:

	1 Year	3 Years	5 Years	10 Years
Total Expenses Incurred	$ 30	$ 93	$ 158	$ 333

Class T Example[1]

The following example illustrates the expenses that you would pay on a $1,000 investment in Class T Shares and assuming (i) the maximum sales load, (ii) total annual expenses of net assets attributable to the Class T Shares remains the same, (iii) a 5% annual return, and (iv) reinvestment of all dividends:

	1 Year	3 Years	5 Years	10 Years
Total Expenses Incurred	$ 55	$ 126	$ 199	$ 391

Class U Example[1]

The following example illustrates the expenses that you would pay on a $1,000 investment in Class U Shares and assuming (i) total annual expenses of net assets attributable to the Class U Shares remains the same, (ii) a 5% annual return, and (iii) reinvestment of all dividends and distributions at NAV:

	1 Year	3 Years	5 Years	10 Years
Total Expenses Incurred	$ 35	$ 108	$ 182	$ 378

1 The example should not be considered a representation of future expenses. Actual expenses may be greater or less than those shown.

FINANCIAL HIGHLIGHTS

The selected data below sets forth the per share operating performance and ratios for the period presented. The financial information was derived from and should be read in conjunction with the Financial Statements of the Fund and Notes thereto, which are incorporated by reference into this prospectus and the SAI. The financial information has been audited by Deloitte & Touche LLP ("Deloitte"), the Fund's independent registered public accounting firm, whose unqualified report on such Financial Statements is incorporated by reference into the SAI.

	Year Ended October 31, 2021	Period from Commencement of Operations to October 31, 2020***
Class I		
Per share operating performance		
Net asset value, beginning of year/period	$ 26.08	$ 25.00
Income from operations		
Net investment income(1)	1.67	1.01
Net realized and unrealized gain	1.69	1.10
Total income from operations	3.36	2.11
Dividends from		
Net investment income	(1.66)	(1.03)
Realized gains	(0.36)	—
Total dividends	(2.02)	(1.03)
Net Asset Value, end of year/period	$ 27.42	$ 26.08
Total return†	12.81%	8.71%(2)
Ratios to average net assets		
Expenses, before waiver	2.32%	3.84%**
Expenses, after waiver	2.02%	1.68%**
Net investment income, before waiver	5.73%	3.91%**
Net investment income, after waiver	6.03%	6.06%**
Supplemental data		
Net assets, end of year/period (000's)	$211,181	$ 106,962
Portfolio turnover rate*	78.20%	66.19%(2)

(1) Per share calculations were performed using average shares.
(2) Total return and portfolio turnover rate are for the period indicated and have not been annualized.
† Total return assumes a purchase of common stock at the NAV on the first day and a sale at the NAV on the last day of each period reported on the table. Total return assumes reinvestment of dividends and distributions at prices obtained pursuant to the Fund's dividend reinvestment plan.
* Portfolio turnover is calculated on the basis of the Fund as a whole.
** Annualized.
*** The date of commencement of operations for Class I Shares was February 28, 2020.

	Year Ended October 31, 2021	Period from Commencement of Operations to October 31, 2020***
Class T		
Per share operating performance		
Net asset value, beginning of year/period	$ 25.83	$ 25.00
Income from operations		
Net investment income(1)	1.45	0.61
Net realized and unrealized gain	1.68	0.83
Total income from operations	3.13	1.44
Dividends from		
Net investment income	(1.43)	(0.61)
Realized gains	(0.36)	—
Total dividends	(1.79)	(0.61)
Net Asset Value, end of year/period	$ 27.17	$ 25.83
Total return†	12.03%	6.65%(2)
Ratios to average net assets		
Expenses, before waiver	3.04%	3.54%**
Expenses, after waiver	2.78%	2.49%**
Net investment income, before waiver	5.00%	4.65%**
Net investment income, after waiver	5.27%	5.70%**
Supplemental data		
Net assets, end of year/period (000's)	$26,121	$ 8,243
Portfolio turnover rate*	78.20%	66.19%(2)

(1) Per share calculations were performed using average shares.
(2) Total return and portfolio turnover rate are for the period indicated and have not been annualized.
† Total return assumes a purchase of common stock at the NAV on the first day and a sale at the NAV on the last day of each period reported on the table. Total return assumes reinvestment of dividends and distributions at prices obtained pursuant to the Fund's dividend reinvestment plan.
* Portfolio turnover is calculated on the basis of the Fund as a whole.
** Annualized.
*** The date of commencement of operations for Class T Shares was June 1, 2020.

	Year Ended October 31, 2021	Period from Commencement of Operations to October 31, 2020***
Class U		
Per share operating performance		
Net asset value, beginning of year/period	$ 25.00	$ 25.00
Income from operations		
Net investment income(1)	1.44	—
Net realized and unrealized gain	1.52	—
Total income from operations	2.96	—
Dividends from		
Net investment income	(1.42)	—
Realized gains	(0.36)	—
Total dividends	(1.78)	—
Net Asset Value, end of year/period	$ 26.18	$ 25.00
Total return†	11.69%	0.00%(2)
Ratios to average net assets		
Expenses, before waiver	3.01%	0.00%**
Expenses, after waiver	2.87%	0.00%**
Net investment income, before waiver	5.29%	0.00%**
Net investment income, after waiver	5.43%	0.00%**
Supplemental data		
Net assets, end of year/period (000's)	$208,262	$ 7,421
Portfolio turnover rate*	78.20%	66.19%(2)

(1) Per share calculations were performed using average shares.
(2) Total return and portfolio turnover rate are for the period indicated and have not been annualized.
† Total return assumes a purchase of common stock at the NAV on the first day and a sale at the NAV on the last day of each period reported on the table. Total return assumes reinvestment of dividends and distributions at prices obtained pursuant to the Fund's dividend reinvestment plan.
* Portfolio turnover is calculated on the basis of the Fund as a whole.
** Annualized.
*** The date of commencement of operations for Class U Shares was September 1, 2020.

SENIOR SECURITIES

The following table sets forth certain information regarding the Fund's senior securities as of the end of the Fund's fiscal years ended October 31, 2020, and October 31, 2021. The Fund's senior securities during this time period are comprised of outstanding indebtedness, which constitutes a "senior security" as defined in the 1940 Act.

Fiscal Year Ended	Total Amount Outstanding	Asset Coverage Per $1,000(1)
October 31, 2020	$ 5,538,241	$ 23,142
October 31, 2021	$ 148,684,939	$ 3,997

1 Asset coverage per $1,000 of debt is calculated by subtracting the Fund's liabilities and indebtedness not represented by senior securities from the Fund's total assets, dividing the result by the aggregate amount of the Fund's senior securities representing indebtedness then outstanding, and multiplying the result by 1,000.

THE FUND

The Fund is a diversified, closed-end management investment company that continuously offers its Shares and is operated as an "interval fund." The Fund was organized as a Delaware statutory trust on September 5, 2019. The Fund has limited operating history. The Fund's principal office is located at 555 California Street, 50th Floor, San Francisco, California, 94104, and its telephone number is (415) 315-3620.

For the Fund's most recent month-end performance, please visit the Fund's website at www.kkrfunds.com/kcop.

USE OF PROCEEDS

The Fund invests the net proceeds of the sale of its Shares in accordance with the Fund's investment objective and policies as stated below. Pending the investment of the proceeds pursuant to the Fund's investment objective and policies, Adviser expects that it will initially invest proceeds in temporary investments. The Fund, under normal circumstances, invests 70-80% of its Managed Assets in the Opportunistic Credit strategy and 20-30% of its Managed Assets in the Private Credit Strategy, though the Fund's allocation in investments could vary from these guidelines at any time in the Fund's discretion.

THE FUND'S INVESTMENTS

Investment Objective

The Fund's investment objective is to seek to provide attractive risk-adjusted returns and high current income. There can be no assurance that the Fund will achieve its investment objective. The Fund's investment objective is not fundamental and may be changed by the Board without Shareholder approval.

Investment Strategies

The Fund invests in a select portfolio of the Fund's adviser's publicly traded and private credit through exposure to two of its primary credit strategies: (a) Opportunistic Credit, a conviction-based approach investing in a portfolio consisting primarily of junk bonds, first- and second-lien secured bank loans and structured credit (e.g., CLO mezzanine debt) and (b) Private Credit, which includes directly originated hard and financial asset-based lending, corporate mezzanine debt, as well as directly originated first-lien, second-lien and unitranche senior loans to upper middle-market companies.

In pursuing its investment objective, the Fund invests, under normal circumstances, at least 80% of its Managed Assets in senior and subordinated corporate debt and debt related instruments. Debt related instruments include bonds, secured bank loans, convertible securities, structured products (such as CLOs), convertible debt securities, repurchase agreements and municipal securities. The debt and debt related instruments in which the Fund invests may include those of issuers from the United States and other countries, including emerging market countries. The Fund can invest without limit in below investment grade debt related instruments. When determining the attractiveness of anticipated return levels, the Adviser considers the risks inherent in the underlying investments.

The Fund, under normal circumstances, invests 70-80% of its Managed Assets in the Opportunistic Credit strategy and 20-30% of its Managed Assets in the Private Credit Strategy, though the Fund's allocation in investments could vary from these guidelines at any time in the Fund's discretion. On at least a quarterly basis, the Investment Committee meets to, among other things, review and establish the allocation percentage between the Opportunistic Credit Strategy and Private Credit Strategy for the ensuing period. The Investment Committee considers factors such as KKR's macro-economic and market outlooks, assessment of the relative risk and return of each strategy, and other factors in making its determination.

Opportunistic Credit Strategy

The Opportunistic Credit Strategy's investment objective is to provide an attractive risk-adjusted return through investment in a diversified portfolio of fixed income securities and financial instruments. To achieve the Fund's investment objective, the Adviser utilizes a high conviction credit strategy with a broad mandate and flexibility to toggle among various asset classes including, but not limited to, junk bonds, first- and second-lien secured bank loans and structured credit (i.e., CLO mezzanine debt) and thematic approaches to investing depending on the credit market environment. Themes include (in order of expected weighting):

- *Market Dislocations and Relative Value* – Positions in higher-yielding investments resulting from a broader market dislocation and volatility, or a credit specific dislocation.
- *Event Driven* – Positions in securities with near term catalysts that are expected to lead to price appreciation/depreciation. Catalysts include refinancings, restructurings, mergers and acquisitions and rating upgrades, among others.
- *Proprietary Sourcing* – Trades that leverage broader firm relationships with private equity sponsors and Wall Street firms. These include reverse inquiry (an inquiry by the Adviser to an issuer with regard to originating a particular debt instrument), secondary opportunities (investments that can be acquired from existing investors, rather than from the issuers of such investments) and/or larger block trades (the purchase or sale of a large number of securities) and potential anchor positions (taking a large position in an issuance prior to the issuer soliciting other investors).

- *Stressed Credits* – Positions in companies under financial strain that could have a restructuring need and/or companies in out of favor industries that could be under market pressure.
- *Structured Products* – Trading in securitized products, including tranches of CLOs, other securitizations and indices, as well as capital relief trades.
- *Illiquidity Premium* – Credit investments in situations that offer a market premium, either in contractual rate or structure. These are expected to include small, less liquid trades as well as investments in misunderstood businesses or industries.

<u>Private Credit Strategy</u>

The Private Credit Strategy's investment objective is to deliver attractive returns primarily in the form of contractual interest or coupon payments with a focus on principal protection, diversification, and, to a lesser degree, potential capital appreciation. The strategy makes investments in directly originated and negotiated financing instruments in what we believe are underserved and/or mispriced asset classes resultant from the withdrawal of global financial institutions from the financing market place and seeks to earn a premium for originating and holding a loan or other instrument to maturity. Private Credit strategies can include:

- *Private Opportunistic Credit* – focus on attractive private credit investments with mezzanine-like returns in asset-based finance investment, corporate mezzanine debt, second lien debt, and structured credit. Asset based finance includes opportunities to either directly finance certain hard or financial assets or to invest in origination and/or servicing platforms of those assets (i.e., companies that originate investments in hard assets or financial asset or that perform the functions and processes relating to the origination and administration of such investments). We believe that these asset-based opportunities offer mezzanine-like structural downside protection as well as asset collateral, and equity-like upside that can be achieved through appreciation at the asset level or, in the case of platforms, through growth of the enterprise value. Key areas of focus include, but are not limited to the Aircraft, Shipping, Renewables, Real Estate, Consumer Finance, Equipment Financing and Leasing sectors.
- *Direct Lending* – focus on investments typically in the most senior tranches of a corporate or other issuer's capital structure. Generally, these investments take the form of privately negotiated first-, second-lien or unitranche senior loans established through custom financing agreements entered into with corporate or other borrowers with a focus on upper-middle market companies. In addition, the Adviser seeks to be the sole or, at minimum, lead lender, which generally results in a greater ability to dictate deal structure and terms and control all or a majority of the credit tranche.

KKR employs a holistic approach toward origination that is focused on partnering with high-quality borrowers and sponsors and serving as a solutions provider for their capital needs. We strive to understand the goals of borrowers and structure appropriate financing solutions that are tailored to meet their specific objectives. The breadth of our credit and capital markets platforms is crucial to exploring and creating these opportunities, as it enables us to provide a "one-stop" solution for a borrower's entire capital structure. The KKR Credit Team seeks to conduct deep due diligence (including, among other things, an evaluation of the quality of cash flows of the underlying investment, strengths and weaknesses in a borrower's cost structure, cost structure relative to competitors and quality of suppliers) on each investment, with a focus on investing in debt instruments of companies where it believes KKR has a competitive advantage or a differentiated view. The Fund can invest without limit in originated loans. The Fund can originate loans of any maturity or duration to borrowers located both within the United States and outside the United States.

The Adviser, a subsidiary of KKR, uses KKR's global network of resources, due diligence skills, intellectual capital and experience in seeking to achieve the Fund's investment objective. The Adviser employs a fundamentally-driven investment approach that is based on deep credit underwriting and rigorous financial analysis. Because KKR has deep experience in credit and private equity underwriting, the Adviser's investment approach is designed to incorporate valuable characteristics of both. The Adviser seeks to reallocate the portfolio of the Fund to opportunistically emphasize those investments, categories of investments and geographic exposures believed to be best suited to contribute to the achievement of the Fund's investment objective under the market conditions existing at the time of investment.

The Fund seeks to leverage the diverse backgrounds and many years of experience in portfolio management, investing, finance and economics of the KKR Credit Team, as well as the global network and proprietary resources of KKR to source, diligence and execute attractive investment opportunities.

The Fund relies on an exemptive order from the SEC that permits it to, among other things, co-invest with certain other persons, including certain affiliates of the Adviser and certain public or private funds managed by the Adviser and its affiliates, subject to certain terms and conditions.

The Fund's investment strategies are not fundamental and may be changed by the Board without Shareholder approval.

Investment Philosophy

With more than 370 employees, including approximately 160 dedicated investment professionals across nine cities, the Adviser has deep expertise in the global credit markets and in investing in corporate debt across a range of industries. The Adviser's investment professionals manage and evaluate credit opportunities across capital structures in public and private credit, and have access to an established platform for evaluating investments, managing risk and focusing on opportunities that seek to generate attractive returns with appropriate levels of risk. This platform allows for intensive due diligence to filter investment opportunities and help select investments that the Adviser believes offer the most favorable risk/reward characteristics.

The Opportunistic Credit strategy incorporates a fundamentally-driven investment philosophy which is based on deep credit underwriting and rigorous financial analysis, focus on capital preservation and understanding the risks/downside protections of each position, and performing active portfolio management. Given that the Adviser has deep experience in credit and private equity underwriting, its investment approach was designed to incorporate valuable characteristics of both. The Adviser believes that this analytically-intense process differentiates the level of credit work that it performs. The Adviser generally seeks to invest in companies where it has what it regards as a differentiated view through its proprietary research and due diligence capabilities, including, for example, where the Adviser has performed detailed due diligence on the relevant company or its competitors, service providers or industry by leveraging the full resources of KKR.

The Private Credit investment philosophy is rooted in the Adviser's view that its size, scale and high degree of credit selectivity are the best means of sourcing opportunities and managing risk. Within Private Opportunistic Credit, this view is evident in the objective of identifying and developing proprietary financing platforms to exploit idiosyncratic investment opportunities. In these situations, the Adviser structures customized assets, terms, and subordination to meet its specific investment objectives and risk tolerance. Within Direct Lending, the philosophy drives a business objective of lending to larger companies with tailored financing solutions and sourcing more opportunities from existing borrowers and sponsors. The Adviser views the upper middle market segment as offering attractive risk-adjusted returns as larger corporate borrowers in general are better capitalized, have stronger and deeper management teams, and greater access to capital markets for financial flexibility. In addition, the Adviser seeks to be the sole or at minimum, lead lender, that generally results in a greater ability to dictate deal structure and terms and control all or a majority of the credit tranche.

The Adviser is part of the broader KKR organization. KKR is a long-term fundamental investor focused on producing attractive risk-adjusted returns. Within the Fund's investment strategies specifically, KKR seeks out complexity, dislocation and uncertainty, which it believes creates attractive risk/reward opportunities in the marketplace. KKR believes that its credit platform is differentiated by:

- a "One-Firm" approach to investing, which integrates KKR's resources across regions and asset classes and KKR's history of investing across more than three decades of economic cycles and market fluctuations;

- a global presence, where KKR is “local” in major markets in North America, Europe and Asia, enhancing the Adviser’s ability to identify market dislocations early, move capital to the most attractive regions and efficiently and effectively execute on corresponding investment opportunities;
- Access to approximately 460 non-credit investment professionals from across the broader KKR global platform responsible for private equity, infrastructure, and real estate investing, among others;
- a stressed and distressed investments team housed within the Adviser, located in New York and London, that has extensive experience in identifying, evaluating and structuring investments up and down the capital structure from secured debt to equity and bespoke structured credits;
- a global macro and asset allocation team, which provides the Adviser with research and outlooks on the changing dynamics in the global economy. This capability augments research conducted by its investment professionals and helps the Adviser to quickly develop formal macro views in its due diligence, whether around broad macro themes or specific regional, country or market opportunities;
- dynamic trading ability, which allows the Adviser to move quickly into liquid credit and equity markets and take advantage of real-time market movements and dislocations with a view to creating incremental value for the Fund;
- stakeholder management capabilities, including a dedicated Public Affairs team, which the Adviser believes provides it with an advantage in conducting due diligence, proactively managing its portfolio through governmental, regulatory, labor or environmental issues and sourcing new investments;
- a network of approximately 65 Senior Advisors, who have held leading executive roles in major global corporations and provide KKR with operational and strategic insights and help it evaluate individual investment opportunities; and
- a “One-Firm” compensation and incentive structure and approach to investing, which allows KKR to act as a single team focused on finding the best investments and creating the best returns for its investors.

The Investment Process

The Adviser uses a fundamentally-driven investment approach which is based on deep credit underwriting and rigorous financial analysis. Because KKR has deep experience in credit and private equity underwriting, the Adviser’s investment approach is designed to incorporate valuable characteristics of both. Prior to making an investment, The Adviser conducts due diligence analysis and a comprehensive review and discussion with respect to the Adviser’s sourcing advantages, analysis and diligence findings.

Once an investment is made, the Adviser carefully monitors the position and formally re-underwrites its credit decision using a Portfolio Management Committee process approximately every three months. If the committee is not convinced that capital is still best invested in a position, a plan to intelligently exit is developed and implemented.

The central step in the Adviser’s investment process is the performance of company, industry, capital structure and legal analysis on each Fund investment. Key elements of this exercise include:

Corporate and Debt Structure

The Adviser generally reviews the corporate structure of a target company in an effort to understand which entities own what assets, which subsidiaries have the support of those assets and how outstanding guarantees, liens and pledges interrelate with the various claims on the company’s cash flows and to understand the covenants, terms and conditions of the company’s outstanding debt and equity securities.

Legal and Regulatory Environment

Defining and understanding the legal, regulatory and tax regimes in which a target company operates, including, in particular, having a deep understanding of the intricacies of the insolvency regimes applicable to the company, is a key focus of the due diligence process. Engaging in regulatory and corporate affairs analysis to ensure the Fund is properly positioned with respect to labor, political and other key constituencies applicable to its investments is also, where appropriate, an important part of the Adviser's due diligence process.

Key Valuation Drivers

The Adviser generally seeks to analyze a target company's historical performance and prospects with a view toward understanding the sustainable margins and strengths and weaknesses in a company's cost structure and analyzing the quality of cash flows of the underlying investment, including capital intensity needed to sustain its asset base, requirements for growth, degrees of flexibility to reduce its cost base if volumes or prices decline, and requirements for debt amortization or other external payments. The Adviser also seeks to define the market in which a company competes and, in particular, to assess what the company does, including what products and services it provides and to whom; to understand threats it faces for pricing or cost structure; and to identify drivers of market growth or decline, including changes in industry structure, technology or demographics.

Macro Environment

The Adviser also generally examines the broader environment in order to understand and consider potential macroeconomic head or tailwinds relevant to a target company utilizing scenario-based analysis. In this effort, the Adviser generally works closely with the Adviser's global macro and asset allocation team around views and data related to the macro environment, in addition to working with this team when conducting due diligence on specific opportunities, whether they be regional, country or market specific.

Tax Environment

Defining the tax regime in which a company operates is another key aspect of the due diligence process. The Adviser generally undertakes a tax analysis of Fund investments with a view to optimizing structure and returns. As appropriate, the team engages specialist third party advisors for this purpose. KKR has strong relationships with tax advisors around the world who advise it on current key issues regarding existing portfolio investments and on trends and evolving legislation and practices in their respective jurisdictions and areas of expertise.

Issuer Investment Profile

While the Adviser considers each investment opportunity in an issuer on its own merits, the Adviser generally focuses on companies that share the following characteristics:

- Leading Market Positions. The Adviser seeks to invest in companies with more defensible market positions, stronger franchises and operations and better credit characteristics than their peers. The Adviser focuses on the quality of product, employees, managers, facilities, systems and processes.
- Strong Cash Flow. The Adviser seeks to invest in companies that generate free cash flow, and that benefit from material investments from well-known equity investors. The ability of a company to meet interest obligations, repay debt and deleverage over time generally is a function of its ability to generate free cash flow. An ability to generate stable and predictable cash flows is an indicator of long-term financial health.
- Experienced Management Teams. The Adviser intends to prioritize companies with strong, existing management teams that it believes have a clear strategic vision, long-standing experience in their industry and a successful operating track record. The Adviser expects to favor companies in which management's incentives appear to be closely aligned with major capital providers.

- Stage of Business Life Cycle. The Adviser intends to seek mature, public and privately owned businesses that have long track records of stable, positive cash flow. The Adviser does not intend to invest in start-up companies or companies with speculative business plans.
- Attractive Industries. While the Adviser considers opportunities within all industries, it prioritizes industries having, in its view, favorable characteristics from a lending perspective. For example, the Adviser seeks companies in established industries with stable competitive and regulatory frameworks, where the main participants enjoy predictable, low volatility earnings. The Adviser gives less emphasis to industries that are frequently characterized by less predictable and more volatile earnings.
- Environmental, Social and Governance ("ESG") Considerations. The Adviser integrates ESG considerations alongside traditional factors in the investment decision-making process. The Adviser applies proprietary criteria to assess potential financial and reputational risks to issuers. Examples of criteria the Adviser may consider in conducting this assessment include, without limitation, carbon intensity, environmental management, social management, diversity and inclusion, sponsor reputation, financial controls, committed management, organizational structure and litigation issues. An investment's ESG considerations are monitored and re-evaluated on an ongoing basis. The identification of a risk related to one or more ESG considerations will not necessarily exclude a particular investment that, in the Adviser's view, is otherwise suitable and attractively priced for investment. The Adviser may utilize data sources provided by third-party vendors and/or engage directly with issuers with assessing ESG factors.
- Distressed Investments and Stressed Investments. The Adviser, from time to time, also invests in companies that are under stress and do not meet the above criteria. In such circumstances, the Adviser invests based on the Adviser's view of strong risk-adjusted return. These opportunities can present an attractive risk-reward profile for the Fund based on the Adviser's due diligence process. The Adviser considers distressed investments in corporate debt or equity issued by companies that have defaulted on their debt obligations, have filed for insolvency or are selling at sufficiently discounted prices where the Adviser believes that if the companies do not default, such investments will yield attractive risk-adjusted returns. From time to time, the Adviser will also acquire "dislocated" fixed-income instruments of companies that are rated below investment grade and selling at a discount to par or yield greater than what the Adviser believes is typical for companies in similar situations. Market inefficiencies in these circumstances could, for example, be due to a lack of financial market following, a misunderstanding in the market of particular industries or companies or industries that are out of favor with the investor community. In times of particular dislocation and irrational market behavior, the Adviser could attempt to trade around specific portfolio positions opportunistically to capture excess returns based on its fundamental research-driven process.

Although the Adviser believes that the criteria listed above are important in identifying and investing in portfolio companies, the Adviser considers each investment on a case-by-case basis. It is possible that not all of these criteria will be met by each company in which the Fund invests.

Portfolio Composition

The Fund's portfolio is composed principally of the following investments. A more detailed description of the Fund's investment policies and restrictions and more detailed information about the Fund's portfolio investments are contained in the SAI.

Fixed-Income Instruments

The Fund invests in fixed-income instruments, such as high-yield corporate debt securities, or bonds, or U.S. government debt securities. The issuer of a fixed-income instrument pays the investor a fixed- or variable-rate of interest and normally must repay the amount borrowed on or before maturity. Certain bonds are "perpetual" in that they have no maturity date. Holders of fixed-income bonds, as creditors, have a prior legal claim over common and preferred stockholders as to both income and assets of the issuer for the principal and interest due them and could have a prior claim over other creditors but would be subordinate to any existing secured lenders with higher priority in the issuer's capital structure. Fixed-income instruments can be secured or unsecured. The investment return of corporate bonds reflects interest on the security and changes in the market value of the security. The market value of a corporate bond, especially a fixed-rate bond, will generally rise and fall inversely with interest rates. The value of intermediate- and longer-term corporate bonds normally fluctuates more in response to changes in interest rates than does the value of shorter-term corporate bonds. The market value of a corporate bond also can be affected by the credit rating of the corporation, the corporation's performance and perceptions of the corporation in the market place. There is a risk that the issuers of the securities will not be able to meet their obligations on interest or principal payments at the time called for by an instrument. Corporate fixed-income instruments usually yield more than government or agency bonds due to the presence of credit risk.

Senior Loans

Senior Loans hold the most senior position in the capital structure of a Borrower. Senior Loans are secured with specific collateral and have a claim on the assets and/or stock of the Borrower that is senior to that held by unsecured creditors, subordinated debt holders and stockholders of the Borrower. The proceeds of Senior Loans primarily are used to refinance existing debt and for acquisitions, dividends, leveraged buyouts and general corporate purposes.

Interest rates on Senior Loans can be fixed or can float periodically. On floating rate Senior Loans, the interest rates typically are adjusted based on a base rate plus a premium or spread over the base rate. The base rate usually is a standard inter-bank offered rate, such as LIBOR, the prime rate offered by one or more major U.S. banks, or the certificate of deposit rate or other base lending rates used by commercial lenders. Floating rate Senior Loans adjust over different time periods, including daily, monthly, quarterly, semi-annually or annually. The Fund will, from time to time, use interest rate swaps and other investment practices to shorten the effective interest rate adjustment period of floating rate Senior Loans or to adjust the overall interest rate exposure of the Fund.

When interest rates rise, the values of fixed-rate income instruments generally decline. When interest rates fall, the values of fixed-rate income instruments generally increase. The prices of floating rate Senior Loans tend to have less fluctuation in response to changes in interest rates, but will have some fluctuation, particularly when the next interest rate adjustment on such security is further away in time or adjustments are limited in amount over time. For floating rate Senior Loans, interest payable to the Fund from its investments in Senior Loans should increase as short-term interest rates increase, and as short-term interest rates decrease, interest payable to the Fund from its investments in Senior Loans should decrease. Longer interest rate reset periods generally increase fluctuations in the Fund's NAV as a result of changes in market interest rates.

Senior Loans are subject to the risk of non-payment of scheduled interest or principal. Such non-payment would result in a reduction of income to the Fund, a reduction in the value of the investment and a potential decrease in the NAV of the Fund. There can be no assurance that the liquidation of any collateral securing a Senior Loan would satisfy the Borrower's obligation in the event of non-payment of scheduled interest or principal payments, or that such collateral could be readily liquidated. In the event of bankruptcy or insolvency of a Borrower, the Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing a Senior Loan. The collateral securing a Senior Loan could lose all or substantially all of its value in the event of the bankruptcy or insolvency of a Borrower.

Senior Loans might not be rated by a rating agency. The amount of public information available with respect to Senior Loans will generally be less extensive than that available for registered or exchange-listed securities. In evaluating the creditworthiness of Borrowers, the Adviser will consider, and could rely in part, on analyses performed by others. To the extent that they are rated by a rating agency, many of the Senior Loans in which the

Fund invests will have been assigned below investment grade ratings by independent rating agencies. In the event Senior Loans are not rated, they are likely to be the equivalent of below investment grade quality. The Adviser does not view ratings as the determinative factor in their investment decisions and rely more upon their credit analysis abilities than upon ratings.

Senior Loans generally are not registered with the SEC, or any state securities commission, and are not listed on any national securities exchange. There is less readily available or reliable information about most Senior Loans than is the case for many other types of securities, including securities issued in transactions registered under the Securities Act or registered under the Exchange Act. No active trading market exists for some Senior Loans, and some Senior Loans will be subject to restrictions on resale. A secondary market could be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods, which could impair the Fund's ability to realize full value and thus cause a material decline in the Fund's NAV. In addition, at times, the Fund will not be able to readily dispose of its Senior Loans at prices that approximate those at which the Fund could sell such loans if they were more widely traded and, as a result of such illiquidity, the Fund will, from time to time, have to sell other investments or engage in borrowing transactions if necessary to raise cash to meet its obligations. During periods of limited supply and liquidity of Senior Loans, the Fund's yield could be lower.

The floating or variable rate feature of most Senior Loans is a significant difference from typical fixed-income investments that carry significant interest rate risk. To the extent the Fund invests in variable rate Senior Loans, the Fund can normally be expected to have less significant interest rate-related fluctuations in its NAV per Share than investment companies investing primarily in fixed-income instruments (other than money market funds and some short-term bond funds). When interest rates decline, the value of a fixed-income portfolio can normally be expected to rise. Conversely, when interest rates rise, the value of a fixed-income portfolio can normally be expected to decline.

Although the income available to the Fund will vary, the Adviser expects the Fund's policy of acquiring interests in floating rate Senior Loans to reduce fluctuations in the NAV of the Fund resulting from changes in market interest rates. However, because floating or variable rates on Senior Loans only reset periodically, changes in prevailing interest rates can be expected to cause some fluctuations in the Fund's NAV. Similarly, a sudden and significant increase in market interest rates could cause a decline in the Fund's NAV. A material decline in the Fund's NAV could impair the Fund's ability to maintain required levels of asset coverage. Other factors (including, but not limited to, rating downgrades, credit deterioration, a large downward movement in stock prices, a disparity in supply and demand of certain securities or market conditions that reduce liquidity) can reduce the value of Senior Loans and other debt obligations and reduce the Fund's NAV.

The Fund will, from time to time, purchase and retain in its portfolio Senior Loans where the Borrower has experienced, or is perceived to be likely to experience, credit problems, including involvement in or recent emergence from bankruptcy court proceedings or other forms of debt restructuring. Such investments can provide opportunities for enhanced income as well as capital appreciation, although they also will be subject to greater risk of loss. At times, in connection with the restructuring of a Senior Loan either outside of bankruptcy court or in the context of bankruptcy court proceedings, the Fund will determine or be required to accept equity securities or junior credit securities in exchange for all or a portion of a Senior Loan.

At times, the Adviser will use an independent pricing service or prices provided by dealers to value loans and other credit securities at their market value. The Adviser will use the fair value method to value Senior Loans or other securities if market quotations for them are not readily available or are deemed unreliable. A security that is fair valued could be valued at a price higher or lower than actual market quotations or the value determined by other funds using their own fair valuation procedures.

Direct Assignments. The Fund will, from time to time, purchase Senior Loans on a direct assignment basis. If the Fund purchases a Senior Loan on direct assignment, it typically succeeds to all the rights and obligations under the loan agreement of the assigning lender and becomes a lender under the loan agreement with the same rights and obligations as the assigning lender. Investments in Senior Loans on a direct assignment basis involve additional risks to the Fund. For example, if such loan is foreclosed, the Fund could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral.

Loan Participations. The Fund will, from time to time, also purchase, without limitation, participations in Senior Loans, but does not plan to do so extensively. The participation by the Fund in a lender's portion of a Senior Loan typically will result in the Fund having a contractual relationship only with such lender, not with the Borrower. As a result, the Fund will, from time to time, have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the participation and only upon receipt by such lender of payments from the Borrower. Such indebtedness can be secured or unsecured. Loan participations typically represent direct participations in a loan to a Borrower, and generally are offered by banks, other financial institutions or lending syndicates. The Fund will, from time to time, participate in such syndications, or can buy part of a loan, becoming a part lender. When purchasing loan participations, the Fund assumes the credit risk of both the Borrower and the institution that sells the participation. The participation interests in which the Fund intends to invest might not be rated by any rating agency.

Pre-Funded Letter of Credit Loans. The Fund will, from time to time, purchase participations in prefunded letter of credit loans (a "prefunded L/C loan") but does not plan to do so extensively. A prefunded L/C loan is a facility created by the Borrower in conjunction with the agent bank as issuer of a loan, and the prefunded L/C loan is backed by letters of credit (each letter, an "L/C"). Each participant in a prefunded L/C loan (sometimes referred to as a funded letter of credit facility) fully funds its commitment amount to the agent bank for the facility. The funds are invested by the agent bank and held solely to satisfy a prefunded L/C loan lender's obligation to the agent bank under the facility. The funds paid by the lenders are invested by the agent bank in deposits that pay interest, usually approximating a benchmark rate, such as LIBOR, which goes to the Borrower. Generally, the Borrower, via the agent bank, pays the lenders an interest rate, equivalent to the fully drawn spread plus the benchmark rate, usually LIBOR. The funds are returned to the lender upon termination of the prefunded L/C loan (and upon satisfaction of all obligations). Under the terms of the prefunded L/C loan agreement, a lender could sell and assign all or a portion of its interest in the loan to another lender so long as the other lender is eligible and agrees to the terms and conditions of the prefunded L/C loan agreement. When the Borrower needs funds, it can draw against the prefunded L/C loan and the agent bank makes payment to the Borrower by withdrawing some of the amount invested as deposits. Consequently, the lenders do not have to advance any additional funds at the time the Borrower draws against the prefunded L/C loan facility. The prefunded L/C loan can be structured from the standpoint of the Borrower as either (i) a revolving credit facility, where the Borrower can reborrow, during the term of the loan, moneys it has paid back to the facility during the term of the loan, or (ii) a delayed draw term loan where the Borrower may not reborrow moneys it has repaid to the facility during the term of the loan.

When the Fund purchases a participation in a prefunded L/C loan, the proceeds of the purchase are deposited in a collateral account, which backs an L/C loan by the agent bank to the Borrower to support trade or other financing. The Fund typically receives interest on the cash collateral account equal to LIBOR. In addition, the Fund will, from time to time, also receive a fee, typically similar to the spread paid on the Borrower's institutional loan. Participations by the Fund in a prefunded L/C loan typically will result in the Fund having a contractual relationship only with the agent bank, not with the Borrower. As a result, the Fund will, from time to time, have the right to receive interest, fees and any repayments, if any, to which it is entitled only from the agent bank selling the participation and only upon receipt by the agent bank of such payments from the Borrower. In connection with purchasing the participation in a prefunded L/C loan, the Fund generally will have no right to enforce compliance by the Borrower with the terms of the prefunded L/C loan. As a result, the Fund will, from time to time, assume the credit risk of both the Borrower and the agent bank selling the participation in a prefunded L/C loan. In the event of the insolvency of the agent bank selling a participation in a prefunded L/C loan, the Fund will, from time to time, be treated as a general creditor of such agent bank. The agent bank will likely conduct its principal business activities in the banking, finance and financial services industries. Persons engaged in such industries could be more susceptible to, among other things, fluctuations in interest rates, changes in the Federal Reserve Open Market Committee's monetary policy, governmental regulations concerning such industries and concerning capital raising activities generally and fluctuations in the financial markets generally.

Subordinated and Unsecured or Partially Secured Loans

Unsecured loans or subordinated are loans made by public and private corporations and other non-governmental entities and issuers for a variety of purposes. Unsecured loans generally have lower priority in right of payment compared to holders of secured debt of the borrower. Unsecured loans are not secured by a security interest or lien to or on specified collateral securing the borrower's obligation under the loan. Unsecured loans by their terms are or may become subordinate in right of payment to other obligations of the borrower, including Senior Loans and other secured loans. Unsecured loans can have fixed or adjustable floating rate interest payments.

Because unsecured loans are subordinate to the secured debt of the borrower, they present a greater degree of investment risk but often pay interest at higher rates reflecting this additional risk. Such investments generally are of below investment grade quality. Other than their subordinated and unsecured status, such investments have many characteristics and risks similar to Senior Loans and other secured loans discussed above. In addition, unsecured loans of below investment grade quality share many of the risk characteristics of non-investment grade bonds. As in the case of secured loans, the Fund will, from time to time, purchase interests in unsecured loans through assignments or participations. Unsecured loans are subject to the same risks associated with investment in Senior Loans and other secured loans and non-investment grade bonds. However, because unsecured loans rank lower in right of payment to any secured obligations of the borrower, they therefore are subject to additional risk that the cash flow of the borrower and available assets will be insufficient to meet scheduled payments after giving effect to the secured obligations of the borrower. Unsecured loans are also expected to have greater price volatility than secured loans and can be less liquid.

Second lien loans are generally second in line in terms of repayment priority. A second lien loan could have a claim on the same collateral pool as the first lien or it could be secured by a separate set of assets. Second lien loans generally give investors priority over general unsecured creditors in the event of an asset sale. The priority of the collateral claims of third or lower lien loans ranks below holders of second lien loans and so on. Such junior loans are subject to the same general risks inherent to any loan investment, including credit risk, market and liquidity risk, and interest rate risk. Due to their lower place in the borrower's capital structure and possible unsecured or partially secured status, such loans involve a higher degree of overall risk than Senior Loans of the same borrower.

Mezzanine Securities

The Fund will, from time to time, invest in certain lower grade securities known as "mezzanine securities," which are subordinated debt securities that are generally issued in private placements in connection with an equity security (e.g., with attached warrants) or may be convertible into equity securities. Mezzanine securities can be issued with or without registration rights. Similar to other lower grade securities, maturities of mezzanine securities are typically seven to ten years, but the expected average life is significantly shorter at three to five years. Mezzanine securities are usually unsecured and subordinated to other obligations of the issuer.

Bank Loans

A significant portion of the first- and second-lien loans in which the Fund invests consists of bank loans. A bank loan is a debt financing obligation issued by a bank or other financial institution to a borrower that generally holds legal claim to the borrower's assets. Bank loans are fixed and floating rate loans arranged through private negotiations between a company or a non-U.S. government and one or more financial institutions (lenders). The Fund will, from time to time, acquire bank loans directly through the lending agent or as an assignment from another lender who holds a direct interest in the loan. To the extent the Fund invests in bank loans, it is exposed to additional risks beyond those normally associated with more traditional debt securities. The Fund's ability to receive payments or principal and interest in connection with a bank loan will depend primarily on the financial condition of the borrower, and whether or not a loan is secured by collateral, although there is no assurance that the collateral securing the loan will be sufficient to satisfy the loan obligation. At times, the market for bank loans might not be highly liquid, and the Fund will, from time to time, have difficulty selling them.

Unlike publicly traded common stocks which trade on national exchanges, there is no central place or exchange for bank loans to trade. Bank loans trade in an over-the-counter market, and confirmation and settlement, which are effected through standardized procedures and documentation, generally takes significantly longer than traditional fixed-income security transactions to complete. The secondary market for loans also can be subject to irregular trading activity and wider bid/ask spreads. The lack of an active trading market for certain bank loans and restrictions on transfers in loan agreements, a lack of publicly available information and other factors can make bank loans more difficult to sell at an advantageous time or price than other types of securities or instruments.

Bank loans are typically issued in the form of first lien and/or second lien loans. Although many bank loans are secured by the assets of the borrowing entity as collateral, some loans are not secured.

Bank loans are subject to unique risks, including (i) so-called "lender liability" claims by the issuer of the obligations, (ii) environmental liabilities that can arise with respect to collateral securing the obligations, and (iii) the contractual nature of participations where the Fund takes on the credit risk of the agent bank rather than the actual borrower.

Direct Lending

Direct Lending loans are Senior Loans directly arranged / originated between a fund (i.e., non-bank or financial institution) and a borrower or sponsor. Direct Lending loans are generally first lien senior secured loans (including "unitranche" loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position), second lien senior secured loans and mezzanine debt extended to upper middle-market companies. With respect to unitranche loans, the Fund could, pursuant to an agreement among lenders, be in a "first out" or "last out" tranche, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder and the "last out" lender bears greater risk relative to the "first out" lender. Direct Lending loans are generally made with the expectation of being held to the earlier of repayment or maturity given the lack of an exchange or over-the-counter market for the trading of these types of loans.

Below Investment Grade Instruments

The Fund anticipates that a majority of the Fund's assets, including its investments in secured loans and other debt securities, will be invested in instruments that are classified as "higher-yielding" (and, therefore, higher-risk) investments. In most cases, such investments will be rated below investment grade by recognized rating agencies or will be unrated instruments determined by the Adviser to be appropriate investments for the Fund. While generally providing greater income and opportunity for gain, non-investment grade debt securities and similar debt instruments generally are subject to greater risks than securities or instruments that have higher credit ratings, including a high risk of default. The credit rating of a high yield security does not necessarily address its market value risk, and ratings could from time to time change, positively or negatively, to reflect developments regarding the issuer's financial condition. High yield securities and similar instruments often are considered to be speculative with respect to the capacity of the issuer to timely repay principal and pay interest or dividends in accordance with the terms of the obligation and could have more credit risk than higher rated securities. Lower grade securities and similar debt instruments could be particularly susceptible to economic downturns. It is likely that a prolonged or deepening economic recession could adversely affect the ability of Borrowers issuing such securities and similar debt instruments to repay principal and pay interest on the instrument, increase the incidence of default and severely disrupt the market value of the securities and similar debt instruments.

The prices of credit instruments generally are inversely related to interest rate changes; however, the price volatility caused by fluctuating interest rates of instruments also is inversely related to the interest rate of such instruments. Accordingly, lower grade instruments can be relatively less sensitive to interest rate changes than higher quality instruments of comparable maturity, because of their higher interest rate. This higher interest rate is what the investor receives in return for bearing greater credit risk. The higher credit risk associated with lower grade instruments potentially can have a greater effect on the value of such instruments than is the case with higher quality issues of comparable maturity, and can be a substantial factor in the Fund's relative Share price volatility.

Distressed and Defaulted Instruments

The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments.

Distressed and defaulted instruments generally present the same risks as investment in below investment grade instruments. However, in most cases, these risks are of a greater magnitude because of the uncertainties of investing in an issuer undergoing financial distress. As discussed above, an issuer of distressed instruments could be in bankruptcy or undergoing some other form of financial restructuring. Interest and/or principal payments on distressed instruments could be in default. Distressed instruments present a risk of loss of principal value, including potentially a total loss of value. Distressed instruments generally are highly illiquid and the prices at which distressed instruments may be sold typically represent a substantial discount to what the Adviser believes to be the ultimate value of such obligations.

Convertible Securities

Convertible securities include bonds, debentures, notes, preferred stocks and other securities that entitle the holder to acquire common stock or other equity securities of the same or a different issuer. Convertible securities have general characteristics similar to both debt and equity securities. A convertible security generally entitles the holder to receive interest or preferred dividends paid or accrued until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible securities have characteristics similar to non-convertible debt obligations. Convertible securities rank senior to common stock in a corporation's capital structure and, therefore, generally entail less risk than the corporation's common stock, although the extent to which such risk is reduced depends in large measure upon the degree to which the convertible security sells above its value as a debt obligation. A convertible security could be subject to redemption at the option of the issuer at a predetermined price. If a convertible security held by the Fund is called for redemption, the Fund would be required to permit the issuer to redeem the security and convert it to underlying common stock, or would sell the convertible security to a third party, which could have an adverse effect on the Fund's ability to achieve its investment objective. The price of a convertible security often reflects variations in the price of the underlying common stock in a way that non-convertible debt would not. The value of a convertible security is a function of (i) its yield in comparison to the yields of other securities of comparable maturity and quality that do not have a conversion privilege and (ii) its worth if converted into the underlying common stock.

Non-U.S. Securities

The Fund invests in securities or other instruments, including secured loans and unsecured loans, of non-U.S. issuers or Borrowers. Some non-U.S. securities are less liquid and more volatile than securities of comparable U.S. issuers. Similarly, there is less volume and liquidity in most foreign securities markets than in the United States and, at times, greater price volatility than in the United States.

Because evidences of ownership of such securities usually are held outside the United States, the Fund will be subject to additional risks if it invests in non-U.S. securities, which include possible adverse political and economic developments, seizure or nationalization of foreign deposits and adoption of governmental restrictions which might adversely affect or restrict the payment of principal and interest on the foreign securities to investors located outside the country of the issuer, whether from currency blockage or otherwise. Because non-U.S. securities may trade on days when the Shares are not priced, the Fund's NAV can change at times when Shares cannot be sold.

Certain of the Fund's investments in foreign fixed-income instruments could be denominated in currencies other than the U.S. dollar. To the extent the Fund invests in such instruments, the value of the assets of the Fund as measured in U.S. dollars will be affected by changes in exchange rates. Generally, the Fund's currency exchange transactions will be conducted on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market. The cost of the Fund's currency exchange transactions will generally be the difference between the bid and offer spot rate of the currency being purchased or sold. In order to protect against uncertainty in the level of future currency exchange rates, the Fund is authorized to enter into various currency exchange transactions. See "Risks—Foreign Currency Risk."

Illiquid and Restricted Securities

The Fund will, from time to time, invest in securities that, at the time of investment, are illiquid. Investments currently considered to be illiquid include, among others, repurchase agreements not entitling the holder to repayment of principal and payment of interest within seven days, non-government stripped fixed-rate mortgage-backed securities, and OTC options and other derivatives. In the absence of readily available market quotations, the Board, a committee appointed by the Board or a designee of the Board will price illiquid investments at a fair value as determined in good faith. Valuing illiquid securities typically requires greater judgment than valuing securities for which there is an active trading market. The market price of illiquid securities generally is more volatile than that of more liquid securities, which could adversely affect the price that the Fund pays for or recovers upon the sale of illiquid securities. Investment of the Fund's assets in illiquid securities could restrict the Fund's ability to take advantage of market opportunities.

The Fund will, from time to time, invest in restricted securities, which are securities that may not be sold to the public without an effective registration statement under the Securities Act. The restriction on public sale could make it more difficult to value such securities, limit the Fund's ability to dispose of them and lower the amount the Fund could realize upon their sale. Because they are not registered, restricted securities may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. In recognition of the increased size and liquidity of the institutional market for unregistered securities and the importance of institutional investors in the formation of capital, the SEC adopted Rule 144A under the Securities Act. Rule 144A is designed to facilitate efficient trading among institutional investors by permitting the sale of certain unregistered securities to qualified institutional buyers. To the extent privately placed securities held by the Fund qualify under Rule 144A and an institutional market develops for those securities, the Fund likely will be able to dispose of the securities without registering them under the Securities Act. To the extent that institutional buyers become, for a time, uninterested in purchasing these securities, investing in Rule 144A securities could increase the level of the Fund's illiquidity.

When-Issued Securities and Forward Commitments

The Fund will, from time to time, purchase securities on a when-issued basis or purchase or sell securities on a forward commitment basis beyond the customary settlement time. These transactions involve a commitment by the Fund to purchase or sell securities at a future date. The price of the underlying securities (usually expressed in terms of yield) and the date when the securities will be delivered and paid for (the settlement date) are fixed at the time the transaction is negotiated. When-issued purchases and forward commitment transactions are negotiated directly with the other party, and such commitments are not traded on exchanges. The Fund generally purchases securities on a when-issued basis or purchase or sell securities on a forward commitment basis only with the intention of completing the transaction and actually purchasing or selling the securities. If deemed advisable as a matter of investment strategy, however, the Fund will, from time to time, dispose of or negotiate a commitment after entering into it. From time to time, the Fund also sells securities it has committed to purchase before those securities are delivered to the Fund on the settlement date. The Fund will, from time to time, realize capital gains or losses in connection with these transactions. In accordance with current federal securities laws, rules, and staff positions, the Fund is generally required to segregate cash and liquid assets in an amount sufficient to meet the purchase price unless the Fund's obligations are otherwise covered. Alternatively, the Fund could enter into offsetting contracts for the forward sale of other securities that it owns. Securities purchased or sold on a when-issued or forward commitment basis involve a risk of loss if the value of the security to be purchased declines prior to the settlement date or if the value of the security to be sold increases prior to the settlement date.

Equity Securities

From time to time, the Fund also invests in or hold common stock and other equity securities. Common stock represents an equity ownership interest in a company. Historical trends would indicate that common stock is subject to higher levels of volatility and market and issuer-specific risk than debt securities. The value of the equity securities generally will be affected more rapidly, and to a greater extent, by company-specific developments and general market conditions. These risks could increase fluctuations in the Fund's NAV. In addition, if the Fund's investments in equity securities are incidental to the Fund's investments in loans or fixed-income instruments, the Fund frequently will possess material non-public information about a Borrower or issuer as a result of its ownership of a loan or fixed-income instrument of a Borrower or issuer. Because of prohibitions on trading in instruments while in possession of material non-public information, the Fund might be unable to enter into a transaction in a security of the Borrower or issuer when it would otherwise be advantageous to do so.

Preferred Stocks

The Fund, from time to time, also invests in preferred stocks. Preferred stocks represent the senior residual interest in the assets of an issuer after meeting all claims, with priority to corporate income and liquidation payments over the issuer's common stock. As such, preferred stock is inherently riskier than the bonds and loans of the issuer, but less risky than its common stock. Preferred stocks often contain provisions that allow for redemption in the event of certain tax or legal changes or at the issuers' call. Preferred stocks typically do not provide any voting rights, except in cases when dividends are in arrears beyond a certain time period. Preferred stock in some instances is convertible into common stock.

Although they are equity securities, preferred stocks have certain characteristics of both debt and common stock. They are debt-like in that their promised income is contractually fixed. They are common stock-like in that they do not have rights to precipitate bankruptcy proceedings or collection activities in the event of missed payments. Furthermore, they have many of the key characteristics of equity due to their subordinated position in an issuer's capital structure and because their quality and value are heavily dependent on the profitability of the issuer rather than on any legal claims to specific assets or cash flows. In order to be payable, dividends on preferred stock must be declared by the issuer's board of directors or trustees. In addition, distributions on preferred stock could be subject to deferral and thus might not be automatically payable. Income payments on some preferred stocks are cumulative, causing dividends and distributions to accrue even if not declared by the board or otherwise made payable. Other preferred stocks are non-cumulative, meaning that skipped dividends and distributions do not continue to accrue. There is no assurance that dividends on preferred stocks in which the Fund invests will be declared or otherwise made payable. If the Fund owns preferred stock that is deferring its distributions, the Fund will be required to report income for U.S. federal income tax purposes while it is not receiving cash payments corresponding to such income. When interest rates fall below the rate payable on an issue of preferred stock or for other reasons, the issuer could redeem the preferred stock, generally after an initial period of call protection in which the stock is not redeemable. Preferred stocks can be significantly less liquid than many other securities, such as U.S. government securities, corporate bonds and common stock.

Structured Products

The Fund invests in structured products, including the following:

Collateralized Loan Obligations. A CLO is a financing company (generally called a Special Purpose Vehicle or "SPV"), created to reapportion the risk and return characteristics of a pool of assets. While the assets underlying CLOs are typically secured loans, the assets could also include (i) unsecured loans, (ii) debt securities that are rated below investment grade, (iii) debt tranches of other CLOs and (iv) equity securities incidental to investments in secured loans. When investing in CLOs, the Fund will not invest in equity tranches, which are the lowest tranche. However, the Fund will, from time to time, invest in lower tranches of CLOs, which typically experience a lower recovery, greater risk of loss or deferral or non-payment of interest than more senior tranches of the CLO. In addition, the Fund intends to invest in CLOs consisting primarily of individual secured loans of Borrowers and not repackaged CLO obligations from other high-risk pools. The underlying secured loans purchased by CLOs are generally performing at the time of purchase but could become non-performing, distressed or defaulted. CLOs with underlying assets of non-performing, distressed or defaulted loans are not contemplated to comprise a significant portion of the Fund's investments in CLOs. The key feature of the CLO structure is the prioritization of the cash flows from a pool of debt securities among the several classes of the CLO. The SPV is a company founded solely for the purpose of securitizing payment claims arising out of this diversified asset pool. On this basis, marketable securities are issued by the SPV which, due to the diversification of the underlying risk, generally represent a lower level of risk than the original assets. The redemption of the securities issued by the SPV typically takes place at maturity out of the cash flow generated by the collected claims.

Credit-Linked Notes. The Fund will, from time to time, purchase credit-linked notes for risk management purposes. A credit-linked note is a form of funded credit derivative instrument. It is a synthetic obligation between two or more parties where the payment of principal and/or interest is based on the performance of some obligation (a reference obligation). Credit-linked notes are created by embedding a credit default swap in a funded asset to form an investment whose credit risk and cash flow characteristics resemble those of a bond or loan. These credit-linked notes pay an enhanced coupon to the investor for taking on the added credit risk of the reference issuer. In addition to the credit risk of the reference obligations and interest rate risk, the buyer/seller of credit-linked notes is subject to counterparty risk.

Asset-Backed Securities

The value of asset-backed securities ("ABSs") like that of traditional fixed-income instruments, typically increases when interest rates fall and decreases when interest rates rise. However, ABSs differ from traditional fixed-income instruments because of their potential for prepayment. The price paid by the Fund for such securities, the yield the Fund expects to receive from such securities and the average life of such securities are based on a number of factors, including the anticipated rate of prepayment of the underlying assets.

Asset-Based Lending

Asset-Based Lending is directly originated private credit investments with mezzanine-like returns to either directly finance certain hard or financial assets or to invest in origination and / or servicing platforms of those hard assets. These asset-based opportunities can offer mezzanine-like structural downside protection as well as asset collateral, and equity-like upside that can be achieved through appreciation at the asset-level or, in the case of platforms, through growth of the enterprise value. Key areas of focus include, but are not limited to the Aircraft, Shipping, Renewables, Real Estate, and Consumer Finance sectors. From time to time, the Advisor will partner with an asset operator to pursue these types of asset-based opportunities. Investments in this category are structured in a variety of ways, including without limitation, as senior or subordinated asset-backed securities, structured credit notes or loans, private, preferred or common equity.

Mortgage-Backed Securities

In addition to the risks associated with other ABSs as described above, mortgage-backed securities are subject to the general risks associated with investing in real estate securities; that is, they could lose value if the value of the underlying real estate to which a pool of mortgages relates declines. Mortgage-backed securities can be issued by governments or their agencies and instrumentalities, such as, in the United States, the Government National Mortgage Association ("Ginnie Mae"), Fannie Mae and Freddie Mac. They can also be issued by private issuers but represent an interest in or are collateralized by pass-through securities issued or guaranteed by a government or one of its agencies or instrumentalities. In addition, mortgage-backed securities can be issued by private issuers and be collateralized by securities without a government guarantee. Such securities usually have some form of private credit enhancement.

Pools created by private issuers generally offer a higher rate of interest than government and government-related pools because there are no direct or indirect government or agency guarantees of payments. Notwithstanding that such pools could be supported by various forms of private insurance or guarantees, there can be no assurance that the private insurers or guarantors will be able to meet their obligations under the insurance policies or guarantee arrangements. The Fund will, from time to time, invest in private mortgage pass-through securities without such insurance or guarantees. Any mortgage-backed securities that are issued by private issuers are likely to have some exposure to subprime loans as well as to the mortgage and credit markets generally. In addition, such securities are not subject to the underwriting requirements for the underlying mortgages that would generally apply to securities that have a government or government-sponsored entity guarantee, thereby increasing their credit risk. The risk of non-payment is greater for mortgage-related securities that are backed by mortgage pools that contain subprime loans, but a level of risk exists for all loans. Market factors adversely affecting mortgage loan repayments include a general economic downturn, high unemployment, a general slowdown in the real estate market, a drop in the market prices of real estate, or an increase in interest rates resulting in higher mortgage payments by holders of adjustable rate mortgages.

Zero Coupon and PIK Bonds

Because investors in zero coupon or PIK bonds receive no cash prior to the maturity or cash payment date applicable thereto, an investment in such securities generally has a greater potential for complete loss of principal and/or return than an investment in debt securities that make periodic interest payments. Such investments are more vulnerable to the creditworthiness of the issuer and any other parties upon which performance relies.

Temporary Investments

During the period in which the net proceeds of the offering of Shares are being invested or during periods in which the Adviser determines that economic, market or political conditions are unfavorable to investors and a defensive strategy would benefit the Fund, the Fund could deviate from its investment objective and strategies. During such periods, the Fund invests all or a portion of its assets in certain short-term (less than one year to maturity) and medium-term (not greater than five years to maturity) debt securities or hold cash and cash equivalents. The short- and medium-term debt securities in which the Fund invests in such circumstances include: (i) obligations of the U.S. government, its agencies or instrumentalities; (ii) bank deposits and bank obligations (including certificates of deposit, time deposits and bankers' acceptances) of U.S. or foreign banks denominated in any currency; (iii) floating rate securities and other instruments denominated in any currency issued by various governments or international development agencies; (iv) finance company and corporate commercial paper and other short-term corporate debt obligations of U.S. or foreign corporations; (v) repurchase agreements with banks and broker- dealers with respect to such securities; and (vi) shares of money market funds and money market instruments. It is likely that the Fund would not achieve its investment objective when it does so. It is impossible to predict when, or for how long, the Fund will use these alternative strategies. There can be no assurance that such strategies will be successful.

Commercial Paper. Commercial paper represents short-term unsecured promissory notes issued in bearer form by corporations such as banks or bank holding companies and finance companies. The rate of return on commercial paper can be linked or indexed to the level of exchange rates between the U.S. dollar and a foreign currency or currencies.

Certificates of Deposit. Certificates of deposit are certificates that are issued against funds deposited in a commercial bank for a definite period of time and that earn a specified return and are normally negotiable. The issuer of a certificate of deposit agrees to pay the amount deposited plus interest to the bearer of the certificate on the date specified thereon. Certificates of deposit purchased by the Fund might not be fully insured by the Federal Deposit Insurance Corporation.

Fixed Time Deposits. Fixed time deposits are bank obligations payable at a stated maturity date and bearing interest at a fixed-rate. Fixed time deposits may be withdrawn on demand by the investor but can be subject to early withdrawal penalties which vary depending upon market conditions and the remaining maturity of the obligation. There are generally no contractual restrictions on the right to transfer a beneficial interest in a fixed time deposit to a third party, although there is no market for such deposits. The Fund will, from time to time, also hold funds on deposit with its custodian bank in an interest-bearing account for temporary purposes.

Bankers' Acceptances. Bankers' acceptances are negotiable drafts or bills of exchange, normally drawn by an importer or exporter to pay for specific merchandise, which are "accepted" by a bank, meaning, in effect, that the bank unconditionally agrees to pay the face value of the instrument on maturity.

Other Investment Techniques

Short Sales

The Fund will, from time to time, engage in short sales for investment and risk management purposes, including when the Adviser believes an investment will underperform due to a greater sensitivity to earnings growth of the issuer, default risk or interest rates.

Short sales are transactions in which the Fund sells a security or other instrument (such as an option, forward or futures contract) that it does not own but can borrow in the market. Short selling allows the Fund to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities and to obtain a low cost means of financing long investments that the Adviser believes are attractive. When the Fund engages in a short sale of a security, it must borrow the security sold short and deliver it to the counterparty. The Fund will ordinarily have to pay a fee or premium to borrow particular securities and be obligated to repay the lender of the security any coupon or interest that accrued on the securities during the period of the loan. The amount of any gain from a short sale will be decreased, and the amount of any loss increased, by the amount of the premium, dividends, interest or expenses the Fund pays in connection with the short sale.

During the period of the short sale, the Fund will, from time to time, be required to maintain the short sale proceeds that the broker holds and any additional assets the lending broker requires as collateral. In accordance with current federal securities laws, rules, and staff positions, the Fund will also be required to designate, on its books or the books of the Custodian, liquid assets (less any additional collateral held by the broker) to cover the short sale obligation, marked-to-market daily. Depending on the arrangements made with the broker or Custodian, the Fund might or might not receive any payments (including interest) on collateral it has deposited with the broker.

Dollar Rolls

The Fund will, from time to time, enter into "dollar rolls" in which the Fund sells securities for delivery in the current month and simultaneously contracts with the same counterparty to repurchase similar, but not identical securities on a specified future date. During the roll period, the Fund loses the right to receive principal and interest paid on the securities sold. However, the Fund would benefit to the extent of any difference between the price received for the securities sold and the lower forward price for the future purchase or fee income plus the interest earned on the cash proceeds of the securities sold until the settlement date of the forward purchase. All cash proceeds will be invested in instruments that are permissible investments for the Fund. In accordance with current federal securities laws, rules, and staff positions, the Fund will segregate until the settlement date cash or liquid assets, as permitted by applicable law, in an amount equal to its forward purchase price.

For financial reporting and tax purposes, the Fund treats dollar rolls as two separate transactions; one involving the purchase of a security and a separate transaction involving a sale. The Fund does not currently intend to enter into dollar rolls for financing and does not treat them as borrowings.

Dollar rolls involve certain risks including the following: if the broker-dealer to whom the Fund sells the security becomes insolvent, the Fund's right to purchase or repurchase the securities subject to the dollar roll could be restricted. Also, the instrument which the Fund is required to repurchase could be worth less than an instrument which the Fund originally held. Successful use of dollar rolls will depend upon the Adviser's ability to manage the Fund's interest rate and prepayments exposure. For these reasons, there is no assurance that dollar rolls can be successfully employed. The use of this technique could diminish the investment performance of the Fund compared with what such performance would have been without the use of dollar rolls.

Derivatives

The Fund currently anticipates investing in (or considering for investment) the following types of derivative instruments:

Swap Agreements. The Fund will, from time to time, enter into swap agreements. A swap is a financial instrument that typically involves the exchange of cash flows between two parties on specified dates (settlement dates), where the cash flows are based on agreed-upon prices, rates, indices, etc. The nominal amount on which the cash flows are calculated is called the notional amount. Swaps are often individually negotiated and structured to include exposure to a variety of different types of investments or market factors, such as interest rates, commodity prices, non-U.S. currency rates, mortgage securities, corporate borrowing rates, security prices, indexes or inflation rates.

Swap agreements can increase or decrease the overall volatility of the investments of the Fund and its Share price. The performance of swap agreements could be affected by a change in the specific interest rate, currency, or other factors that determine the amounts of payments due to and from the Fund. If a swap agreement calls for payments by the Fund, the Fund must be prepared to make such payments when due. In addition, if the counterparty's creditworthiness declines, the value of a swap agreement would likely decline, potentially resulting in losses.

Generally, swap agreements have fixed maturity dates that are agreed upon by the parties to the swap. An agreement can be terminated before the maturity date only under limited circumstances, such as default by or insolvency of one of the parties and can be transferred by a party only with the prior written consent of the other party. The Fund will, from time to time, be able to eliminate its exposure under a swap agreement either by assignment or other disposition, or by entering into an offsetting swap agreement with the same party or a similarly creditworthy party. If the counterparty is unable to meet its obligations under the contract, declares bankruptcy, defaults or becomes insolvent, it is possible that the Fund will not be able to recover the money it expected to receive under the contract.

A swap agreement can be a form of leverage, which can magnify the Fund's gains or losses. With respect to cash-settled swaps, the Fund will set aside liquid assets in an amount equal to the Fund's daily marked-to-market net obligations (i.e., the Fund's daily net liability) under the swaps.

The Fund will monitor any swaps with a view towards ensuring that the Fund remains in compliance with all applicable regulatory investment and tax requirements.

Credit Derivatives. The Fund will, from time to time, engage in credit derivative transactions. There are two broad categories of credit derivatives: default price risk derivatives and market spread derivatives. Default price risk derivatives are linked to the price of reference securities or loans after a default by the issuer or Borrower, respectively. Market spread derivatives are based on the risk that changes in market factors, such as credit spreads, can cause a decline in the value of a security, loan or index. There are three basic transactional forms for credit derivatives: swaps, options and structured instruments. A credit default swap is an agreement between two counterparties that allows one counterparty (the "seller") to sell protection under the swap and or be "long" on a third party's credit risk and the other party (the "buyer") to purchase protection under the swap and be "short" on the credit risk. In essence, an institution which owns corporate fixed-income instruments can purchase a limited form of default protection by entering into a credit default swap with another bank, broker-dealer or financial intermediary. Typically, the buyer agrees to make regular fixed payments to the seller with the same frequency as the underlying reference instrument. In exchange, the buyer typically has the right upon a credit event on the underlying instrument to deliver the instrument to the seller in exchange for the instrument's par value plus interest. Credit default swaps can be used as a substitute for purchasing or selling a credit security and sometimes are preferable to purchasing the security. The Fund currently intends to invest primarily in credit default swaps as a buyer but could also act as a seller. As a buyer of credit default swaps, the Fund is able to express a negative credit view on a particular instrument; as a seller, the Fund can express a positive view on the credit quality of a company. The Fund does not intend to leverage its investments through the use of credit default swaps, but it could incur effective leverage to the extent it acts as a seller of a credit default swap. Among other risks, a party to a credit default swap is subject to counterparty risk. The Fund will monitor any such swaps or derivatives with a view towards ensuring that the Fund remains in compliance with all applicable regulatory investment policy and tax requirements.

Options. The Fund will, from time to time, purchase put and call options on currencies or securities. A put option embodies the right of its purchaser to compel the writer of the option to purchase from the option holder an underlying currency or security or its equivalent at a specified price at any time during the option period. In contrast, a call option gives the purchaser the right to buy the underlying currency or security covered by the option or its equivalent from the writer of the option at the stated exercise price.

As a holder of a put option, the Fund will have the right to sell the securities underlying the option and as the holder of a call option, the Fund will have the right to purchase the currencies or securities underlying the option, in each case at their exercise price at any time prior to the option's expiration date for American options or only at expiration for European options. The Fund could seek to terminate its option positions prior to their expiration by entering into closing transactions. The ability of the Fund to enter into a closing sale transaction depends on the existence of a liquid secondary market. There can be no assurance that a closing purchase or sale transaction can be effected when the Fund so desires. A successful use of equity options and options on stock indices will be subject to the Adviser's ability to predict correctly movements in volatility and the direction of the stock market generally or of a particular industry or market segment. This requires different skills and techniques than predicting changes in the price of individual stocks.

Futures Contracts. The Fund will, from time to time, enter into securities-related futures contracts, including security futures contracts as an anticipatory hedge. The Fund's derivative investments could include sales of futures as an offset against the effect of expected declines in securities prices and purchases of futures as an offset against the effect of expected increases in securities prices. A security futures contract is a legally binding agreement between two parties to purchase or sell in the future a specific quantity of a security or of the component securities of a narrow-based security index, at a certain price. A person who buys a security futures contract enters into a contract to purchase an underlying security and is said to be "long" the contract. A person who sells a security futures contact enters into a contract to sell the underlying security and is said to be "short" the contract. The price at which the contract trades (the "contract price") is determined by relative buying and selling interest on a regulated exchange.

Interest Rate Transactions. The Fund can normally be expected to have less significant interest rate-related fluctuations in its NAV per Share than investment companies investing primarily in fixed-income instruments (other than money market funds and some short-term bond funds). However, because floating or variable rates on secured loans only reset periodically, changes in prevailing interest rates can be expected to cause some fluctuations in the Fund's NAV. Similarly, a sudden and significant increase in market interest rates could cause a decline in the Fund's NAV. In addition, secured loans could allow a borrower to opt between LIBOR-based (or LIBOR replacement-based) interest rates and interest rates based on bank prime rates, which could have an impact the Fund's NAV.

The Fund will, from time to time, use interest rate swaps for risk management purposes only and not as a speculative investment and would typically use interest rate swaps to shorten the average interest rate reset time of the Fund's holdings. Interest rate swaps involve the exchange by the Fund with another party of their respective commitments to pay or receive interest (e.g., an exchange of fixed-rate payments for floating rate payments). The Fund will only enter into interest rate swaps on a net basis. If the other party to an interest rate swap defaults, the Fund's risk of loss consists of the net amount of payments that the Fund is contractually entitled to receive. The counterparty risk for cleared interest rate swap transactions is generally lower than for uncleared over-the-counter interest rate swaps since generally a clearing organization becomes substituted for each counterparty to a cleared swap contract and, in effect, guarantees the parties' performance under the contract as each party to a trade looks only to the clearing house for performance of financial obligations. However, there can be no assurance that the clearing house, or its members, will satisfy its obligations to the Fund. The net amount of the excess, if any, of the Fund's obligations over its entitlements will be maintained in a segregated account by the Custodian. The Fund will not enter into an interest rate swap unless the claims-paying ability of the other party thereto is considered to be investment grade by the Adviser. If there is a default by the other party to such a transaction, the Fund will have contractual remedies pursuant to the agreements related to the transaction. These instruments are typically traded in the OTC market.

The use of interest rate swaps is a highly specialized activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the Adviser is incorrect in its forecasts of market values, interest rates and other applicable factors, the investment performance of the Fund would be unfavorably affected.

Foreign Currency Transactions. The Fund will, from time to time, engage in foreign currency transactions in connection with its investments in foreign securities. The Fund will conduct its foreign currency transactions either on a spot (i.e., cash) basis at the rate then-prevailing in the foreign currency markets or through forward contracts to purchase or sell foreign currencies.

Foreign Currency Forward Contracts. The Fund will, from time to time, enter into foreign currency forward contracts in order to protect against possible losses on non-U.S. dollar denominated investments resulting from adverse changes in the relationship between the U.S. dollar and foreign currencies. A foreign currency forward exchange contract is an obligation to purchase or sell a specific currency at a future date, which can be any fixed number of days (usually less than one year) from the date of the contract agreed upon by the parties, at a price and for an amount set at the time of the contract. These contracts are often traded in the interbank market directly between currency traders (usually large commercial banks) and their customers. A forward contract generally has a margin requirement, and no commissions are charged at any stage for trades. Although foreign exchange dealers do not charge a fee for conversion, they do realize a profit based on the difference (the spread) between the price at which they are buying and selling various currencies. However, foreign currency forward contracts could limit potential gains which could result from a positive change in such currency relationships. The Fund does not speculate in foreign currency.

Except for cross-hedges, the Fund will not enter into foreign currency forward contracts or maintain a net exposure in such contracts when it would be obligated to deliver an amount of foreign currency in excess of the value of its portfolio securities or other assets denominated in that currency or, in the case of a "cross-hedge," denominated in a currency or currencies that the Adviser believes will tend to be closely correlated with that currency with regard to price movements. At the consummation of a forward contract, the Fund could either make delivery of the foreign currency or terminate its contractual obligation to deliver the foreign currency by purchasing an offsetting contract obligating it to purchase, at the same maturity date, the same amount of such foreign currency. If the Fund chooses to make delivery of the foreign currency, it could be required to obtain such currency through the sale of portfolio securities denominated in such currency or through conversion of other assets of the Fund into such currency. If the Fund engages in an offsetting transaction, the Fund will incur a gain or loss to the extent that there is a difference between the forward contract price and the offsetting forward contract price.

It should be realized that this method of protecting the value of the Fund's portfolio securities against a decline in the value of a currency does not eliminate fluctuations in the underlying prices of the securities. It simply establishes a rate of exchange which can be achieved at some future point in time. Additionally, although such contracts tend to minimize the risk of loss due to a decline in the value of the hedged currency, at the same time they tend to limit any potential gain should the value of such currency increase. Generally, the Fund will not enter into a foreign currency forward contract with a term longer than one year.

Commodities-Related Derivatives. The Fund will, from time to time, use commodities-related derivatives to hedge a position in a commodity-related issuer or industry. Commodities-related derivatives include, but are not limited to, commodities contracts, commodity futures or options thereon (investments in contracts for the future purchase or sale of commodities); total return swaps based on a commodity index (permitting one party to receive/pay the total return on a commodity index against payment/receipt of an agreed upon spread/interest rate); commodity-linked notes (providing a return based on a formula referenced to a commodity index); commodity exchange traded notes (non-interest paying debt instruments whose price fluctuates (by contractual commitment) with an underlying commodities index); sovereign issued oil warrants (a sovereign obligation the coupon on which is contingent on the price of oil); and any other commodities-related derivative permitted by law.

Equity Swaps. In a typical equity swap, one party agrees to pay another party the return on a security, security index or basket of securities in return for a specified interest rate. By entering into an equity index swap, the index receiver can gain exposure to securities making up the index of securities without actually purchasing those securities. Equity index swaps involve not only the risk associated with investment in the securities represented in the index, but also the risk that the performance of such securities, including dividends, will not exceed the interest that the Fund will be committed to pay under the swap.

Derivatives that provide exposure to senior and subordinated corporate debt and debt related instruments will be counted towards the Fund's 80% policy, and such derivatives will be valued based on market value for purposes of the Fund's 80% policy.

Securities Lending

The Fund will, from time to time, make secured loans of its marginable securities to brokers, dealers and other financial institutions. The risks in lending portfolio securities, as with other extensions of credit, consist of possible delay in recovery of the securities or possible loss of rights in the collateral should the borrower fail financially. However, such loans will be made only to broker-dealers and other financial institutions that are believed by the Adviser to be of relatively high credit standing. Securities loans are made to broker-dealers pursuant to agreements requiring that loans be continuously secured by collateral consisting of U.S. government securities, cash or cash equivalents (negotiable certificates of deposit, bankers' acceptances or letters of credit) maintained on a daily mark-to-market basis in an amount at least equal at all times to the market value of the securities lent. The borrower pays to the Fund, as the lender, an amount equal to any dividends or interest received on the securities lent.

The Fund will, from time to time, invest the cash collateral received in accordance with its investment objective, subject to the Fund's agreement with the borrower of the securities. In the case of cash collateral, the Fund will, from time to time, pay a rebate to the borrower. The reinvestment of cash collateral will result in a form of effective leverage for the Fund.

Although voting rights or rights to consent with respect to the loaned securities pass to the borrower, the Fund, as the lender, retains the right to call the loans and obtain the return of the securities loaned at any time on reasonable notice, and it will do so in order that the securities can be voted by the Fund if the holders of such securities are asked to vote upon or consent to matters materially affecting the investment. The Fund will, from time to time, also call such loans in order to sell the securities involved. When engaged in securities lending, the Fund's performance will continue to reflect changes in the value of the securities loaned and will also reflect the receipt of interest through investment of cash collateral by the Fund in permissible investments.

Reverse Repurchase Agreements and Dollar Rolls

The Fund will, from time to time, enter into reverse repurchase agreements, under which the Fund will effectively pledge its assets as collateral to secure a short-term loan. Generally, the other party to the agreement makes the loan in an amount equal to a percentage of the market value of the pledge collateral. At the maturity of the reverse repurchase agreement, the Fund will be required to repay the loan and correspondingly receive back its collateral. While used as collateral, the assets continue to pay principal and interest, which are for the benefit of the Fund.

A dollar roll transaction involves a sale by the Fund of a security concurrently with an agreement by the Fund to repurchase a similar security at a later date at an agreed-upon price. The securities that are repurchased will bear the same interest rate and a similar maturity as those sold, but the assets collateralizing those securities could have different prepayment histories than those sold. During the period between the sale and repurchase, the Fund will not be entitled to receive interest and principal payments on the securities sold. Proceeds of the sale will be invested in additional investments, and the income from these investments will generate income for the Fund. If such income does not exceed the income, capital appreciation and gain or loss that would have been realized on the securities sold as part of the dollar roll, the use of this technique will diminish the investment performance of the Fund compared with what the performance would have been without the use of dollar rolls. Dollar rolls involve the risk that the market value of the securities subject to the Fund's forward purchase commitment could decline below, or the market value of the securities subject to the Fund's forward sale commitment could increase above, the exercise price of the forward commitment. In the event the buyer of the securities files for bankruptcy or becomes insolvent, the Fund's use of the proceeds of the current sale portion of the transaction could be restricted.

Repurchase Agreements

The Fund, from time to time, enters into repurchase agreements, in which the Fund purchases a security from a bank or broker-dealer and the bank or broker-dealer agrees to repurchase the security at the Fund's cost plus interest within a specified time. If the party agreeing to repurchase should default, the Fund seeks to sell the securities which it holds. This could involve transaction costs or delays in addition to a loss on the securities if their value should fall below their repurchase price. Repurchase agreements maturing in more than seven days are considered to be illiquid securities.

Other Investment Companies

The Fund will, from time to time, invest in securities issued by other investment companies within the limits prescribed by the 1940 Act, the rules and regulations thereunder and any exemptive orders currently or in the future obtained by the Fund from the SEC. These securities include shares of other closed-end funds, open-end investment companies (i.e., mutual funds) and ETFs. As a stockholder in an investment company, the Fund will bear its ratable share of that investment company's expenses and would remain subject to payment of the Fund's management fees with respect to assets so invested. Shareholders would therefore be subject to duplicative expenses to the extent the Fund invests in other investment companies. In addition, the securities of other investment companies could also be leveraged and will therefore be subject to the same leverage risks described herein. See “Risks—Leverage Risk.”

Investment Policies

Credit Ratings and Unrated Securities

Rating agencies are private services that provide ratings of the credit quality of debt obligations, including convertible securities, based upon their assessment of the likelihood of the receipt of principal and interest payments. Appendix A to the SAI describes the various ratings assigned to debt obligations by Standard & Poor’s Corporation Rating Group (“S&P”), Moody’s Investors Service, Inc. (“Moody’s”) and Fitch Ratings, Inc. (“Fitch”). Ratings assigned by a rating agency are not absolute standards of credit quality and do not consider the risks of fluctuations in market value or other factors that influence the value of debt securities. Rating agencies could fail to make timely changes in credit ratings and an issuer’s current financial condition could be better or worse than a rating indicates. Therefore, the credit rating assigned to a particular instrument might not fully reflect the true risks of an investment in such instrument. Credit rating agencies can change their methods of evaluating credit risk and determining ratings. These changes can occur quickly and often. Credit rating agencies can be paid by the companies whose debt they analyze and grade. To the extent that the issuer of a security pays a rating agency for the analysis of its security, an inherent conflict of interest exists that could affect the reliability of the rating. The Adviser does not rely solely on credit ratings; rather, it develops its own analysis of issuer credit quality. The ratings of a debt security can change over time. S&P, Moody’s and Fitch monitor and evaluate the ratings assigned to securities on an ongoing basis. As a result, securities held by the Fund could receive a higher rating (which would tend to increase their value) or a lower rating (which would tend to decrease their value) during the period in which they are held.

The Fund, from time to time, purchases unrated securities (securities which are not rated by a rating agency) if the Adviser determines that the securities are an appropriate investment for the Fund. Unrated securities generally are less liquid than comparable rated securities and involve the risk that the Adviser might not accurately evaluate the security’s comparative credit rating. To the extent that the Fund invests in high yield and/or unrated securities, the Fund’s success in achieving its investment objective could depend more heavily on the Adviser’s analysis than if the Fund invested exclusively in higher-quality and rated securities. The Adviser will attempt to reduce the risks of investing in lower rated or unrated debt instruments through active portfolio management, credit analysis and attention to current developments and trends in the economy and the financial markets.

The Fund is not required to dispose of a security in the event that a rating agency downgrades its assessment of the credit characteristics of a particular issue or withdraws its assessment, including in the event of a default. In determining whether to retain or sell such a security, the Adviser considers such factors as Adviser’s assessment of the credit quality of the issuers of such security, the price at which such security could be sold and the rating, if any, assigned to such security by other rating agencies.

Percentage Limitations

Compliance with any policy or limitation of the Fund that is expressed as a percentage of assets is determined at the time of purchase of portfolio securities. The policy will not be violated if these limitations are exceeded because of changes in the market value or investment rating of the Fund’s assets or if a Borrower or issuer distributes equity securities incident to the purchase or ownership of a loan or fixed-income instrument or in connection with a reorganization of a Borrower or issuer.

LEVERAGE

The Fund intends to use financial leverage for investment purposes (i.e., to purchase additional portfolio securities consistent with the Fund's investment objective and strategies). Although the Fund intends to use leverage as discussed below, there can be no assurance that the Fund will use financial leverage or that, if used, the Fund will be successful during any period in which leverage is employed. Generally speaking, if the Fund can invest the proceeds from financial leverage in portfolio securities that have higher rates of return than the costs of such financial leverage and other expenses of the Fund, then the Shareholders would have a net benefit.

The Fund is permitted to obtain leverage using any form or combination of financial leverage instruments, including through funds borrowed from banks or other financial institutions (i.e., a credit facility), margin facilities, the issuance of preferred shares or notes and leverage attributable to reverse repurchase agreements, dollar rolls or similar transactions. The Fund will add financial leverage to its portfolio representing up to approximately 33 and 1/3% of the Fund's Managed Assets (which includes the assets subject to, and obtained with the proceeds of, the leveraging activity). The level of the Fund's use of financial leverage is not a fundamental policy of the Fund and may be changed without notice to the Shareholders. The Fund intends to use leverage opportunistically and may choose to increase or decrease its leverage, or use different types or combinations of leveraging instruments, at any time based on the Fund's assessment of market conditions and the investment environment.

Under the 1940 Act, the Fund generally may not declare any dividend or other distribution upon any class of its Shares, or purchase any such Shares, unless the aggregate indebtedness of the Fund has, at the time of the declaration of such dividend or distribution, or at the time of any such purchase, an asset coverage of at least 300% after deducting the amount of such dividend, distribution or purchase price, as the case may be. With respect to asset coverage for preferred shares, under the 1940 Act, the Fund is not permitted to issue preferred shares unless immediately after such issuance the NAV of the Fund's portfolio is at least 200% of the liquidation value of the outstanding preferred shares (*i.e.*, such liquidation value may not exceed 50% of the Fund's Managed Assets (less the Fund's obligations under senior securities representing indebtedness)). In addition, the Fund is not permitted to declare any cash dividend or other distribution on its Shares unless, at the time of such distribution, the NAV of the Fund's portfolio (determined after deducting the amount of such dividend or other distribution) is at least 200% of such liquidation value. If the Fund uses a combination of borrowing (including notes and other securities representing indebtedness) and issuing preferred shares, the maximum asset coverage required would be between 300% and 200% depending on the relative amounts of borrowings and preferred shares.

Leverage creates risks for Shareholders, including the likelihood of greater volatility in the NAV of the Shares. There is a risk that fluctuations in the distribution rates on any outstanding preferred shares or notes will adversely affect the return to the holders of the Shares. If the income from the investments purchased with such funds is not sufficient to cover the cost of leverage, the return on the Fund will be less than if leverage had not been used, and therefore the amount available for distribution to Shareholders will be reduced. The Fund in its reasonable judgment nevertheless may determine to maintain the Fund's leveraged position if it deems such action to be appropriate in the circumstances.

Changes in the value of the Fund's investment portfolio (including investments bought with the proceeds of leverage) will be borne entirely by the Shareholders. If there is a net decrease (or increase) in the value of the Fund's investment portfolio, the leverage will decrease (or increase) the NAV per Shares to a greater extent than if the Fund were not leveraged. The use of leverage by the Fund will magnify the Fund's losses when there is a decrease in the value of a Fund investment and even totally eliminate the Fund's equity in its portfolio or a Common Shareholder's equity in the Fund. During periods in which the Fund is using leverage, the fees paid by the Fund for investment advisory services will be higher than if the Fund did not use leverage because the investment advisory fees paid will be calculated on the basis of the Fund's Managed Assets, which include proceeds from leverage. As discussed under "Description of Shares," if preferred shares are used, holders of preferred shares will have rights to elect a minimum of two trustees. This voting power could negatively affect holders of Shares, and the interests of holders of preferred shares could otherwise differ from the interests of holders of Shares. Any trustees elected by preferred shareholders will represent both holders of Shares and holders of preferred shares. Such trustees could have a conflict of interest when the interests of holders of Shares differ from those of holders of preferred shares.

Capital raised through leverage will be subject to distribution and/or interest payments, which could exceed the income and appreciation on the assets purchased. The issuance of preferred shares or notes involves offering expenses and other costs and could limit the Fund's freedom to pay distributions on Shares or to engage in other activities. All costs of offering and servicing any of the leverage methods the Fund uses will be borne entirely by the Fund's Shareholders. The interests of persons with whom the Fund enters into leverage arrangements (such as bank lenders, note holders and preferred shareholders) will not necessarily be aligned with the interests of the holders of Shares, and such persons will have claims on the Fund's assets that are senior to those of the holders of Shares. Leverage creates an opportunity for a greater return per Shares, but at the same time it is a speculative technique that will increase the Fund's exposure to capital risk.

In connection with a credit facility, any lender may impose specific restrictions as a condition to borrowing. The credit facility fees could include, among other things, up front structuring fees and ongoing commitment fees (including fees on amounts undrawn on the facility) in addition to the traditional interest expense on amounts borrowed. The credit facility could involve a lien on the Fund's assets. Similarly, to the extent the Fund issues preferred shares or notes, the Fund currently intends to seek an AAA or equivalent credit rating from one or more NRSROs on any preferred shares or notes it issues and the Fund will, from time to time, be subject to fees, covenants and investment restrictions required by the NRSRO as a result. Such covenants and restrictions imposed by a NRSRO or lender can include asset coverage or portfolio composition requirements that are more stringent than those imposed on the Fund by the 1940 Act. It is not anticipated that these covenants or restrictions will significantly impede the Adviser in managing the Fund's portfolio in accordance with its investment objective and policies. Nonetheless, if these covenants or guidelines are more restrictive than those imposed by the 1940 Act, the Fund might not be able to use as much leverage as it otherwise could have, which could reduce the Fund's investment returns. In addition, the Fund expects that any notes it issues or credit facility it enters into would contain covenants that, among other things, could impose geographic exposure limitations, credit quality minimums, liquidity minimums, concentration limitations and currency hedging requirements on the Fund. These covenants would also likely limit the Fund's ability to pay distributions in certain circumstances, incur additional debt, change fundamental investment policies and engage in certain transactions, including mergers and consolidations. Such restrictions could cause the Adviser to make different investment decisions than if there were no such restrictions and could limit the ability of the Board and Shareholders to change fundamental investment policies.

As a closed-end investment company registered with the SEC, the Fund is subject to the federal securities laws, including the 1940 Act, the rules thereunder, and various SEC and SEC staff interpretive positions. In accordance with current laws, and rules and positions, the Fund will, from time to time, "set aside" liquid assets (often referred to as "asset segregation"), or engage in other SEC-or staff-approved measures, to "cover" open positions with respect to certain portfolio management techniques, such as engaging in reverse repurchase agreements, dollar rolls, entering into credit default swaps or futures contracts, or purchasing securities on a when-issued or delayed delivery basis, that could be considered senior securities under the 1940 Act. The Fund intends to "cover" its derivative positions by segregating an amount of cash and/or liquid securities as required by the 1940 Act and applicable SEC interpretations and guidance from time to time. When the Fund is a seller of a credit default swap, the Fund will segregate assets to cover the full notional value of any obligation under the credit default swap. The Fund will not, from time to time, cover an applicable derivative transaction if it does not need to do so to comply with the 1940 Act limitations on the issuance of senior securities and, in the view of the Adviser, the assets that would have been used to cover could be better used for a different purpose. However, these transactions, even if covered, could represent a form of economic leverage and will create risks. The potential loss on derivative instruments could be substantial relative to the initial investment therein. In addition, these segregation and coverage requirements could result in the Fund maintaining securities positions that it would otherwise liquidate, segregating assets at a time when it might be disadvantageous to do so or otherwise restricting portfolio management. Such segregation and cover requirements will not limit or offset losses on related positions. However, as noted above, in connection with the adoption of Rule 18f-4, the SEC also eliminated the asset segregation and cover framework arising from prior SEC guidance for covering derivatives and certain financial instruments, as discussed herein, effective at the time that the Fund complies with Rule 18f-4.

The Fund's willingness to use leverage, and the amount of leverage the Fund will assume, will depend on many factors, the most important of which are market conditions and interest rates. Successful use of a leveraging strategy can depend on the Fund's ability to predict correctly interest rates and market movements, and there is no assurance that a leveraging strategy will be successful during any period in which it is employed. Any leveraging of the Shares cannot be achieved until the proceeds resulting from the use of leverage have been invested in accordance with the Fund's investment objective and policies.

Effects of Leverage

The following table is designed to illustrate the effects of leverage on Share total return, assuming hypothetical annual investment portfolio total returns, net of expenses (consisting of income and changes in the value of investments held in the Fund's portfolio) of –10%, –5%, 0%, 5% and 10%. These assumed investment portfolio returns are hypothetical figures and are not necessarily indicative of the investment portfolio returns expected to be experienced by the Fund. The table further assumes that the Fund uses borrowings representing 33 and 1/3% of the Fund's Managed Assets (which includes the amounts of leverage obtained through such borrowings) and a projected annual rate of interest on the borrowings of 1.72%.

Assumed Portfolio Total Return (net of expenses)	(10.00)%	(5.00)%	0.00%	5.00%	10.00%
Share Total Return	(15.86)%	(8.36)%	(0.86)%	6.64%	14.14%

Share Total Return is composed of two elements: the Shares dividends paid by the Fund (the amount of which is largely determined by the net investment income of the Fund after paying dividends or interest on its leverage) and gains or losses on the value of the securities the Fund owns. As required by SEC rules, the table above assumes that the Fund is more likely to suffer capital losses than to enjoy capital appreciation. For example, to assume a total return of 0% the Fund must assume that the interest it receives on its debt security investments is entirely offset by losses in the value of those investments.

If the Fund uses leverage, the amount of fees paid to the Adviser for its services will be higher than if the Fund does not use leverage because the fees paid are calculated based on Managed Assets, which includes assets purchased with leverage. Therefore, the Adviser has a financial incentive to use leverage, which creates a conflict of interest between the Adviser and Shareholders, because only the Shareholders would bear the fees and expenses incurred through the Fund's use of leverage. See "Conflicts of Interest." The Fund's willingness to use leverage, and the extent to which leverage is used at any time, will depend on many factors, including among other things, the Adviser's assessment of the yield curve, interest rate trends, market conditions and other factors. See "Summary of Fund Expenses."

RISKS

An investment in Shares may be speculative in that it involves a high degree of risk and should not constitute a complete investment program. Before making an investment decision, you should carefully consider the following risks, together with the other information contained in the prospectus. If any of these risks discussed in this prospectus occurs, the Fund's results of operations could be materially and adversely affected. If this were to happen, the price of Shares could decline significantly, and you could lose all or a part of your investment.

Limited Operating History Risk. The Fund is a diversified, closed-end management investment company with limited operating history. As a result, prospective investors have a limited track record or history on which to base their investment decision. The Fund is subject to all of the business risks and uncertainties associated with any new business.

Repurchase Offers Risk. As described under "Periodic Repurchase Offers" above, the Fund is an interval fund and, in order to provide liquidity to Shareholders, the Fund, subject to applicable law, conducts quarterly repurchase offers of 10% to 25% of its outstanding Shares at NAV, subject to approval of the Board. The Fund currently conducts quarterly repurchase offers for 10% of its outstanding Shares under ordinary circumstances. The Fund believes that these repurchase offers are generally beneficial to the Fund's Shareholders, and repurchases generally are funded from available cash, cash from the sale of Shares or sales of portfolio securities. However, repurchase offers and the need to fund repurchase obligations affect the ability of the Fund to be fully invested or force the Fund to maintain a higher percentage of its assets in liquid investments, which could harm the Fund's investment performance. Moreover, it is possible that diminution in the size of the Fund through repurchases will result in an increased expense ratio for Shareholders who do not tender their Shares for repurchase, will result in untimely sales of portfolio securities (with associated imputed transaction costs, which could be significant) and will limit the ability of the Fund to participate in new investment opportunities or to achieve its investment objective. The Fund will, from time to time, accumulate cash by holding back (i.e., not reinvesting) payments received in connection with the Fund's investments and cash from the sale of Shares. The Fund believes that it can meet the maximum potential amount of the Fund's repurchase obligations. If at any time cash and other liquid assets held by the Fund are not sufficient to meet the Fund's repurchase obligations, the Fund intends, if necessary, to sell investments. In addition, if the Fund borrows to finance repurchases, interest on that borrowing will negatively affect Shareholders who do not tender their Shares by increasing the Fund's expenses and reducing any net investment income.

If a repurchase offer is oversubscribed, the Board has authority to increase the amount repurchased by up to 2% of the Fund's outstanding Shares as of the date of the Repurchase Request Deadline. In the event that the Board determines not to repurchase more than the repurchase offer amount, or if Shareholders tender more than the repurchase offer amount plus 2% of the Fund's outstanding Shares as of the date of the Repurchase Request Deadline, the Fund will repurchase the Shares tendered on a pro rata basis. In that case, Shareholders will have to wait until the next repurchase offer to make another repurchase request. As a result, Shareholders could be unable to liquidate all or a given percentage of their investment in the Fund during a particular repurchase offer. Some Shareholders, in anticipation of proration, may tender more Shares than they wish to have repurchased in a particular month, thereby increasing the likelihood that proration will occur. Between the Repurchase Request Deadline and the date on which the NAV for tendered Shares is determined, the Fund is subject to market and other risks and the NAV of Shares tendered in a repurchase offer could decline. In addition, the repurchase of Shares by the Fund is generally a taxable event to Shareholders.

Investment and Market Risk. An investment in the Fund involves a considerable amount of risk. Before making an investment decision, a prospective investor should (i) consider the suitability of this investment with respect to his or her investment objectives and personal situation and (ii) consider factors such as his or her personal net worth, income, age, risk tolerance and liquidity needs. An investment in Shares represents an indirect investment in the portfolio of loans and fixed-income instruments, short positions and other securities and derivative instruments owned by the Fund, and the value of these securities and instruments will fluctuate, sometimes rapidly and unpredictably, and such investment is subject to investment risk, including the possible loss of the entire principal amount invested. At any point in time, an investment in Shares could be worth less than the original amount invested, even after taking into account distributions paid by the Fund and the ability of Shareholders to reinvest dividends. The Fund also uses leverage, which magnifies the Fund's investment, market and certain other risks.

The Fund is materially affected by market, economic and political conditions and events, such as natural disasters, epidemics and pandemics, globally and in the jurisdictions and sectors in which it invests or operates, including factors affecting interest rates, the availability of credit, currency exchange rates and trade barriers. For example, COVID-19 has adversely impacted, and any future outbreaks could adversely impact, the markets and economy in general, including the companies in which the Fund invests, and could harm Fund performance. Epidemics and pandemics, such as the COVID-19 outbreak, have and may further result in, among other things, travel restrictions, closure of international borders, certain businesses and securities markets, restrictions on securities trading activities, quarantines, supply chain disruptions and reduced consumer demand, as well as general concern and uncertainty. The COVID-19 outbreak has had, and will continue to have, a material adverse impact on the global economy, including the U.S. economy, as cross border commercial activity and market sentiment have been negatively impacted by the outbreak and government and other measures seeking to contain its spread. Market, economic and political conditions and events are outside the Adviser's control and could adversely affect the liquidity and value of the Fund's investments and reduce the ability of the Fund to make attractive new investments.

Ongoing events in the subprime mortgage market and other areas of the fixed income markets have caused and can continue to cause significant dislocations, illiquidity and volatility in the leveraged loan and bond markets, as well as in the wider global financial markets. To the extent portfolio companies and other issuers of the Fund's portfolio investments participate in or have exposure to such markets, the results of their operations could be adversely affected. In addition, to the extent that such economic and market events and conditions reoccur, this would have a further adverse impact on the availability of credit to businesses generally. Global economic conditions could adversely impact the financial resources and credit quality of corporate and other borrowers in which the Fund invests and result in the inability of such borrowers to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, the Fund could suffer a partial or total loss of their investment in such borrowers, which would, in turn, have an adverse effect on the Fund's returns. Such economic and market events and conditions also could restrict the ability of the Fund to sell or liquidate investments at favorable times or for favorable prices (although such events and conditions would not necessarily foreclose the Fund's ability to hold such investments until maturity). In particular, the Fund's investment strategies rely, in part, on the continued stabilization and improvement of the conditions in the global economy and markets generally and credit markets specifically, and it is possible that the value of the Fund's investments will not generate expected current proceeds or appreciate as anticipated and could suffer a loss. Trends and historical events do not imply, forecast or predict future events and past performance is not necessarily indicative of future results. There can be no assurance that the assumptions made or the beliefs and expectations currently held by the Adviser will prove correct, and actual events and circumstances can vary significantly.

The Fund will, from time to time, be subject to risk arising from a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution could cause a series of defaults by the other institutions. This is sometimes referred to as "systemic risk" and could adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Fund interacts on a daily basis.

Illiquid and Long-Term Investments Risk. Investment in the Fund requires a long-term commitment, with no certainty of return. A significant portion of the Fund's investments generally are in private, illiquid securities, which are typically subject to restrictions on resale. There can be no assurance that the Fund will be able to generate returns for Shareholders, that the returns will be commensurate with the risks of investing in the type of transactions and issuers described herein or that the Adviser's methodology for evaluating risk-adjusted return profiles for investments will achieve its objective. In some cases, the Fund will be legally, contractually or otherwise prohibited from selling certain investments for a period of time or otherwise be restricted from disposing of them, and illiquidity could also result from the absence of an established market for certain investments. The realizable value of a highly illiquid investment, at any given time, could be less than its intrinsic value. In addition, it is anticipated that certain types of investments made by the Fund will require a substantial length of time to liquidate. As a result, from time to time, the Fund will be unable to realize its investment objective by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy.

Although investments by the Fund are expected to generate current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete repayment or disposition of such investment, as to which there can be no certainty. The Fund's investments are speculative in nature and, particularly where leverage is used by the Fund, there can be no assurance that current income received by the Fund will be sufficient to service the Fund's debt or that any investor will receive a return of his or her invested capital or any distribution from the Fund. While an investment can be sold or repaid at any time, this will occur typically a number of years after the investment is made, and investors should expect that they will not receive a return of their capital for a long period of time even if the Fund's investments prove successful.

Certain investments by the Fund could be in securities that are or become publicly traded and are therefore subject to the risks inherent in investing in public companies (including new issues of securities). These factors are outside the Adviser's control and could adversely affect the liquidity and value of the Fund's investments and reduce the ability of the Fund to make attractive new investments. In addition, in some cases the Fund could be prohibited by contract or other limitations from selling such securities for a period so that the Fund is unable to take advantage of favorable market prices. The Fund will likely not have the same access to information in connection with investments in public companies, either when investigating a potential investment or after making an investment, as with investments in private companies. Furthermore, it can be expected from time to time that the Fund will be limited in its ability to make investments, and to sell existing investments, in public or private companies because KKR could be deemed to have material, non-public information regarding the issuers of those securities or as a result of other internal policies. Accordingly, there can be no assurance that the Fund will be able to make investments in public companies that the Adviser otherwise deems appropriate or, if it does, as to the amount it will so invest. Moreover, the inability to sell investments in public or private companies in these circumstances could materially adversely affect the investment results of the Fund. The Fund also invests in 144A securities, which investment is likely to raise many of the same issues and risks discussed above. It is possible that the Adviser, in its sole discretion, will decline to receive material nonpublic information in respect of a public company in which the Fund has invested that would otherwise be available to it to avoid being restricted from trading in securities issued by such public company or to avoid the Adviser or its affiliates being so restricted on behalf of other funds, vehicles or accounts sponsored, managed or advised by KKR or any of its affiliates. See "Conflicts of Interest."

Fixed-Income Instruments Risk. The Fund invests in loans and other types of fixed-income instruments and securities. Such investments are secured, partially secured or unsecured, can be unrated and, whether or not rated, can have speculative characteristics. The market price of the Fund's investments changes in response to changes in interest rates and other factors. Generally, when interest rates rise, the values of fixed-income instruments fall and vice versa. In typical interest rate environments, the prices of longer-term fixed-income instruments generally fluctuate more than the prices of shorter-term fixed-income instruments as interest rates change. These risks are more pronounced in the current market environment of historically low interest rates. Most high yield investments pay a fixed rate of interest and are therefore vulnerable to inflation risk.

From time to time, the obligor of a fixed-income instrument will not be able or willing to pay interest or to repay principal when due in accordance with the terms of the associated agreement. An obligor's willingness and ability to pay interest or to repay principal due in a timely manner will be affected by, among other factors, its cash flow. Commercial bank lenders could be able to contest payments to the holders of other debt obligations of the same obligor in the event of default under their commercial bank loan agreements.

Interest Rate Risk. The Fund's investments expose the Fund to interest rate risks, meaning that changes in prevailing market interest rates could negatively affect the value of such investments. Factors that can affect market interest rates include, without limitation, inflation, slow or stagnant economic growth or recession, unemployment, money supply, governmental monetary policies, international disorders and instability in U.S. and non-U.S. financial markets. The Fund expects that it will periodically experience imbalances in the interest rate sensitivities of its assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, the Adviser might not be able to manage this risk effectively. If the Adviser is unable to manage interest rate risk effectively, the Fund's performance could be adversely affected.

Senior Loans Risk. Senior Loans hold the most senior position in the capital structure of a Borrower. Senior Loans in most circumstances are fully collateralized by assets of the borrower. Thus, they are generally repaid before unsecured bank loans, corporate bonds, subordinated debt, trade creditors and preferred or common stockholders. Substantial increases in interest rates could cause an increase in loan defaults as borrowers might lack resources to meet higher debt service requirements. The value of the Fund's assets could also be affected by other uncertainties such as economic developments affecting the market for senior secured term loans or affecting borrowers generally. Moreover, the security for the Fund's investments in secured debt might not be recognized for a variety of reasons, including the failure to make required filings by lenders, trustees or other responsible parties and, as a result, the Fund might not have priority over other creditors as anticipated.

Senior Loans usually include restrictive covenants, which must be maintained by the borrower. The Fund will, from time to time, have an obligation with respect to certain senior secured term loan investments to make additional loans upon demand by the borrower. Such instruments, unlike certain bonds, usually do not have call protection. This means that such interests, although having a stated term, can be prepaid, often without penalty. The rate of such prepayments will be affected by, among other things, general business and economic conditions, as well as the financial status of the borrower. Prepayment would cause the actual duration of a Senior Loan to be shorter than its stated maturity.

Senior Loans typically are be secured by pledges of collateral from the borrower in the form of tangible and intangible assets. In some instances, the Fund invests in Senior Loans that are secured only by stock of the borrower or its subsidiaries or affiliates. The value of the collateral could decline below the principal amount of the senior secured term loans subsequent to an investment by the Fund.

Senior Loans generally are not registered with the SEC or any state securities commission and are not listed on any national securities exchange. There is less readily available or reliable information about most Senior Loans than is the case for many other types of securities, including securities issued in transactions registered under the Securities Act or registered under the Exchange Act. No active trading market exists for some Senior Loans, and some Senior Loans are subject to restrictions on resale. A secondary market could be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods, which could impair the Fund's ability to realize full value and thus cause a material decline in the Fund's NAV. In addition, at times, the Fund will not be able to readily dispose of its Senior Loans at prices that approximate those at which the Fund could sell such loans if they were more widely traded and, as a result of such illiquidity, the Fund will, from time to time, have to sell other investments or engage in borrowing transactions if necessary to raise cash to meet its obligations. During periods of limited supply and liquidity of Senior Loans, the Fund's yield could be lower. See "Risks—Below Investment Grade Instruments Risk."

If legislation or government regulations impose additional requirements or restrictions on the ability of financial institutions to make loans, the availability of Senior Loans for investment by the Fund will be adversely affected. In addition, such requirements or restrictions could reduce or eliminate sources of financing for certain Borrowers. This would increase the risk of default. See "Investment Objectives and Investment Strategies—Portfolio Composition—Senior Loans" and "Risks—Senior Loans Risk."

Credit Risk. The Fund's debt investments are subject to the risk of non-payment of scheduled interest or principal by the borrowers with respect to such investments. Such non-payment would likely result in a reduction of income to the Fund and a reduction in the value of the debt investments experiencing non-payment.

The Fund will, from time to time, invest in investments that the Adviser believes are secured by specific collateral, the value of which exceeds the principal amount of the investments at the time of initial investment. There can be no assurance, though, that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of a borrower, the Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing an investment. Under certain circumstances, collateral securing an investment will be released without the consent of the Fund. The Fund, from time to time, also invests in high yield instruments and other unsecured investments, each of which involves a higher degree of risk than Senior Loans. The Fund's right to payment and its security interest, if any, could be subordinated to the payment rights and security interests of more senior creditors. Certain of these investments will have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In this case, a portfolio company's ability to repay the principal of an investment could be dependent upon a liquidity event or the long-term success of the company, the occurrence of which is uncertain.

Companies in which the Fund invests could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment or an economic downturn. As a result, companies that the Fund expected to be stable could operate, or expect to operate, at a loss or have significant variations in operating results, could require substantial additional capital to support their operations or maintain their competitive position or could otherwise have a weak financial condition or be experiencing financial distress.

Leverage Risk. The Fund is permitted to obtain leverage using any form or combination of financial leverage instruments, including through funds borrowed from banks or other financial institutions (i.e., a credit facility), margin facilities, the issuance of preferred shares or notes and leverage attributable to reverse repurchase agreements, dollar rolls or similar transactions. The Fund will, from time to time, use leverage opportunistically and will choose to increase or decrease its leverage, or use different types or combinations of leveraging instruments, at any time based on the Fund's assessment of market conditions and the investment environment.

The 1940 Act generally limits the extent to which the Fund is able to use borrowings and certain transactions that give rise to a form of leverage, including reverse repurchase agreements, dollar rolls, swaps, futures and forward contracts, options and other derivative transactions, together with any other senior securities representing indebtedness, to 33 and 1/3% of the Fund's Managed Assets at the time used. In addition, the 1940 Act limits the extent to which the Fund is able to issue preferred shares to 50% of the Fund's Managed Assets (less the Fund's obligations under senior securities representing indebtedness). In accordance with current federal securities laws, rules, and staff positions, "covered" reverse repurchase agreements, dollar rolls, swaps, futures and forward contracts, options and other derivative transactions will not be counted against the foregoing limits under the 1940 Act. Under the current SEC requirements, the Fund "covers" its derivative positions by segregating an amount of cash and/or liquid securities as required by the 1940 Act and applicable SEC interpretations and guidance from time to time. Alternatively, the Fund can enter into an offsetting position or own positions covering its obligations with respect to the transaction. The Fund generally will not cover an applicable derivative transaction if it does not need to do so to comply with the foregoing 1940 Act requirements and, in the view of the Adviser, the assets that would have been used to cover could be better used for a different purpose. However, these transactions, even if covered, could represent a form of economic leverage and will create risks. The potential loss on derivative instruments can be substantial relative to the initial investment therein. In addition, these segregation and coverage requirements could result in the Fund maintaining securities positions that it would otherwise liquidate, segregating assets at a time when it might be disadvantageous to do so or otherwise restricting portfolio management. Such segregation and cover requirements will not limit or offset losses on related positions.

Use of leverage creates an opportunity for increased income and return for Shareholders but, at the same time, creates risks, including the likelihood of greater volatility in the NAV and market price of, and distributions on, the Shares. Increases and decreases in the value of the Fund's portfolio will be magnified if the Fund uses leverage. Leverage can magnify interest rate risk, which is the risk that the prices of portfolio securities will fall (or rise) if market interest rates for those types of securities rise (or fall). As a result, leverage can cause greater changes in the Fund's NAV, which will be borne entirely by the Fund's Shareholders. There can be no assurance that the Fund will use leverage or that its leveraging strategy will be successful during any period in which it is employed. The Fund will, from time to time, be subject to investment restrictions of one or more NRSROs and/or credit facility lenders as a result of its use of financial leverage. These restrictions could impose asset coverage or portfolio composition requirements that are more stringent than those imposed on the Fund by the 1940 Act. It is not anticipated that these covenants or portfolio requirements will significantly impede the Adviser in managing the Fund's portfolio in accordance with its investment objective and policies. Nonetheless, if these covenants or guidelines are more restrictive than those imposed by the 1940 Act, the Fund will not be able to use as much leverage as it otherwise could have, which could reduce the Fund's investment returns. In addition, the Fund expects that any notes it issues or credit facility it enters into would contain covenants that, among other things, impose geographic exposure limitations, credit quality minimums, liquidity minimums, concentration limitations and currency hedging requirements on the Fund. These covenants would also likely limit the Fund's ability to pay distributions in certain circumstances, incur additional debt, change fundamental investment policies and engage in certain transactions, including mergers and consolidations. Such restrictions could cause the Adviser to make different investment decisions than if there were no such restrictions and could limit the ability of the Board and Shareholders to change fundamental investment policies.

The costs of a financial leverage program (including the costs of offering preferred shares and notes) will be borne entirely by Shareholders and consequently will result in a reduction of the NAV of the Shares. During periods in which the Fund is using leverage, the fees paid by the Fund for investment advisory services will be higher than if the Fund did not use leverage because the investment advisory fees paid will be calculated on the basis of the Fund's Managed Assets, which includes proceeds from (and assets subject to) any credit facility, margin facility, any issuance of preferred shares or notes, any reverse repurchase agreements, dollar rolls or similar transactions. This will create a conflict of interest between the Adviser, on the one hand, and Shareholders, on the other hand. To monitor this potential conflict, the Board intends to periodically review the Fund's use of leverage, including its impact on Fund performance and on the Adviser's fees. See "Conflicts of Interest" and "Risks—Conflicts of Interest Risk."

The Fund can also offset derivative positions against one another or against other assets to manage the effective market exposure resulting from derivatives in its portfolio. In addition, to the extent that any offsetting positions do not behave in relation to one another as expected, the Fund could perform as if it were leveraged. The Fund's use of leverage could create the opportunity for a higher return for Shareholders but would also result in special risks for Shareholders and can magnify the effect of any losses. If the income and gains earned on the securities and investments purchased with leverage proceeds are greater than the cost of the leverage, the return on the Shares will be greater than if leverage had not been used. Conversely, if the income and gains from the securities and investments purchased with such proceeds do not cover the cost of leverage, the return on the Shares will be less than if leverage had not been used. There is no assurance that a leveraging strategy will be successful.

Subordinated and Unsecured or Partially Secured Loans Risk. The Fund will, from time to time, invest in unsecured loans and secured subordinated loans, including second and lower lien loans. Second lien loans are generally second in line in terms of repayment priority. A second lien loan could have a claim on the same collateral pool as the first lien or it could be secured by a separate set of assets. Second lien loans generally give investors priority over general unsecured creditors in the event of an asset sale. The priority of the collateral claims of third or lower lien loans ranks below holders of second lien loans and so on. Such junior loans are subject to the same general risks inherent to any loan investment, including credit risk, market and liquidity risk and interest rate risk. Due to their lower place in the borrower's capital structure and possible unsecured or partially secured status, such loans involve a higher degree of overall risk than Senior Loans of the same borrower.

Mezzanine Securities Risk. The Fund expects most of its mezzanine securities and other investments, if any, to be unsecured and made in companies whose capital structures have significant indebtedness ranking ahead of the investments, all or a significant portion of which could be secured. Although the securities and other investments could benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of the investments and could benefit from cross-default provisions and security over the portfolio company's assets, some or all of such terms might not be part of particular investments. Mezzanine securities and other investments generally are subject to various risks including, without limitation: (i) a subsequent characterization of an investment as a "fraudulent conveyance;" (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing; (iii) equitable subordination claims by other creditors; (iv) so-called "lender liability" claims by the issuer of the obligations; and (v) environmental liabilities that arise with respect to collateral securing the obligations.

Below Investment Grade Instruments Risk. The Fund will, from time to time, invest in debt securities and instruments that are rated below investment grade by recognized rating agencies or will be unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. Such securities and instruments are generally not exchange-traded and, as a result, trade in the OTC marketplace, which is less transparent than the exchange-traded marketplace. In addition, the Fund will, from time to time, invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. The Fund's investments in high yield instruments expose it to a substantial degree of credit risk and interest rate risk. The market values of certain of these lower-rated and unrated debt investments could reflect individual corporate developments to a greater extent and tend to be more sensitive to economic conditions than those of higher-rated investments, which react primarily to fluctuations in the general level of interest rates. Companies that issue such securities are often highly leveraged and might not have available to them more traditional methods of financing. General economic recession or a major decline in the demand for products and services in which the borrower operates would likely have a materially adverse impact on the value of such securities and the ability of the issuers of such securities to repay principal and interest thereon, thereby increasing the incidence of default of such securities. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, could also decrease the value and liquidity of these high yield debt investments.

Stressed and Distressed Investments Risk. The Fund intends to invest in securities and other obligations of companies that are in significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments could result in significant returns for the Fund, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful investment in distressed assets is unusually high. There is no assurance that the Fund will correctly evaluate the value of the assets collateralizing the Fund's investments or the prospects for a successful reorganization or similar action in respect of any company. In any reorganization or liquidation proceeding relating to a company in which the Fund invests, the Fund could lose its entire investment, could be required to accept cash or securities with a value less than the Fund's original investment and/or could be required to accept payment over an extended period of time. Troubled company investments and other distressed asset-based investments require active monitoring.

Risk of Investments in Highly Leveraged Companies. The Fund's investments are expected to include investments in issuers whose capital structures have significant leverage (including substantial leverage senior to the Fund's investments, a considerable portion of which could be secured and/or could be at floating interest rates). Such investments are inherently more sensitive to declines in revenues, competitive pressures and increases in expenses and interest rates. The leveraged capital structure of such issuers will increase their exposure to adverse economic factors, such as downturns in the economy or deterioration in the condition of the issuers or their industries, and such companies could be subject to restrictive financial and operating covenants in more senior debt instruments and contracts that adversely impact the Fund's investments. This leverage could result in more serious adverse consequences to such companies (including their overall profitability or solvency) in the event these factors or events occur than would be the case for less leveraged companies. If an issuer of the

Fund's portfolio investments cannot generate adequate cash flow to meet debt obligations, the issuer could default on its loan agreements or be forced into bankruptcy resulting in a restructuring of the company's capital structure or liquidation of the company. The debt investments acquired by the Fund generally are the most junior in what is typically a complex capital structure, and thus subject to the greatest risk of loss. Furthermore, to the extent issuers in which the Fund is invested have become insolvent, the Fund could determine, in cooperation with other debtholders or on its own, to engage, at the Fund's expense, in whole or in part, counsel and other advisors in connection therewith. In addition to leverage in the capital structure of the issuer, the Fund can incur leverage. See "Risks—Leverage Risk."

Risk of Investments in Companies in Regulated Industries. Certain industries are heavily regulated. To the extent that the Fund makes investments in industries that are subject to greater amounts of regulation than other industries generally, these portfolio companies would pose additional risks relative to investments in other companies. Changes in applicable laws or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures. If a portfolio company fails to comply with these requirements, it could also be subject to civil or criminal liability and the imposition of fines. Portfolio companies also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such issuer. Governments have considerable discretion in implementing regulations that could impact a portfolio company's business, and governments could be influenced by political considerations and make decisions that adversely affect a portfolio company's business. Additionally, certain portfolio companies could have a unionized workforce or employees who are covered by a collective bargaining agreement, which could subject any such issuer's activities and labor relations matters to complex laws and regulations relating thereto. Moreover, a portfolio company's operations and profitability could suffer if it experiences labor relations problems. Upon the expiration of any such portfolio company's collective bargaining agreements, it could be unable to negotiate new collective bargaining agreements on terms favorable to it, and its business operations at one or more of its facilities could be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating its collective bargaining agreements. A work stoppage at one or more of any such portfolio company's facilities could have a material adverse effect on its business, results of operations and financial condition. Any such problems additionally could bring scrutiny and attention to the Fund itself, which could adversely affect the Fund's ability to implement its investment objective.

Risk of Investments in the Airline Industry. The Fund will, from time to time, make equity, debt or hybrid investments in companies that acquire financial and/or hard assets in the airline industry. The airline industry is cyclical and highly competitive. Airlines and related companies could be affected by political or economic instability, terrorist activities, changes in national policy, competitive pressures on certain air carriers, fuel prices and shortages, labor stoppages, insurance costs, recessions, world health issues and other political or economic events adversely affecting world or regional trading. The airline industry has been particularly affected by the reduction in travel resulting from the COVID-19 outbreak and related travel restrictions. Additionally, the airline industry is highly sensitive to general economic trends, and any downturn in the global economy or in the relevant local economy could adversely affect results of operations and financial conditions. The airline industry is subject to significant regulation, including increasing environmental regulations that could lead to increased costs and affect profitability.

Risk of Investments in the Shipping Industry. The Fund will, from time to time, make equity, debt or hybrid investments in companies that acquire financial and/or hard assets in the shipping industry, which are subject to, among others, the following risks, which might not be insurable: (i) extensive and changing safety, environmental protection and other international, national, state and local governmental laws, regulations, treaties and conventions in force in international waters, the jurisdictional waters of the countries in which a shipping company's vessels operate, as well as the countries of such vessels' registration, compliance with which could require ship modifications and changes in operating procedure; (ii) risks associated with non-U.S. investments and force majeure risks (for example, international sanctions, embargoes, restrictions, nationalizations, and wars or acts of piracy or terrorist attacks and severe weather and natural disasters; see "Risks—Non-U.S. Securities

Risks”); (iii) labor-related risks; (iv) adverse changes in maintenance and other fixed costs and/or capital expenditure requirements; and (v) counterparty risks, including risks of adverse changes affecting chartering agreements from which a shipping company derives income. Additionally, the shipping industry and ports globally have been significantly impacted by the global decline in demand for goods that accompanied the COVID-19 outbreak.

Energy-Related Investments Risk. The Fund will, from time to time, invest in debt related securities of the energy industry. Electric generation and transmission, as well as oil, natural gas, and coal storage, handling, processing and transportation, are typically regulated to varying degrees. In addition to restrictions imposed by environmental regulators, statutory and regulatory requirements include those imposed by energy, zoning, land use, safety, labor and other regulatory or political authorities. It is possible that changes to applicable regulations or regulatory practice could have adverse consequences for an investment of the Fund.

Ordinary operation or the occurrence of an accident, with respect to an energy asset, could cause major environmental damage, which could result in significant financial distress to such asset. Certain environmental laws and regulations require that an owner or operator of an energy asset address prior environmental contamination, which could involve substantial cost. As a result, certain of the Fund’s investments in the energy sector could be exposed to substantial risk of loss from environmental claims. Furthermore, changes in environmental laws or regulations or the environmental condition of an energy investment could create liabilities that did not exist at the time of the investment by the Fund and that could not have been foreseen. Community and environmental groups might protest about the development or operation of energy assets, which could induce government action to the detriment of the Fund. New and more stringent environmental or health and safety laws, regulations and permit requirements, or stricter interpretations of current laws, regulations or requirements, could impose substantial additional costs on the issuer of a portfolio investment. Some of the most onerous environmental requirements regulate air emissions of pollutants and greenhouse gases; these requirements particularly affect companies in the power and energy industry.

Additionally, the COVID-19 outbreak and the resulting slowdown in economic activity reduced the demand for various natural resources, including oil, and increased the price volatility of natural resources and companies within the energy industry. Companies in the energy industry have been adversely impacted by the reduced demand and by price competition among key oil producing countries.

Real Estate Investments Risk. The Fund will, from time to time, make investments for which real estate is a significant portion of the investment’s asset base or value. Real estate values are affected by a number of factors, including changes in the general economic climate, local conditions (such as an oversupply of or a reduction in demand for real estate), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties, financial condition of tenants, buyers and sellers or properties, quality of maintenance, insurance and management services and changes in operating costs. Real estate values are also affected by and sensitive to factors such as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, the availability of financing and potential liability under changing environmental and other laws.

Real estate assets generally will be subject to the risks incident to the ownership and operation of real estate and real estate-related assets and/or risks incident to the making of nonrecourse mortgage loans secured by real estate, including risks associated with both the domestic and international general economic climates; local real estate conditions; risks due to dependence on cash flow; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of overbuilding); the financial condition of tenants, buyers and sellers of properties; changes in availability of debt financing; energy and supply shortages; changes in the tax, real estate, environmental and zoning laws and regulations; various uninsured or uninsurable risks; natural disasters; and the ability of the Fund or third-party borrowers to manage the real properties. The Fund could incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. The COVID-19 outbreak could have ongoing significant adverse impacts on the real estate market, including lower occupancy rates, decreased lease payments, defaults and foreclosures, among other consequences.

The Fund invests in a real estate asset on a passive basis, giving a third-party operating partner and/or property manager a large degree of authority and responsibility for daily management of the assets and, therefore, will, in large part, be dependent on the ability of third parties to successfully operate the underlying real estate assets. There is no assurance that there will be a ready market for resale of investments because investments in real estate generally are not liquid; holding periods accordingly are difficult to predict, particularly as business plans can be revised to adapt to changing economic, business and financial conditions.

Significant expenditures associated with real estate assets, such as mortgage payments, real estate taxes and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the assets.

The insurance coverage applicable to real estate assets contains policy specifications and insured limits customarily carried for similar properties, business activities and markets. There could be certain losses, including losses from floods and losses from earthquakes, acts of war, acts of terrorism or riots, that are not generally insured against or that are not generally fully insured against because it is not deemed to be economically feasible or prudent to do so. If an uninsured loss or a loss in excess of insured limits occurs with respect to a real estate asset, the Fund could experience a significant loss and could potentially remain obligated under any recourse debt associated with the property.

Under various U.S., state and local laws, ordinances and regulations, a current or previous owner, developer or operator of real estate could be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, under or in its property. The costs of removal or remediation of such substances could be substantial. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such hazardous substances. The Fund attempts to assess such risks as part of their due diligence activities but cannot give any assurance that such conditions do not exist or might not arise in the future. The presence of such substances on the real estate assets could adversely affect the ability to sell such investments or to borrow using such assets as collateral.

Certain loans acquired or made by the Fund could be secured by real estate. To the extent the Fund needs to foreclose on such loans, the Fund could, directly or indirectly, own such real estate and would be subject to the risks incident to the ownership and operation of real estate.

From time to time, real estate loans or participation interests therein acquired by the Fund will at the time of their acquisition be, or may become after acquisition, non-performing for a wide variety of reasons. Such non-performing real estate loans could require a substantial amount of workout negotiations and/or restructuring, which could entail, among other things, a substantial reduction in the interest rate and a substantial write down of the principal of such loans. However, even if a restructuring were successfully accomplished, a risk exists that upon maturity of such real estate loan, replacement "takeout" financing will not be available. Purchases of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control.

The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including, without limitation, lender liability claims and defenses, even when such assertions have no basis in fact, in an effort to prolong the foreclosure action. In some jurisdictions, foreclosure actions can take up to several years or more to conclude. During the foreclosure proceedings, a borrower could have the ability to file for bankruptcy, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and could result in disrupting ongoing leasing and management of the property.

Short Selling Risk. Short selling involves a number of risks. Short sales are transactions in which the Fund sells a security or other instrument that it does not own but can borrow in the market. If a security sold short increases in price, the Fund could have to cover its short position at a higher price than the short sale price, resulting in a loss. It is possible that the Fund will not be able to borrow a security that it needs to deliver, or it will not be able to close out a short position at an acceptable price and could have to sell related long positions earlier than it had expected. Thus, the Fund might not be able to successfully implement its short sale strategy due to limited availability of desired securities or for other reasons. Also, there is the risk that the counterparty to a short sale could fail to honor its contractual terms, causing a loss to the Fund.

Until the Fund replaces a security borrowed in connection with a short sale, it could be required to maintain a segregated account of cash or liquid assets with a broker or custodian to cover the Fund's short position in accordance with current federal securities laws, rules, and staff positions. Generally, securities held in a segregated account cannot be sold unless they are replaced with other liquid assets. The Fund's ability to access the pledged collateral might also be impaired in the event the broker becomes bankrupt, insolvent or otherwise fails to comply with the terms of the contract. In such instances, the Fund will not be able to substitute or sell the pledged collateral and could experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. It is likely that the Fund could obtain only a limited recovery or could obtain no recovery in these circumstances. Additionally, under current SEC requirements, the Fund must maintain sufficient liquid assets (less any additional collateral pledged to the broker), marked-to-market daily, to cover the borrowed securities obligations as required by the 1940 Act and applicable SEC interpretations and guidance from time to time. This could limit the Fund's investment flexibility, as well as its ability to meet other current obligations.

Because losses on short sales arise from increases in the value of the security sold short, such losses are theoretically unlimited. By contrast, a loss on a long position arises from decreases in the value of the security and is limited by the fact that a security's value cannot decrease below zero. In addition, engaging in short selling could limit the Fund's ability to fully benefit from increases in the fixed-income markets.

By investing the proceeds received from selling securities short, the Fund could be deemed to be employing a form of leverage, which creates special risks. The use of leverage would increase the Fund's exposure to long securities positions and make any change in the Fund's NAV greater than it would be without the use of leverage. This could result in increased volatility of returns. There is no guarantee that any leveraging strategy the Fund employs will be successful during any period in which it is employed. See "Risks—Leverage Risk."

In times of unusual or adverse market, economic, regulatory or political conditions, the Fund might not be able, fully or partially, to implement its short selling strategy.

Prepayment Risk. Prepayment risk occurs when a debt investment held by the Fund can be repaid in whole or in part prior to its maturity. The amount of pre-payable obligations in which the Fund invests from time to time will be affected by general business conditions, market interest rates, borrowers' financial conditions and competitive conditions among lenders. In a period of declining interest rates, borrowers are more likely to prepay investments more quickly than anticipated, reducing the yield to maturity and the average life of the relevant investment. Moreover, when the Fund reinvests the proceeds of a prepayment in these circumstances, it will likely receive a rate of interest that is lower than the rate on the security that was prepaid. To the extent that the Fund purchases the relevant investment at a premium, prepayments could result in a loss to the extent of the premium paid. If the Fund buys such investments at a discount, both scheduled payments and unscheduled prepayments will increase current and total returns and unscheduled prepayments will also accelerate the recognition of income which could be taxable as ordinary income to Shareholders. In a period of rising interest rates, prepayments of investments could occur at a slower than expected rate, creating maturity extension risk. This particular risk could effectively change an investment that was considered short- or intermediate-term at the time of purchase into a longer-term investment. Because the value of longer-term investments generally fluctuates more widely in response to changes in interest rates than shorter-term investments, maturity extension risk could increase the volatility of the Fund. When interest rates decline, the value of an investment with prepayment features might not increase as much as that of other fixed-income instruments, and, as noted above, changes in market rates of interest could accelerate or delay prepayments and thus affect maturities.

Credit Derivatives Risk. The use of credit derivatives is a highly specialized activity which involves strategies and risks different from those associated with ordinary portfolio security transactions. If the Adviser is incorrect in its forecasts of default risks, liquidity risk, counterparty risk, market spreads or other applicable factors, the investment performance of the Fund would diminish compared with what it would have been if these techniques were not used. Moreover, even if the Adviser is correct in its forecasts, there is a risk that a credit derivative position will correlate imperfectly with the price of the asset or liability being protected. The Fund's risk of loss in a credit derivative transaction varies with the form of the transaction. For example, if the Fund sells protection under a credit default swap, it would collect periodic fees from the buyer and would profit if the credit of the underlying issuer or reference entity remains stable or improves while the swap is outstanding, but the Fund would be required to pay an agreed upon amount to the buyer (which could be the entire notional amount of the swap) if the reference entity defaults on the reference security. Credit default swap agreements involve greater risks than if the Fund invested in the reference obligation directly.

Derivatives Risk. The Fund's derivative investments have risks similar to its underlying asset and may have additional risks, including the imperfect correlation between the value of such instruments and the underlying asset, rate or index, which creates the possibility that the loss on such instruments will be greater than the gain in the value of the underlying asset, rate or index in the Fund's portfolio; the loss of principal, including the potential loss of amounts greater than the initial amount invested in the derivative instrument; the possible default of the other party to the transaction; illiquidity of the derivative investments; risks arising from margin requirements; and risks arising from mispricing or valuation complexity. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund could experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding or may not recover at all. In addition, in the event of the insolvency of a counterparty to a derivative transaction, the derivative contract would typically be terminated at its fair market value. If the Fund is owed this fair market value in the termination of the derivative contract and its claim is unsecured, the Fund will be treated as a general creditor of such counterparty and will not have any claim with respect to the underlying security. Certain derivatives may give rise to a form of leverage, which magnifies the potential for gain and the risk of loss.

The counterparty risk for cleared derivative transactions is generally lower than for uncleared OTC derivatives because generally a clearing organization becomes substituted for each counterparty to a cleared derivative contract and, in effect, guarantees the parties' performance under the contract as each party to a trade looks only to the clearing house for performance of financial obligations. However, there can be no assurance that the clearing house, or its members, will satisfy its obligations to the Fund. Exchange trading will generally increase market transparency and liquidity but could cause the Fund to incur increased expenses. In addition, depending on the size of the Fund and other factors, the margin required under the rules of a clearing house and by a clearing member could be in excess of the collateral required to be posted by the Fund to support its obligations under a similar OTC derivative transaction. However, the CFTC and other applicable regulators have adopted rules imposing certain margin requirements, including minimums, on uncleared OTC derivative transactions which could result in the Fund and its counterparties posting higher margin amounts for uncleared OTC derivative transactions.

Certain of the derivative investments in which the Fund invests will, in certain circumstances, give rise to a form of financial leverage, which may magnify the risk of owning such instruments. The ability to successfully use derivative investments depends on the ability of the Adviser to predict pertinent market movements, which cannot be assured. In addition, amounts paid by the Fund as premiums and cash or other assets held in margin accounts with respect to the Fund's derivative investments would not be available to the Fund for other investment purposes, which could result in lost opportunities for gain.

OTC derivatives generally are more difficult to purchase, sell or value than other investments. Although both OTC and exchange-traded derivatives markets can experience a lack of liquidity, OTC non-standardized derivative transactions are generally less liquid than exchange-traded instruments. The illiquidity of the derivatives markets can be due to various factors, including congestion, disorderly markets, limitations on deliverable supplies, the participation of speculators, government regulation and intervention, and technical and operational or system failures. In addition, the liquidity of a secondary market in an exchange-traded derivative contract could be adversely affected by "daily price fluctuation limits" established by the exchanges which limit the amount of fluctuation in an exchange-traded contract price during a single trading day. Once the daily limit has been reached in the contract, no trades may be entered into at a price beyond the limit, thus preventing the liquidation of open positions. Prices have in the past moved beyond the daily limit on a number of consecutive trading days. If it is not possible to close an open derivative position entered into by the Fund, the Fund would continue to be required to make cash payments of variation (or mark-to-market) margin in the event of adverse price movements. In such a situation, if the Fund has insufficient cash, it could have to sell portfolio securities to meet variation margin requirements at a time when it is disadvantageous to do so. The absence of liquidity generally would also make it more difficult for the Fund to ascertain a market value for such instruments. The inability to close derivatives transactions positions also could have an adverse impact on the Fund's ability to effectively hedge its portfolio. OTC derivatives that are not cleared are also subject to counterparty risk, which is the risk that the other party to the contract will not fulfill its contractual obligation to complete the transaction with the Fund. If a counterparty were to default on its obligations, the Fund's contractual remedies against such counterparty could be subject to bankruptcy and insolvency laws, which could affect the Fund's rights as a creditor (e.g., the Fund might not receive the net amount of payments that it is contractually entitled to receive). In addition, the use of certain derivatives could cause the Fund to realize higher amounts of income or short-term capital gains (generally taxed at ordinary income tax rates).

The derivatives markets have become subject to comprehensive statutes, regulations and margin requirements. In particular, in the United States the Dodd-Frank Act regulates the OTC derivatives market by, among other things, requiring many derivative transactions to be cleared and traded on an exchange, expanding entity registration requirements, imposing business conduct requirements on dealers and requiring banks to move some derivatives trading units to a non-guaranteed affiliate separate from the deposit-taking bank or divest them altogether. Rulemaking proposed or implemented under the Dodd-Frank Act could potentially limit or completely restrict the ability of the Fund to use these instruments as a part of its investment strategy, increase the costs of using these instruments or make them less effective. Limits or restrictions applicable to the counterparties with which the Fund engages in derivative transactions could also prevent the Fund from using these instruments or affect the pricing or other factors relating to these instruments, or could change availability of certain investments.

Regulation of the derivatives market presents additional risks to the Fund and may limit the ability of the Fund to use, and the availability or performance, of such instruments. For instance, in October 2020, the SEC adopted Rule 18f-4 under the 1940 Act, providing for the regulation of a registered investment company's use of derivatives, short sales, reverse repurchase agreements, and certain other instruments. Under Rule 18f-4, a fund's derivatives exposure is limited through a value-at-risk test and requires the adoption and implementation of a derivatives risk management program for certain derivatives users. However, subject to certain conditions, funds that do not invest heavily in derivatives may be deemed limited derivatives users and would not be subject to the full requirements of Rule 18f-4. In connection with the adoption of Rule 18f-4, the SEC also eliminated the asset segregation and cover framework arising from prior SEC guidance for covering derivatives and certain financial instruments, as discussed herein, effective at the time that the Fund complies with Rule 18f-4. Rule 18f-4 could limit the Fund's ability to engage in certain derivatives and other transactions and/or increase the costs of such transactions, which could adversely affect the value or performance of the Fund. Compliance with Rule 18f-4 will be required in August 2022.

The Fund's investments in regulated derivatives instruments, such as swaps, futures and options, will be subject to maximum position limits established by the CFTC and U.S. and foreign futures exchanges. Under the exchange rules all accounts owned or managed by advisers, such as the Adviser, their principals and affiliates would be combined for position limit purposes. In order to comply with the position limits established by the CFTC and the relevant exchanges, the Adviser could in the future reduce the size of positions that would otherwise be taken for the Fund or not trade in certain markets on behalf of the Fund in order to avoid exceeding such limits. A violation of position limits by the Adviser could lead to regulatory action resulting in mandatory liquidation of certain positions held by the Adviser on behalf of the Fund. In addition, in October 2020, the CFTC adopted amendments to its position limits rules that establish certain new and amended position limits for 25 specified physical commodity futures and related options contracts traded on exchanges, other futures contracts and related options directly or indirectly linked to such 25 specified contracts, and any OTC transactions that are economically equivalent to the 25 specified contracts. The Adviser will need to consider whether the exposure created under these contracts might exceed the new and amended limits in anticipation of the applicable compliance dates, and the limits may constrain the ability of the Fund to use such contracts. The amendments also modify the bona fide hedging exemption for which certain swap dealers are currently eligible, which could limit the amount of speculative OTC transaction capacity each such swap dealer would have available for the Fund prior to the applicable compliance date. There can be no assurance that the Adviser will liquidate positions held on behalf of all the Adviser's accounts in a proportionate manner or at favorable prices, which could result in substantial losses to the Fund. Such policies could affect the nature and extent of derivatives use by the Fund.

Structured Products Risk. The Fund invests in Structured Products, consisting of CLOs, CDOs, CBOs and credit-linked notes. Holders of Structured Products bear risks of the underlying investments, index or reference obligation and are subject to counterparty risk.

Structured Products are subject to the normal interest rate, default and other risks associated with fixed-income securities and asset-backed securities. Additionally, the risks of an investment in a Structured Product depend largely on the type of the collateral securities and the class of the Structured Product or other asset-backed security in which the Fund invests. The Fund generally has the right to receive payments only from the Structured Product, and generally does not have direct rights against the issuer or the entity that sold the underlying collateral assets. Such collateral could be insufficient to meet payment obligations and the quality of the collateral might decline in value or default. Also, the class of the Structured Product could be subordinate to other classes, values could be volatile, and disputes with the issuer could produce unexpected investment results. While certain Structured Products enable the investor to acquire interests in a pool of securities without the brokerage and other expenses associated with directly holding the same securities, investors in Structured Products generally pay their share of the Structured Product's administrative and other expenses. Although it is difficult to predict whether the prices of indices and securities underlying Structured Products will rise or fall, these prices (and, therefore, the prices of Structured Products) will be influenced by the same types of political and economic events that affect issuers of securities and capital markets generally. If the issuer of a Structured Product uses shorter-term financing to purchase longer term securities, the issuer could be forced to sell its securities at below market prices if it experiences difficulty in obtaining short-term financing, which could adversely affect the value of the Structured Products owned by the Fund.

Structured Products issue classes or "tranches" that offer various maturity, risk and yield characteristics. Losses caused by defaults on underlying assets are borne first by the holders of subordinate tranches. If there are defaults or the Structured Product's collateral otherwise underperforms, scheduled payments to more senior tranches take precedence over those of subordinate tranches. The riskiest portion is the "equity" tranche which bears the bulk of defaults from the collateral and serves to protect the other, more senior tranches from default in all but the most severe circumstances. Since it is partially protected from defaults, a senior tranche from a Structured Product typically has higher ratings and lower yields than its underlying securities and could be investment grade. Despite the protection from the subordinate tranches, more senior tranches of structured products can experience substantial losses due to actual defaults, downgrades of the underlying collateral by rating agencies, forced liquidation of the collateral pool due to a failure of coverage tests, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, market anticipation of defaults as well as investor aversion to Structured Product securities as a class.

In addition to the general risks associated with debt securities discussed herein, Structured Products carry additional risks, including, but not limited to the risk that: (i) distributions from collateral securities might not be adequate to make interest or other payments; (ii) the collateral could default or decline in value or be downgraded, if rated by a NRSRO; (iii) the Fund is likely to invest in tranches of Structured Products that are subordinate to other tranches; (iv) the structure and complexity of the transaction and the legal documents could lead to disputes among investors regarding the characterization of proceeds; (v) the investment return achieved by the Fund could be significantly different than those predicted by financial models; (vi) there will be no readily available secondary market for Structured Products; (vii) technical defaults, such as coverage test failures, could result in forced liquidation of the collateral pool; and (viii) the Structured Product's manager could perform poorly.

Typically, Structured Products are privately offered and sold, and thus, are not registered under the securities laws and can be thinly traded or have a limited trading market. As a result, investments in Structured Products could be characterized as illiquid investments and could have limited independent pricing transparency. However, an active dealer market could exist for Structured Products that qualify under the Rule 144A "safe harbor" from the registration requirements of the Securities Act for resales of certain securities to qualified institutional buyers, and such Structured Products could be characterized by the Fund as liquid investments.

Mortgage-Backed and Asset-Backed Securities Risk. The price paid by the Fund for asset-backed securities, including CLOs, the yield the Fund expects to receive from such securities and the average life of such securities are based on a number of factors, including the anticipated rate of prepayment of the underlying assets. The value of these securities could be significantly affected by changes in interest rates, the market's perception of issuers, and the creditworthiness of the parties involved. The ability of the Fund to successfully utilize these instruments could depend on the ability of the Adviser to forecast interest rates and other economic factors correctly. These securities could have a structure that makes their reaction to interest rate changes and other factors difficult to predict, making their value highly volatile.

In addition to the risks associated with other asset-backed securities as described above, mortgage-backed securities are subject to the general risks associated with investing in real estate securities; that is, they could lose value if the value of the underlying real estate to which a pool of mortgages relates declines. In addition, mortgage-backed securities comprised of subprime mortgages and investments in other asset-backed securities collateralized by subprime loans could be subject to a higher degree of credit risk and valuation risk. Additionally, such securities could be subject to a higher degree of liquidity risk, because the liquidity of such investments could vary dramatically over time.

Mortgage-backed securities can be issued by governments or their agencies and instrumentalities, such as, in the United States, Ginnie Mae, Fannie Mae and Freddie Mac. They can also be issued by private issuers but represent an interest in or are collateralized by pass-through securities issued or guaranteed by a government or one of its agencies or instrumentalities. In addition, mortgage-backed securities can be issued by private issuers and collateralized by securities without a government guarantee. Such securities typically have some form of private credit enhancement.

Pools created by private issuers generally offer a higher rate of interest than government and government-related pools because there are no direct or indirect government or agency guarantees of payments. Notwithstanding that such pools can be supported by various forms of private insurance or guarantees, there can be no assurance that the private insurers or guarantors will be able to meet their obligations under the insurance policies or guarantee arrangements. From time to time, the Fund invests in private mortgage pass-through securities without such insurance or guarantees. Any mortgage-backed securities that are issued by private issuers are likely to have some exposure to subprime loans as well as to the mortgage and credit markets generally. In addition, such securities are not subject to the underwriting requirements for the underlying mortgages that would generally apply to securities that have a government or government-sponsored entity guarantee, thereby increasing their credit risk. The risk of non-payment is greater for mortgage-related securities that are backed by mortgage pools that contain subprime loans, but a level of risk exists for all loans. Market factors adversely affecting mortgage loan repayments include a general economic downturn, high unemployment, a general slowdown in the real estate market, a drop in the market prices of real estate or an increase in interest rates resulting in higher mortgage payments by holders of adjustable rate mortgages.

Repurchase Agreements Risk. Subject to its investment objective and policies, the Fund will, from time to time, invest in repurchase agreements as a buyer for investment purposes. Repurchase agreements typically involve the acquisition by the Fund of debt securities from a selling financial institution such as a bank, savings and loan association or broker-dealer. The agreement provides that the Fund will sell the securities back to the institution at a fixed time in the future. The Fund does not bear the risk of a decline in the value of the underlying security unless the seller defaults under its repurchase obligation. In the event of the bankruptcy or other default of a seller of a repurchase agreement, the Fund could experience both delays in liquidating the underlying securities and losses, including (i) possible decline in the value of the underlying security during the period in which the Fund seeks to enforce its rights thereto; (ii) possible lack of access to income on the underlying security during this period; and (iii) expenses of enforcing its rights. In addition, the value of the collateral underlying the repurchase agreement will be at least equal to the repurchase price, including any accrued interest earned on the repurchase agreement. In the event of a default or bankruptcy by a selling financial institution, the Fund generally seeks to liquidate such collateral. However, the exercise of the Fund's right to liquidate such collateral could involve certain costs or delays and, to the extent that proceeds from any sale upon a default of the obligation to repurchase were less than the repurchase price, the Fund could suffer a loss.

Reverse Repurchase Agreements and Dollar Rolls Risk. The use of reverse repurchase agreements and dollar rolls involve many of the same risks involved in the use of leverage, as the proceeds from reverse repurchase agreements and dollar rolls generally will be invested in additional securities. There is a risk that the market value of the securities acquired in the reverse repurchase agreement or dollar roll will decline below the price of the securities that the Fund has sold but remains obligated to repurchase. In addition, there is a risk that the market value of the securities retained by the Fund will decline. If the buyer of securities under a reverse repurchase agreement or dollar roll were to file for bankruptcy or experience insolvency, the Fund could be adversely affected. Also, in entering into reverse repurchase agreements, the Fund would bear the risk of loss to the extent that the proceeds of the reverse repurchase agreement are less than the value of the underlying securities. In addition, due to the interest costs associated with reverse repurchase agreements and dollar roll transactions, the Fund's NAV will decline, and, in some cases, the Fund could be worse off than if it had not used such instruments.

Swap Risk. The Fund, from time to time, also invests in credit default swaps, total return swaps, interest rate swaps and other types of swaps. Such transactions are subject to market risk, liquidity risk, risk of default by the other party to the transaction, known as "counterparty risk," regulatory risk and risk of imperfect correlation between the value of such instruments and the underlying assets and could involve commissions or other costs. The Fund may pay fees or incur costs each time it enters into, amends or terminates a swap agreement. When buying protection under a credit default swap, the risk of market loss with respect to the swap generally is limited to the net amount of payments that the Fund is contractually obligated to make. However, when selling protection under a swap, the risk of loss is often the notional value of the underlying asset, which can result in a loss substantially greater than the amount invested in the swap itself. As a seller, the Fund would be incurring a form of leverage. In accordance with current federal securities laws, rules, and staff positions, the Fund "covers" its swap positions by segregating an amount of cash and/or liquid securities as required by the 1940 Act and applicable SEC interpretations and guidance from time to time.

The Dodd-Frank Act and related regulatory developments ultimately will require the clearing and exchange-trading of many OTC derivative instruments that the CFTC and SEC recently defined as "swaps." Mandatory exchange-trading and clearing will occur on a phased-in basis based on the type of market participant and CFTC determination of contracts for central clearing. The Adviser will continue to monitor these developments, particularly to the extent regulatory changes affect the Fund's ability to enter into swap agreements.

The swap market has matured in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation. As a result, the swap market has become relatively liquid; however there is no guarantee that the swap market will continue to provide liquidity, and it could be subject to liquidity risk, which exists when a particular swap is difficult to purchase or sell. The absence of liquidity could also make it more difficult for the Fund to ascertain a market value for such instruments. The inability to close derivative positions also could have an adverse impact on the Fund's ability to effectively hedge its portfolio. If the Adviser is incorrect in its forecasts of market values, interest rates or currency exchange rates, the investment performance of the Fund would be less favorable than it would have been if these investment techniques were not used. In a total return swap, the Fund pays the counterparty a floating short-term interest rate and receives in exchange the total return of underlying loans or debt securities. The Fund bears the risk of default on the underlying loans or debt securities, based on the notional amount of the swap and, therefore, incurs a form of leverage. The Fund would typically have to post collateral to cover this potential obligation.

Options and Futures Risk. The Fund will, from time to time, use options and futures contracts and so-called "synthetic" options or other derivatives written by broker-dealers or other permissible financial intermediaries. Options transactions can be effected on securities exchanges or in the OTC market. When options are purchased OTC, the Fund's portfolio bears the risk that the counterparty that wrote the option will be unable or unwilling to perform its obligations under the option contract. Options can also be illiquid, and in such cases, the Fund could have difficulty closing out its position. OTC options can also include options on baskets of specific securities.

The Fund will, from time to time, purchase call and put options on specific securities and write and sell covered or uncovered call and put options for hedging purposes in pursuing its investment objective. A put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying security at a stated exercise price, typically at any time prior to the expiration of the option for American options or only at expiration for European options. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying security at a stated exercise price, typically at any time prior to the expiration of the option. A covered call option is a call option with respect to which the seller of the option owns the underlying security. The sale of such an option exposes the seller during the term of the option to possible loss of opportunity to realize appreciation in the market price of the underlying security or to possible continued holding of a security that might otherwise have been sold to protect against depreciation in the market price of the security. A covered put option is a put option with respect to which cash or liquid securities have been placed in a segregated account on the books of or with a custodian to fulfill the obligation undertaken. The sale of such an option exposes the seller during the term of the option to a decline in price of the underlying security while depriving the seller of the opportunity to invest the segregated assets.

The Fund might close out a position when writing options by purchasing an option on the same underlying security with the same exercise price and expiration date as the option that it has previously written on the security. In such a case, the Fund will realize a profit or loss if the amount paid to purchase an option is less or more than the amount received from the sale of the option.

Engaging in transactions in futures contracts and options involves risk of loss to the Fund. No assurance can be given that a liquid market will exist for any particular futures contract or option at any particular time. Many futures exchanges and boards of trade limit the amount of fluctuation permitted in futures contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit or trading can be suspended for specified periods during the trading day. Futures contract prices could move to the limit for several consecutive trading days with little or no trading, preventing prompt liquidation of futures positions and potentially subjecting the Fund to substantial losses.

A market could become unavailable if one or more exchanges were to stop trading options or it could become unavailable with respect to options on a particular underlying security if the exchanges stopped trading options on that security. In addition, a market could become temporarily unavailable if unusual events (e.g., volume exceeds clearing capability) were to interrupt normal exchange operations. If an options market were to become illiquid or otherwise unavailable, an option holder would be able to realize profits or limit losses only by exercising and an options seller or writer would remain obligated until it is assigned an exercise or until the option expires.

If trading is interrupted in an underlying security, the trading of options on that security is usually halted as well. Holders and writers of options will then be unable to close out their positions until options trading resumes, and they could be faced with considerable losses if the security reopens at a substantially different price. Even if options trading is halted, holders of options will generally be able to exercise them. However, if trading has also been halted in the underlying security, option holders face the risk of exercising options without knowing the security's current market value. If exercises do occur when trading of the underlying security is halted, the party required to deliver the underlying security could be unable to obtain it, which could necessitate a postponed settlement and/or the fixing of cash settlement prices.

Investment Companies Risk. The Fund will, from time to time, invest in securities of ETFs and other closed-end funds. Investments in ETFs and closed-end funds are subject to a variety of risks, including all of the risks of a direct investment in the underlying securities that the ETF or closed-end fund holds. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices might not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Shares of ETFs and closed-end funds at times trade at a premium or discount to their NAV because the supply and demand in the market for their shares at any point in time might not be identical to the supply and demand in the market for their underlying securities. Some ETFs and closed-end funds are highly leveraged and therefore would subject the Fund to the additional risks associated with leverage. See "Risks—Leverage Risk." In addition, the Fund will bear, along with other Shareholders of an investment company, its pro rata portion of the investment company's expenses, including management fees. Accordingly, in addition to bearing their proportionate share of the Fund's expenses, Shareholders also indirectly bear similar expenses of an investment company.

Counterparty Risk. Certain Fund investments will be exposed to the credit risk of the counterparties with which, or the dealers, brokers and exchanges through which, the Fund deals, whether in exchange-traded or OTC transactions. The Fund will be subject to the risk of loss of Fund assets on deposit or being settled or cleared with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Fund, the bankruptcy of an exchange clearing house or the bankruptcy of any other counterparty. In the case of any such bankruptcy, the Fund might recover, even in respect of property specifically traceable to the Fund, only a pro rata share of all property available for distribution to all of the counterparty's customers and counterparties. Such an amount could be less than the amounts owed to the Fund. Such events would have an adverse effect on the NAV of the Fund. Certain counterparties have general custody of, or title to, the Fund's assets (including, without limitation, the Custodian). The failure of any such counterparty could result in adverse consequences to the NAV of the Fund.

Counterparty and Prime Brokerage Risk. Changes in the credit quality of the companies that serve as the Fund's prime brokers or counterparties with respect to derivatives or other transactions supported by another party's credit will affect the value of those instruments. Certain entities that have served as prime brokers or counterparties in the markets for these transactions have recently incurred significant financial hardships including bankruptcy and losses as a result of exposure to sub-prime mortgages and other lower quality credit investments that have experienced recent defaults or otherwise suffered extreme credit deterioration. As a result, such hardships have reduced such entities' capital and called into question their continued ability to perform their obligations under such transactions. By using derivatives, swaps or other transactions, the Fund assumes the risk that its counterparties could experience similar financial hardships. If a prime broker or counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund could experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding; if the Fund's claim is unsecured, the Fund will be treated as a general creditor of such prime broker or counterparty and will not have any claim with respect to the underlying security. It is possible that the Fund will obtain only a limited recovery or no recovery in such circumstances.

Lender Liability Risk. A number of U.S. judicial decisions have upheld judgments obtained by Borrowers against lending institutions on the basis of various evolving legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has violated a duty (whether implied or contractual) of good faith, commercial reasonableness and fair dealing, or a similar duty owed to the Borrower or has assumed an excessive degree of control over the Borrower resulting in the creation of a fiduciary duty owed to the Borrower or its other creditors or Shareholders. Because of the nature of its investments, the Fund will, from time to time, be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (i) intentionally takes an action that results in the undercapitalization of a Borrower to the detriment of other creditors of such Borrower; (ii) engages in other inequitable conduct to the detriment of such other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (iv) uses its influence as a stockholder to dominate or control a Borrower to the detriment of other creditors of such Borrower, a court might elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination."

Because affiliates of, or persons related to, the Adviser will, at times, hold equity or other interests in obligors of the Fund, the Fund could be exposed to claims for equitable subordination or lender liability or both based on such equity or other holdings.

Borrower Fraud; Covenant-Lite Loans; Breach of Covenant. The Fund seeks to obtain structural, covenant and other contractual protections with respect to the terms of its investments as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to its investments will achieve their desired effect and potential investors should regard an investment in the Fund as being speculative and having a high degree of risk. Some of the loans that the Fund originates or acquires could be "covenant-lite" loans, which possess fewer covenants that protect lenders than other loans or no such covenants whatsoever. Investments in covenant-lite loans will be particularly sensitive to the risks associated with loan investments. The Fund can invest without limit in covenant-lite loans. Of paramount concern in originating or acquiring the financing contemplated by the Fund is the possibility of material misrepresentation or omission on the part of borrower or other credit support providers or breach of covenant by such parties. Such inaccuracy or incompleteness or breach of covenants could adversely affect the valuation of the collateral underlying the loans or the ability of the Fund to perfect or effectuate a lien on the collateral securing the loan or otherwise realize on the investment. The Fund relies upon the accuracy and completeness of representations made by borrowers to the extent reasonable but cannot guarantee such accuracy or completeness.

Distressed Debt, Litigation, Bankruptcy and Other Proceedings. The Fund will, from time to time, be invested in debt securities and other obligations of companies that are experiencing significant financial or business distress. Investments in distressed securities involve a material risk of involving the Fund in a related litigation. Such litigation can be time-consuming and expensive and can frequently lead to unpredicted delays or losses. Litigation expenses, including payments pursuant to settlements or judgments, generally will be borne by the Fund.

From time to time, the Adviser will make investments for the Fund in companies involved in bankruptcy proceedings. There are a number of significant risks when investing in companies involved in bankruptcy proceedings, and many events in a bankruptcy are the product of contested matters and adversary proceedings which are beyond the control of the creditors. A bankruptcy filing could have adverse and permanent effects on a company. Further, if the proceeding is converted to a liquidation, the liquidation value of the company might not equal the liquidation value that was believed to exist at the time of the investment. In addition, the duration of a bankruptcy proceeding is difficult to predict. A creditor's return on investment can be impacted adversely by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court, and until it ultimately becomes effective. Certain claims, such as claims for taxes, wages and certain trade claims, could have priority by law over the claims of certain creditors and administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors.

Certain investments of the Fund could be subject to federal bankruptcy law and state fraudulent transfer laws, which vary from state to state, if the debt obligations relating to such investments were issued with the intent of hindering, delaying or defrauding creditors or, in certain circumstances, if the issuer receives less than reasonably equivalent value or fair consideration in return for issuing such debt obligations. If the debt is used for a buyout of Shareholders, this risk is greater than if the debt proceeds are used for day-to-day operations or organic growth. If a court were to find that the issuance of the debt obligations was a fraudulent transfer or conveyance, the court could void or otherwise refuse to recognize the payment obligations under the debt obligations or the collateral supporting such obligations, further subordinate the debt obligations or the liens supporting such obligations to other existing and future indebtedness of the issuer or require the Fund to repay any amounts received by it with respect to the debt obligations or collateral. In the event of a finding that a fraudulent transfer or conveyance occurred, the Fund might not receive any repayment on the debt obligations.

Under certain circumstances, payments to the Fund could be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings could be adversely affected by statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the court's discretionary power to disallow, subordinate or disenfranchise particular claims or recharacterize investments made in the form of debt as equity contributions.

Under the Bankruptcy Code, a lender that has inappropriately exercised control of the management and policies of a company that is a debtor under the Bankruptcy Code could have its claims against the company subordinated or disallowed or could be found liable for damages suffered by parties as a result of such actions. Such claims could also be disallowed or subordinated to the claims of other creditors if the lender (e.g., the Fund) (i) is found to have engaged in other inequitable conduct resulting in harm to other parties, (ii) intentionally takes action that results in the undercapitalization of a borrower, (iii) engages in fraud with respect to, or makes misrepresentations to other creditors, or (iv) uses its influence as a Shareholder to dominate or control a borrower to the detriment of other creditors of such borrower. The lender's investment could also be recharacterized or treated as equity if it is deemed to be a contribution to capital, or if the lender attempts to control the outcome of the business affairs of a company prior to its filing under the Bankruptcy Code. While the Fund attempts to avoid taking the types of action that would lead to the subordination, disallowance and liability described above, there can be no assurance that such claims will not be asserted or that the Fund will be able successfully to defend against them.

From time to time, the Fund seeks to place its representatives on the boards of certain companies in which the Fund has invested. The Fund could also invest in companies in which KKR and/or other KKR clients or accounts will have representatives on the boards of such companies. While such representation could enable the Fund to enhance the sale value of its debt investments in a company, such involvement (and/or an equity stake by the Fund, KKR or other KKR clients or accounts in such company) could also prevent the Fund from freely disposing of its debt investments and could subject the Fund to additional liability or result in recharacterization of the Fund's debt investments as equity. The Fund attempts to balance the advantages and disadvantages of such representation when deciding whether and how to exercise its rights with respect to such companies, but the exercise of such rights could produce adverse consequences in particular situations.

Insofar as the Fund's portfolio includes obligations of non-U.S. obligors, the laws of certain foreign jurisdictions could provide for avoidance remedies under factual circumstances similar to those described above or under different circumstances, with consequences that might or might not be analogous to those described above under U.S. federal or state laws. Changes in bankruptcy laws (including U.S. federal and state laws and applicable non-U.S. laws) could adversely impact the Fund's securities.

Convertible Securities Risk. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that can be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities; (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics; and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors also could have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income instrument. Generally, the amount of the premium decreases as the convertible security approaches maturity. Although under normal market conditions longer-term convertible debt securities have greater yields than do shorter-term convertible debt securities of similar quality, they are subject to greater price fluctuations.

When-Issued Securities and Forward Commitments. From time to time, the Fund will purchase securities on a "forward commitment" or "when-issued" basis (meaning securities are purchased or sold with payment and delivery taking place in the future) in order to secure what is considered to be an advantageous price and yield at the time of entering into the transaction. However, the return on a comparable security when the transaction is consummated could vary from the return on the security at the time that the forward commitment or when-issued transaction was made. From the time of entering into the transaction until delivery and payment is made at a later date, the securities that are the subject of the transaction are subject to market fluctuations. In forward commitment or when-issued transactions, if the seller or buyer, as the case may be, fails to consummate the transaction, the counterparty could miss the opportunity of obtaining a price or yield considered to be advantageous. Forward commitment or when-issued transactions can occur a month or more before delivery is due. However, no payment or delivery is made until payment is received or delivery is made from the other party to the transaction.

Non-Controlling Equity Investments; Investments in Equity Securities; Investments and Joint Ventures with Third Parties. While the Fund intends to invest primarily in debt investments, it will, from time to time, also make non-controlling equity investments and investments in equity and equity-linked securities. The value of equity securities, including common stock, preferred stock and convertible stock, will fluctuate in response to factors affecting the particular company, as well as broader market and economic conditions. Prices of equity securities fluctuate for many reasons, including changes in investors' perceptions of the financial condition of an issuer or the general condition of the relevant stock market, or when political or economic events affecting the issuer occur. Moreover, in the event of a company's bankruptcy, claims of certain creditors, including bondholders, will have priority over claims of common stockholders and are likely to have varying types of priority over holders of preferred and convertible stock. These risks could increase fluctuations in the Fund's NAV. If the Fund's investments in equity securities are incidental to the Fund's investments in loans or fixed-income instruments, the Fund frequently could possess material non-public information about a Borrower or issuer as a result of its ownership of a loan or fixed-income instrument of a Borrower or issuer. Because of prohibitions on trading in securities while in possession of material non-public information, the Fund might be unable to enter into a transaction in a security of the Borrower or issuer when it would otherwise be advantageous to do so.

The Fund also could be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible instruments or private placements, delivering marketable common stock upon conversions of convertible instruments and registering restricted securities for public resale. With respect to non-controlling equity investments, the Fund could have a limited ability to protect its position in such investments.

From time to time, the Fund will also co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring jointly-controlled or non-controlling interests in certain investments in conjunction with participation by one or more third parties in such investment. As a co-investor, the Fund could have interests or objectives that are inconsistent with those of the third-party partners or co-venturers. Although the Fund might not have full control over these investments and, therefore, could have a limited ability to protect its position therein, the Adviser expects that appropriate rights will be negotiated to protect the Fund's interests. Nevertheless, such investments can involve risks not present in investments where a third party is not involved, including the possibility that a third-party partner or co-venturer could have financial difficulties resulting in a negative impact on such investment, could have economic or business interests or goals which are inconsistent with those of the Fund, or could be in a position to take (or block) action in a manner contrary to the Fund's investment objective or the increased possibility of default by, diminished liquidity or insolvency of, the third party, due to a sustained or general economic downturn. Third-party partners or co-venturers could opt to liquidate an investment at a time during which such liquidation is not optimal for the Fund. In addition, the Fund could in certain circumstances be liable for the actions of its third-party partners or co-venturers. In those circumstances where such third parties involve a management group, such third parties could receive compensation arrangements relating to such investments, including incentive compensation arrangements.

U.S. Government Debt Securities Risk. U.S. government debt securities generally do not involve the credit risks associated with investments in other types of debt securities, although, as a result, the yields available from U.S. government debt securities are generally lower than the yields available from other securities. Like other debt securities, however, the values of U.S. government securities change as interest rates fluctuate. Fluctuations in the value of portfolio securities will not affect interest income on existing portfolio securities but will be reflected in the Fund's NAV. Since the magnitude of these fluctuations will generally be greater at times when the Fund's average maturity is longer, under certain market conditions the Fund will for temporary defensive purposes, accept lower current income from short-term investments rather than investing in higher yielding long-term securities. In 2008, FHFA placed Fannie Mae and Freddie Mac into conservatorship. As conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae and Freddie Mac and of any stockholder, officer or director of Fannie Mae and Freddie Mac and the assets of Fannie Mae and Freddie Mac. Fannie Mae and Freddie Mac are continuing to operate as going concerns while in conservatorship and each remains liable for all of its respective obligations, including guaranty obligations, associated with its mortgage-backed securities. There is no assurance that the obligations of such entities will be satisfied in full, or that such obligations will not lose value or default. Any Fund investments issued by Federal Home Loan Banks and Fannie Mae could ultimately lose value.

Non-U.S. Securities Risk. The Fund invests in securities or other instruments, including secured loans and unsecured loans, of non-U.S. issuers or Borrowers. Such investments involve certain factors not typically associated with investing in the United States or other developed countries, including risks relating to: (i) differences between U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; the absence of uniform accounting, auditing and financial reporting standards, practices, and disclosure requirements; and less government supervision and regulation; (ii) other differences in law and regulation, including fewer investor protections, less stringent fiduciary duties, less developed bankruptcy laws and difficulty in enforcing contractual obligations; (iii) certain economic and political risks, including potential economic, political or social instability; exchange control regulations; restrictions on foreign investment and repatriation of capital (possibly requiring government approval); expropriation or confiscatory taxation; higher rates of inflation; and reliance on a more limited number of commodity inputs, service providers, and/or distribution mechanisms; and (iv) the possible imposition of foreign taxes on income and gains recognized with respect to securities and other assets. Economic sanctions and other similar governmental actions or developments could, among other things, restrict or eliminate the Fund's ability to purchase or sell certain non-U.S. securities or other instruments, and the Fund may be forced to sell or otherwise dispose of non-U.S. securities or other instruments at inopportune times or prices. The risks of investments in emerging markets, including the risks described above, are usually greater than the risks involved in investing in more developed markets. Because non-U.S. securities could trade on days when the Fund's Shares are not priced, the Fund's NAV could change at times when Shares cannot be sold.

Emerging Markets Risk. Because of less developed markets and economies and, in some countries, less mature governments and governmental institutions, the risks of investing in foreign securities set forth above can be intensified in the case of investments in issuers domiciled or doing substantial business in emerging market countries. These risks include high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries, as well as a high concentration of investors and financial intermediaries; political and social uncertainties; over-dependence on exports, especially with respect to primary commodities, making these economies vulnerable to changes in commodity prices; overburdened infrastructure and obsolete or unseasoned financial systems; environmental problems; less developed legal systems; and less reliable custodial services and settlement practices. Investing in securities of companies in emerging markets also entails risks of expropriation, nationalization, confiscation or the imposition of restrictions on foreign investment, the lack of hedging instruments, and the repatriation of capital invested. Emerging securities markets are substantially smaller, less developed, less liquid and more volatile than the major securities markets. The limited size of emerging securities markets and limited trading value compared to the volume of trading in U.S. securities could cause prices to be erratic for reasons apart from factors that affect the quality of the securities. For example, limited market size generally causes prices to be unduly influenced by traders who control large positions.

Foreign Currency Risk. Investments made by the Fund, and the income received by the Fund with respect to such investments, will, from time to time, be denominated in various non-U.S. currencies. However, the books of the Fund are maintained in U.S. dollars. Accordingly, changes in currency values could adversely affect the U.S. dollar value of portfolio investments, interest and other revenue streams received by the Fund, gains and losses realized on the sale of portfolio investments, and the amount of distributions, if any, made by the Fund. In addition, the Fund will incur costs in converting investment proceeds from one currency to another. The Fund will, from time to time, enter into derivative transactions designed to reduce such currency risks. Furthermore, the portfolio companies in which the Fund invests are subject to risks relating to changes in currency values, as described above. If a portfolio company suffers adverse consequences as a result of such changes, the Fund could also be adversely affected as a result.

Eurozone Risk. The Fund will, from time to time, invest in European companies and companies that have operations that are affected by the Eurozone economy. For example, concerns regarding the sovereign debt of various Eurozone countries and proposals for investors to incur substantial write-downs and reductions in the face value of certain countries' sovereign debt have given rise to new concerns about sovereign defaults, following the vote by the United Kingdom ("UK") to leave the European Union ("EU"). Sovereign debt defaults and EU and/or Eurozone exits, generally, could have material adverse effects on investments by the Fund in European companies, including but not limited to the availability of credit to support such companies' financing needs, uncertainty and disruption in relation to financing, customer and supply contracts denominated in the Euro and wider economic disruption in markets served by those companies, while austerity and other measures introduced in order to limit or contain these issues could themselves lead to economic contraction and resulting adverse effects for the Fund. It is possible that a number of the Fund's securities will be denominated in the Euro. Legal uncertainty about the funding of Euro denominated obligations following any breakup or exits from the Eurozone (particularly in the case of investments in companies in affected countries) could also have material adverse effects on the Fund.

On June 23, 2016, the UK voted, via referendum, to exit from the EU. On January 31, 2020, the UK officially withdrew from the EU (commonly referred to as "Brexit"). On December 24, 2020, the UK and EU announced a preliminary trade agreement and security deal, which took effect on January 1, 2021. The UK's exit from the EU could impact the Fund and its investments (and their underlying issuers) in a variety of ways, not all of which are currently readily apparent. The UK, EU and broader global economy may experience substantial volatility in foreign exchange markets and a sustained weakness in the British pound's exchange rate against the United States dollar, the euro and other currencies, which may impact Fund returns. The Fund will, from time to time, invest in portfolio companies and other issuers with significant operations and/or assets in the UK, any of which could be adversely impacted by any new legal, tax and regulatory environment, whether by increased costs or impediments to the implementation of their business plan. Such events could result from, among other things, increased uncertainty and volatility in financial markets; fluctuations in asset values; fluctuations in exchange rates; decreased liquidity of investments located, traded or listed within the UK, the EU or elsewhere; and/or changes in legal and regulatory regimes to which Fund investments are or become subject. There is still significant uncertainty regarding the potential consequences and precise timeline for Brexit.

Brexit also may cause additional member states to contemplate departing from the EU, which would likely perpetuate political and economic instability in the region and cause additional market disruption in global financial markets. The effects on the UK, European and global economies of the exit of the UK (and/or other EU members) from the EU, or the exit of other EU members from the European monetary area and/or the redenomination of financial instruments from the Euro to a different currency, are difficult to predict and to protect fully against. Many of the foregoing risks are outside of the control of the Fund and the Adviser. These risks could affect the Fund, the Adviser and other service providers given economic, political and regulatory uncertainty created.

LIBOR Replacement Risk. Certain instruments in which the Fund invests pay interest at floating rates based on LIBOR or are subject to interest caps or floors based on LIBOR. The Fund and/or certain issuers of instruments in which the Fund invests also will obtain financing at floating rates based on LIBOR. Certain derivative instruments utilized by the Fund and/or issuers of instruments in which the Fund invests also reference LIBOR. It is possible that the Fund will also utilize leverage or borrowings primarily based on LIBOR. As a result, LIBOR may be relevant to, and directly affect, the Fund's performance.

In July 2017, the head of FCA announced the desire to phase out the use of LIBOR by the end of 2021. On March 5, 2021, the FCA announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative immediately after December 31, 2021, in the case of all Sterling, Euro, Swiss Franc and Yen LIBOR settings, and 1-week and 2-month USD LIBOR settings, or immediately after June 30, 2023, in the case of overnight and 1-, 3-, 6-, and 12-month U.S.-dollar LIBOR settings. Abandonment of or modifications to LIBOR could have adverse impacts on newly issued financial instruments and existing financial instruments that reference LIBOR. While some instruments contemplate a scenario where LIBOR is no longer available by providing for an alternative rate setting methodology, not all instruments have such provisions, and there is significant uncertainty regarding the effectiveness of any such alternative methodologies. Abandonment of or modifications to LIBOR could lead to significant short-term and long-term uncertainty and market instability. In connection with supervisory guidance from regulators, some regulated entities will cease to enter into certain new LIBOR contracts after January 1, 2022. Some structured finance investments are tied to relatively new and developing reference rates, such as the Secured Overnight Financing Rate ("SOFR") or other reference rates based on SOFR. These relatively new and developing rates may behave differently than LIBOR would have or may not match the reference rate applicable to the underlying assets related to these investments.

It remains uncertain how such changes would be implemented and the effects such changes would have on the Fund, issuers of instruments in which the Fund invests and financial markets generally. These developments could negatively impact financial markets in general and present heightened risks, including with respect to the Fund's investments. As a result of this uncertainty and developments relating to the transition process, the Fund and its investments may be adversely affected.

Abandonment of or modifications to LIBOR could lead to significant short-term and long-term uncertainty and market instability. The transition process might lead to increased volatility and illiquidity in markets for instruments with terms tied to LIBOR. It could also lead to a reduction in the interest rates on, and the value of, some LIBOR-based investments and reduce the effectiveness of hedges mitigating risk in connection with LIBOR-based investments. Although some LIBOR-based instruments may contemplate a scenario where LIBOR is no longer available by providing for an alternative rate-setting methodology and/or increased costs for certain LIBOR-related instruments or financing transactions, others may not have such provisions and there may be significant uncertainty regarding the effectiveness of any such alternative methodologies. Instruments that include robust fallback provisions to facilitate the transition from LIBOR to an alternative reference rate may also include adjustments that do not adequately compensate the holder for the different characteristics of the alternative reference rate. The result may be that the fallback provision results in a value transfer from one party to the instrument to the counterparty. Additionally, because such provisions may differ across instruments (e.g., hedges versus cash positions hedged), LIBOR's cessation may give rise to basis risk and render hedges less effective. As the usefulness of LIBOR as a benchmark could deteriorate during the transition period, these effects and related adverse conditions could occur prior to the anticipated cessation of the remaining US dollar LIBOR tenors in mid-2023. There also remains uncertainty and risk regarding the willingness and ability of issuers to include enhanced provisions in new and existing contracts or instruments, notwithstanding significant efforts by the industry to develop robust LIBOR replacement clauses. In many cases, in the event that an instrument falls back to an alternative reference rate, including the SOFR or any reference rate based on SOFR, the alternative reference rate will not perform the same as LIBOR because the alternative reference rates do not include a credit sensitive component in the calculation of the rate. SOFR is based on a secured lending markets in U.S. government securities and does not reflect credit risk in the inter-bank lending market in the way that LIBOR did.

Legal and Regulatory Risk. Legal and regulatory changes could occur that would materially adversely affect the Fund. The regulation of the U.S. and non-U.S. securities and futures markets and investment funds such as the Fund has undergone substantial change in recent years, and such change could continue.

For example, the Dodd-Frank Act contains changes to the existing regulatory structure in the United States and is intended to establish rigorous oversight standards to protect the U.S. economy and American consumers, investors and businesses, including provisions that would significantly alter the regulation of commodity interests and comprehensively regulate the OTC derivatives markets for the first time in the United States. The Dodd-Frank Act and the rules that have been or will be promulgated thereunder by relevant regulators could negatively impact the ability of the Fund to meet its investment objective either through limits or requirements imposed on it or upon its counterparties. The implementation of the Dodd-Frank Act will occur over a period of time, and it is unknown in what form, when and in what order significant regulatory initiatives will be implemented or the impact any such implemented regulations will have on the Fund, the markets or instruments in which the Fund invests or the counterparties with which the Fund conducts business. The effect of the Dodd-Frank Act or other regulatory change on the Fund, while impossible to predict, could be substantial, adverse and potentially limit or completely restrict the ability of the Fund to implement its investment strategy or increase the costs of using certain instruments or make them less effective. In addition, the practice of short selling has been the subject of numerous temporary restrictions, and similar restrictions could be promulgated at any time. Such restrictions could adversely affect the returns of the Fund.

Event Driven Investing. The Fund will, from time to time, invest in companies in expectation of a specific event or catalyst, which could be external (e.g., a macro event impacting relevant markets) or an event that is idiosyncratic to the company (e.g., a future capital markets event). Such event-driven investing requires the investor to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of the Fund's investment in the relevant company. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company might not be valued as highly by the market as the Adviser had anticipated, resulting in losses. In addition, a company could announce a plan of restructuring which promises to enhance value and fail to implement it, resulting in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Fund of the investment in respect of which such distribution was made.

Valuation Risk. Unlike publicly traded common stock which trades on national exchanges, there is no central place or exchange for loans or fixed-income instruments to trade. Loans and fixed-income instruments generally trade on an OTC market which could be anywhere in the world where the buyer and seller can settle on a price. Due to the lack of centralized information and trading, the valuation of loans or fixed-income instruments generally carries more risk than that of common stock. Uncertainties in the conditions of the financial market, unreliable reference data, lack of transparency and inconsistency of valuation models and processes could lead to inaccurate asset pricing. In addition, other market participants value securities differently than the Fund. As a result, the Fund will, from time to time, be subject to the risk that when a loan or fixed-income instrument is sold in the market, the amount received by the Fund is less than the value of such loans or fixed-income instruments carried on the Fund's books.

Liquidity Risk. The Fund intends to invest without limit in securities that, at the time of investment, are illiquid. The Fund, from time to time, also invests in restricted securities. Investments in restricted securities could have the effect of increasing the amount of the Fund's assets invested in illiquid securities if qualified institutional buyers are unwilling to purchase these securities.

Illiquid and restricted securities can be difficult to dispose of at a fair price at the times when the Fund believes it is desirable to do so. The market price of illiquid and restricted securities generally is more volatile than that of more liquid securities, which could adversely affect the price that the Fund pays for or recovers upon the sale of such securities. Illiquid and restricted securities are also more difficult to value, especially in challenging markets, and the Adviser's judgment will play a greater role in the valuation process. Investment of the Fund's assets in illiquid and restricted securities could restrict the Fund's ability to take advantage of market opportunities. In order to dispose of an unregistered security, the Fund, where it has contractual rights to do so, could have to cause such security to be registered. A considerable period could elapse between the time the decision is made to sell the security and the time the security is registered, thereby enabling the Fund to sell it. Contractual restrictions on the resale of securities vary in length and scope and are generally the result of a negotiation between the issuer and acquiror of the securities. In either case, the Fund would bear market risks during that period.

Some loans and fixed-income instruments are not readily marketable and could be subject to restrictions on resale. Loans and fixed-income instruments might not be listed on any national securities exchange and no active trading market might exist for certain of the loans and fixed-income instruments in which the Fund invests. Where a secondary market exists, the market for some loans and fixed-income instruments could be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. In addition, events occurring subsequent to an investment by the Fund, including, for example, withdrawals, changes in market, political or other relevant circumstances, could cause some loans and fixed-income instruments that were liquid at the time of acquisition to become illiquid or otherwise cause the Fund's concentration in illiquid investments to increase.

Inflation/Deflation Risk. Inflation risk is the risk that the intrinsic value of certain assets or income from the Fund's investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Shares and distributions on the Shares can decline. In addition, during any periods of rising inflation, the dividend rates or borrowing costs associated with the Fund's use of leverage would likely increase, which would tend to further reduce returns to Shareholders.

Deflation risk is the risk that prices throughout the economy decline over time—the opposite of inflation. Deflation could have an adverse effect on the creditworthiness of issuers and could make issuer defaults more likely, which could result in a decline in the value of the Fund's portfolio.

Conflicts of Interest Risk. The Adviser will experience conflicts of interest in connection with the management of the Fund, relating to the allocation of the Adviser's time and resources between the Fund and other investment activities; the allocation of investment opportunities by the Adviser and its affiliates; compensation to the Adviser; services provided by the Adviser and its affiliates to issuers in which the Fund invests; investments by the Fund and other clients of the Adviser, subject to the limitations of the 1940 Act; the formation of additional investment funds by the Adviser; differing recommendations given by the Adviser to the Fund versus other clients; and the Adviser's use of information gained from issuers in the Fund's portfolio to aid investments by other clients, subject to applicable law.

In addition, the Adviser's investment professionals will, from time to time, acquire confidential or material, non-public information concerning an entity in which the Fund has invested, or propose to invest, and the possession of such information generally will limit the Adviser's ability to buy or sell particular securities of such entity on behalf of the Fund, thereby limiting the investment opportunities or exit strategies available to the Fund. In addition, holdings in the securities of an issuer by the Adviser or its affiliates will affect the ability of the Fund to make certain acquisitions of, or enter into certain transactions with, such issuer. From time to time, broker-dealers and investment advisers affiliated with the Adviser will also acquire confidential or material non-public information concerning entities in which the Fund has invested or proposes to invest, which could restrict the Adviser's ability to buy or sell (or otherwise transact in) securities of such entities, thus limiting investment opportunities or exit strategies available to the Fund. See "Conflicts of Interest."

Uncertain Tax Treatment. The Fund will, from time to time, invest a portion of its net assets in below investment grade instruments. Investments in these types of instruments present special tax issues for the Fund. U.S. federal income tax rules are not entirely clear about issues such as when the Fund will cease to accrue interest, original issue discount ("OID") or market discount, when and to what extent deductions can be taken for bad debts or worthless instruments, how payments received on obligations in default should be allocated between principal and income and whether exchanges of debt obligations in a bankruptcy or workout context are taxable. These and other issues are addressed by the Fund to the extent necessary in order to seek to ensure that it distributes sufficient income to ensure that it does not become subject to U.S. federal income or excise tax.

Complex Transactions/Contingent Liabilities/Guarantees and Indemnities. The Adviser pursues certain complex investment opportunities for the Fund, which could involve substantial business, regulatory or legal complexity. Such complexity presents risks, as such transactions can be more difficult, expensive and time-consuming to finance and execute; it can be more difficult to manage or realize value from the assets acquired in such transactions; and such transactions sometimes entail a higher level of regulatory scrutiny or a greater risk of contingent liabilities. Additionally, in connection with certain transactions, the Fund is required to make representations about the business and financial affairs of a portfolio company, provide guarantees in respect of payments by portfolio companies and other third parties and provide indemnities against losses caused by portfolio companies and other third parties. The Fund will, from time to time, also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements could result in the incurrence of contingent liabilities by the Fund, even after the disposition of an investment and ultimately in material losses.

Availability of Investment Opportunities; Competition. The activity of identifying, completing and realizing the types of investment opportunities targeted by the Adviser for the Fund is highly competitive and involves a significant degree of uncertainty.

The Fund competes for investment opportunities with other investment companies and private investment vehicles, as well as the public debt markets, individuals and financial institutions, including investment banks, commercial banks and insurance companies, business development companies, strategic industry acquirers, hedge funds and other institutional investors, investing directly or through affiliates. Over the past several years, a number of such investment vehicles have been formed (and many such existing entities have grown in size). Additional entities with similar investment objectives could be formed in the future by other unrelated parties. It is possible that competition for appropriate investment opportunities could increase, thus reducing the number of opportunities available to the Fund. Such supply-side competition could adversely affect the terms upon which investments can be made by the Fund. Moreover, transaction sponsors unaffiliated with the Fund or KKR could be reluctant to present investment opportunities to the Fund because of its affiliation with KKR. There can be no assurance that the Adviser will be able to locate and complete investments which satisfy the Fund's primary investment objective or to realize upon their values.

Dependence on Key Personnel Risk. The Adviser depends on the efforts, skills, reputations and business contacts of its key personnel, the information and deal flow they and others generate during the normal course of their activities and the synergies among the diverse fields of expertise and knowledge held by the Adviser's professionals. The loss of the services of any of them could have a material adverse effect on the Fund and could harm the Adviser's ability to manage the Fund.

The Adviser's principals and other key personnel possess substantial experience and expertise and have strong business relationships with members of the business community. The loss of these personnel could jeopardize the Adviser's relationships with members of the business community and could result in fewer investment opportunities for the Fund. For example, if any of the Adviser's principals were to join or form a competing firm, the Fund's results and financial condition could suffer.

Material Risks of Significant Methods of Analysis. The Adviser seeks to conduct reasonable and appropriate due diligence based on the facts and circumstances applicable to each investment. When conducting due diligence and making an assessment regarding an investment for the Fund, the Adviser relies on available resources, including information provided by the target of the investment and, in some circumstances, third-party investigations. As a result, the due diligence process can at times be subjective with respect to companies for which only limited information is available. Accordingly, the Adviser cannot be certain that due diligence investigations with respect to any investment opportunity for the Fund will reveal or highlight all relevant facts (including fraud) that could be necessary or helpful in evaluating such investment opportunity, or that its due diligence investigations will result in investments for the Fund being successful. There can be no assurance that the projected results of an investment opportunity will be achieved for the Fund, and actual results could vary significantly from the projections. General economic, natural, and other conditions, which are not predictable, can have an adverse impact on the reliability of such projections. Assumptions or projections about asset lives; the stability, growth, or predictability of costs; demand; or revenues generated by an investment or other factors associated therewith could, due to various risks and uncertainties including those described herein, differ materially from actual results.

Market Developments. Periods of market volatility remain, and could continue to occur in the future, in response to various political, social and economic events both within and outside of the United States. Instability in the credit markets could make it more difficult for a number of issuers of debt securities to obtain financing or refinancing for their investment or lending activities or operations. In particular, because of volatile conditions in the credit markets, issuers of debt securities could be subject to increased cost for debt, tightening underwriting standards and reduced liquidity for loans they make, securities they purchase and securities they issue.

For example, certain Borrowers could, due to macroeconomic conditions, be unable to repay secured loans. A Borrower's failure to satisfy financial or operating covenants imposed by lenders could lead to defaults and, potentially, termination of the secured loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize the Borrower's ability to meet its obligations under its debt securities. The Fund will, from time to time, incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting Borrower. In addition, if one of the Borrowers were to commence bankruptcy proceedings, even though the Fund will have structured its interest as senior debt, depending on the facts and circumstances, a bankruptcy court might recharacterize the Fund's debt holding and subordinate all or a portion of its claim to that of other creditors. Adverse economic conditions also could decrease the value of collateral securing some of the Fund's loans and the value of its equity investments. A recession could lead to financial losses in our portfolio and a decrease in revenues, net income and the value of the Fund's assets.

These developments could increase the volatility of the value of securities owned by the Fund. These developments also could make it more difficult for the Fund to accurately value its securities or to sell its securities on a timely basis. These developments could adversely affect the ability of the Fund to use leverage for investment purposes and increase the cost of such leverage, which would reduce returns to the holders of Shares. These developments also could adversely affect the broader economy, which in turn could adversely affect the ability of issuers of securities owned by the Fund to make payments of principal and interest when due, leading to lower credit ratings of the issuer and increased defaults by the issuer. Such developments could, in turn, reduce the value of securities owned by the Fund and adversely affect the NAV and market price of the Shares.

Market Disruptions from Natural Disasters or Geopolitical Risks. Political instability, the ongoing epidemics of infectious diseases in certain parts of the world, terrorist attacks in the United States and around the world, natural disasters, social and political discord, debt crises (such as the Greek crisis), sovereign debt downgrades, or the exit or potential exit of one or more countries from the EU (such as the UK) or the European Economic and Monetary Union, among others, could result in market volatility, could have long term effects on the United States and worldwide financial markets, and could cause further economic uncertainties in the United States and worldwide. The Fund cannot predict the effects of natural disasters or geopolitical events in the future on the economy and securities markets.

Government Intervention in the Financial Markets. During the global financial crisis, the U.S. government took a number of actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity. The U.S. government has taken certain similar actions during the COVID-19 outbreak. Federal, state, and other governments, their regulatory agencies or self-regulatory organizations could take additional actions that affect the regulation of the securities or Structured Products in which the Fund invests, or the issuers of such securities or Structured Products, in ways that are unforeseeable. Borrowers under secured loans held by the Fund could seek protection under the bankruptcy laws. Legislation or regulation could also change the way in which the Fund itself is regulated. Such legislation or regulation could limit or preclude the Fund's ability to achieve its investment objective. The Adviser monitors developments and seeks to manage the Fund's portfolio in a manner consistent with achieving the Fund's investment objective, but there can be no assurance that it will be successful in doing so.

Portfolio Turnover Risk. The Fund's annual portfolio turnover rate could vary greatly from year to year, as well as within a given year. Portfolio turnover rate is not considered a limiting factor in the execution of investment decisions for the Fund. High portfolio turnover could result in the realization of net short-term capital gains by the Fund which, when distributed to Shareholders, will be taxable as ordinary income. A high portfolio turnover could increase the Fund's current and accumulated earnings and profits, resulting in a greater portion of the Fund's distributions being treated as a dividend to the Shareholders. In addition, a higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund. See "Tax Considerations."

Anti-Takeover Provisions. The Fund's Declaration of Trust includes provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to open-end status. These provisions could deprive the holders of Shares of opportunities to sell their Shares at a premium over the then current market price of the Shares or at NAV. See "Description of Capital Structure—Anti-Takeover and Certain Other Provisions in the Declaration of Trust."

Duration Risk. Duration is the sensitivity, expressed in years, of the price of a fixed income security to changes in the general level of interest rates (or yields). Securities with longer durations tend to be more sensitive to interest rate (or yield) changes than securities with shorter durations. Duration differs from maturity in that it considers potential changes to interest rates, a security's coupon payments, yield, price and par value and call features, in addition to the amount of time until the security matures. The duration of a security will be expected to change over time with changes in market factors and time to maturity.

Risks Relating to Fund's RIC Status. To qualify and remain eligible for the special tax treatment accorded to RICs and their shareholders under the Code, the Fund must meet certain source-of-income, asset diversification and annual distribution requirements. Very generally, in order to qualify as a RIC, the Fund must derive at least 90% of its gross income for each taxable year from dividends, interest, payments with respect to certain securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, or other income derived with respect to its business of investing in stock or other securities and currencies. The Fund must also meet certain asset diversification requirements at the end of each quarter of each of its taxable years. Failure to meet these diversification requirements on the last day of a quarter could result in the Fund having to dispose of certain investments quickly in order to prevent the loss of RIC status. Any such dispositions could be made at disadvantageous prices or times and could result in substantial losses to the Fund. In addition, in order to be eligible for the special tax treatment accorded RICs, the Fund must meet the annual distribution requirement, requiring it to distribute with respect to each taxable year at least 90% of the sum of its "investment company taxable income" (generally its taxable ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any) and its net tax-exempt income (if any) to its Shareholders. If the Fund fails to qualify as a RIC for any reason and becomes subject to corporate tax, the resulting corporate taxes could substantially reduce its net assets, the amount of income available for distribution and the amount of its distributions. Such a failure would have a material adverse effect on the Fund and its Shareholders. In addition, the Fund could be required to recognize unrealized gains, pay substantial taxes and interest and make substantial distributions in order to re-qualify as a RIC.

RIC-Related Risks of Investments Generating Non-Cash Taxable Income. Certain of the Fund's investments require the Fund to recognize taxable income in a taxable year in excess of the cash generated on those investments during that year. In particular, the Fund invests in loans and other debt obligations that will be treated as having "market discount" and/or OID for U.S. federal income tax purposes. Because the Fund will, from time to time, be required to recognize income in respect of these investments before, or without receiving, cash representing such income, the Fund will have difficulty satisfying the annual distribution requirements applicable to RICs and avoiding Fund-level U.S. federal income and/or excise taxes in such circumstances. Accordingly, the Fund will, from time to time, be required to sell assets, including at potentially disadvantageous times or prices, borrow, raise additional equity capital, make taxable distributions of its Shares or debt securities, or reduce new investments, to obtain the cash needed to make these income distributions. If the Fund liquidates assets to raise cash, the Fund will, from time to time, realize gain or loss on such liquidations; in the event the Fund realizes net capital gains from such liquidation transactions, its Shareholders could receive larger capital gain distributions than they would in the absence of such transactions.

Cybersecurity. Increased reliance on internet-based programs and applications to conduct transactions and store data creates growing operational and security risks. Targeted cyber-attacks or accidental events can lead to breaches in computer and data systems security, and subsequent unauthorized access to sensitive transactional and personal information held or maintained by KKR, its affiliates, and third-party service providers or counterparties. Any breaches that occur could result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to investors and the beneficial owners of investors, and could lead to theft, data corruption, or overall disruption in operational systems. Criminals could use data taken in breaches in identity theft, obtaining loans or payments under false identities and other crimes that have the potential to affect the value of assets in which the Fund invests. These risks have the potential to disrupt KKR's ability to engage in transactions, cause direct financial loss and reputational damage or lead to violations of applicable laws related to data and privacy protection and consumer protection. Cybersecurity risks also necessitate ongoing prevention and compliance costs.

Private and Middle Market Companies. The Fund will, from time to time, acquire loans from issuers, including, but not limited to, private and middle-market companies, which involve a number of particular risks that might not exist in the case of large public companies, including:

- these companies could have limited financial resources and limited access to additional financing, which could increase the risk of their defaulting on their obligations, leaving creditors dependent on any guarantees or collateral they have obtained;
- these companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- there will not be as much information publicly available about these companies as would be available for public companies and such information might not be of the same quality;
- these companies are more likely to depend on the management talents and efforts of a small group of persons; as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations; and
- the frequency and volume of the trading of these companies generally is substantially less than is typical of larger companies and as such it could be more difficult for the Fund to exit the investment in the company at its then fair value.

Risks Arising from Purchases of Debt on a Secondary Basis. The Fund will, from time to time, invest in loans and debt securities acquired on a secondary basis. The Fund is unlikely to be able to negotiate the terms of such debt as part of its acquisition and, as a result, these investments might not include some of the covenants and protections the Fund would generally seek. Even if such covenants and protections are included in the investments held by the Fund, the terms of the investments could provide portfolio companies substantial flexibility in determining compliance with such covenants. In addition, the terms on which debt is traded on the secondary market could represent a combination of the general state of the market for such investments and either favorable or unfavorable assessments of particular investments by the sellers thereof.

CONFLICTS OF INTEREST

The Adviser will experience conflicts of interest in connection with the management of the Fund, including, but not limited to, those discussed below. Dealing with conflicts of interest is complex and difficult, and new and different types of conflicts may subsequently arise.

- The members, officers and other personnel of the Adviser allocate their time, resources and other services between the Fund and other investment and business activities in which they are involved, including other funds, investment vehicles and accounts managed by KKR. The Adviser intends to devote such time as shall be necessary to conduct the Fund's business affairs in an appropriate manner. However, the Adviser will continue to devote the time, resources and other services necessary to managing its other investment and business activities, and the Adviser is not precluded from conducting activities unrelated to the Fund. Substantial time will be spent by such members, officers and personnel monitoring the investments of other funds, investment vehicles and accounts managed by KKR.
- The Adviser will, at times, compete with certain of its affiliates, including other entities it manages, for investments for the Fund, subjecting the Adviser to certain conflicts of interest in evaluating the suitability of investment opportunities and making or recommending acquisitions on the Fund's behalf. The Adviser will receive advisory and other fees from the other entities it manages, and due to fee-offset provisions contained in the management agreements for such entities, the fees, at times, will not be proportionate to such entities' investment accounts for any given transaction and the Adviser will have an incentive to favor entities from which it receives higher fees.
- The Fund has adopted the Adviser's allocation policy, which is designed to fairly and equitably distribute investment opportunities over time among funds or pools of capital managed by the Adviser, which may include proprietary accounts, including investment or co-investment vehicles established for personnel of KKR or its affiliates. The Adviser's allocation policy provides that once an investment has been approved and is deemed to be in the Fund's best interest, the Fund will receive a pro rata share of the investment based on capital available for investment in the asset class being allocated. Determinations as to the amount of capital available for investment are based on such factors as: the amount of cash on-hand, existing commitments and reserves, the targeted leverage level, the targeted asset mix and diversification requirements, other investment policies and restrictions and limitations imposed by applicable laws, rules, regulations or interpretations. The outcome of this determination will result in the allocation of all, some or none of an investment opportunity to the Fund. In addition, subject to applicable law, affiliates of the Adviser will, from time to time, invest in one of the Fund's portfolio companies and hold a different class of securities than the Fund. To the extent that an affiliate of the Adviser holds a different class of securities than the Fund, its interests might not be aligned with the Fund's. Notwithstanding the foregoing, the Adviser will act in the best interest of the Fund in accordance with its fiduciary duty to the Fund.
- The appropriate allocation among the Fund and other KKR funds and accounts of expenses and fees generated in the course of evaluating and making investments often will not be clear, especially where more than one KKR fund or account participates. The Adviser will determine, in its sole discretion, the appropriate allocation of investment-related expenses, including broken deal expenses incurred in respect of unconsummated investments and expenses more generally relating to a particular investment strategy, among the funds and accounts participating or that would have participated in such investments or that otherwise participate in the relevant investment strategy, as applicable, which could result in the Fund bearing more or less of these expenses than other participants or potential participants in the relevant investments.
- The compensation payable by the Fund to the Adviser will be approved by the Board consistent with the exercise of the requisite standard of care applicable to trustees under state law. Such compensation is payable, in most cases, regardless of the quality of the assets acquired, the services provided to the Fund or whether the Fund makes distributions to Shareholders.

- The Adviser and its affiliates will, at times, provide a broad range of financial services to companies in which the Fund invests, in compliance with applicable law, and will generally be paid fees for such services. In addition, affiliates of the Adviser could act as an underwriter or placement agent in connection with an offering of securities by one of the companies in the Fund's portfolio. Any compensation received by the Adviser and its affiliates for providing these services will not be shared with the Fund and could be received before the Fund realizes a return on its investment. The Adviser will face conflicts of interest with respect to services performed for these companies, on the one hand, and investments recommended to the Fund, on the other hand.
- KKR engages in a broad range of business activities and invests in portfolio companies and other issuers whose operations could be substantially similar to the issuers of the Fund's portfolio investments. The performance and operation of such competing businesses could conflict with and adversely affect the performance and operation of the issuers of the Fund's portfolio investments and could adversely affect the prices and availability of business opportunities or transactions available to these issuers.
- From time to time, to the extent consistent with the 1940 Act and the rules and regulations promulgated thereunder, or with exemptive relief the Fund receives from the SEC, if any, the Fund and other clients for which the Adviser provides investment management services or carries on investment activities (including, among others, clients that are employee benefit plans subject to the Employee Retirement Income Security Act of 1974 ("ERISA") and related regulations) will make investments at different levels of an investment entity's capital structure or otherwise in different classes of an issuer's securities. These investments inherently give rise to conflicts of interest or perceived conflicts of interest between or among the various classes of securities held by the Fund and such other clients, including in the case of financial distress of the investment entity.
- KKR and the Adviser sponsor and advise, and expect in the future to sponsor and advise, a broad range of investment funds, vehicles and other accounts, including proprietary vehicles, that make investments worldwide. KKR will, from time to time, also make investments for its own account, including, for example, through investment and co-investment vehicles established for KKR personnel and associates. The Adviser and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships (including, among others, relationships with clients that are employee benefit plans subject to ERISA and related regulations) or from engaging in other business activities, even to the extent such activities are in competition with the Fund and/or involve substantial time and resources of the Adviser. For example, the Adviser could invest, on behalf of an affiliated fund, in a company that is a competitor of one of the Fund's portfolio companies or that is a service provider, supplier, customer or other counterparty with respect to one of the Fund's portfolio companies or the Adviser could, on behalf of other entities it manages, acquire assets originated by, or provide financing to, portfolio companies and other issuers in which the Fund invests. In providing advice and recommendations to, or with respect to, such investments and in dealing in such investments on behalf of such other affiliated fund, to the extent permitted by law, the Adviser or its affiliates will not take into consideration the interests of the Fund and its portfolio investments and issuers thereof. Accordingly, such advice, recommendations and dealings will result in conflicts of interest for the Adviser. In addition, the Adviser's ability to effectively implement the Fund's investment strategies will be limited to the extent that contractual obligations relating to these permitted activities restrict the Adviser's ability to engage in transactions that it would otherwise be interested in pursuing. Affiliates of the Adviser, whose primary business includes the origination of investments, engage in investment advisory business with accounts that compete with the Fund.
- The Adviser and its affiliates will, from time to time, give advice and recommend securities to other clients that differs from, or is contrary to, advice given to or securities recommended or bought for the Fund even though their investment objectives are similar to the Fund's.
- To the extent not restricted by confidentiality requirements or applicable law, the Adviser will, from time to time, apply experience and information gained in providing services to the Fund's portfolio

companies in providing services to competing companies invested in by affiliates' other clients, which could have adverse consequences for the Fund or its portfolio investments. In addition, in providing services in respect of such portfolio companies and other issuers of portfolio investments, the Adviser or its affiliates will, from time to time, come into possession of information that it is prohibited from acting on (including on behalf of the Fund) or disclosing as a result of applicable confidentiality requirements or applicable law, even though such action or disclosure would be in the interests of the Fund.

- As a registered investment company, the Fund will be limited in its ability to invest in any investment in which the Adviser or its affiliates' other clients have an investment. The Fund will also be limited in its ability to co-invest with the Adviser or one or more of its affiliates. Some of these co-investments would only be permitted pursuant to an exemptive order from the SEC. On January 5, 2021, the SEC issued an exemptive order granting exemptive relief that expanded the Fund's ability to co-invest with certain of its affiliates in privately negotiated transactions subject to the conditions specified in the exemptive order.
- On February 1, 2021, KKR acquired control of Global Atlantic Financial Group Limited ("Global Atlantic"), a retirement and life insurance company. KKR, including the Adviser, will serve as Global Atlantic's investment manager. KKR, including the Adviser, generally expects to treat any Global Atlantic account as a client account for the purposes of allocating investment opportunities and related fees and expenses. Certain Global Atlantic accounts may co-invest alongside the Fund in some or all investments in the Fund's Private Credit Strategy. Due to the limited nature of many Private Credit investment opportunities, we expect that participation by Global Atlantic accounts in co-investment transactions will generally reduce the allocations otherwise available to other co-investing accounts, including the Fund. The establishment of Global Atlantic accounts investing directly in the Private Credit Strategy investments will create a conflict of interest in that KKR will be incentivized to allocate more attractive investments and scarce investment opportunities to these proprietary entities and accounts rather than to the Fund. To mitigate this conflict, KKR will allocate investment opportunities in a manner that is consistent with an allocation methodology established by KKR and its affiliates (including the Adviser), as described above, in a manner designed to ensure allocations of such opportunities are made on a fair and equitable basis over time.
- The Fund depends to a significant extent on the Adviser's access to the investment professionals and senior management of KKR and the information and deal flow generated by the KKR investment professionals and senior management during the normal course of their investment and portfolio management activities. The senior management and the investment professionals of the Adviser source, evaluate, analyze and monitor the Fund's investments. The Fund's future success will depend on the continued service of the senior management team and investment professionals of the Adviser.
- The Adviser's relationship with other advisory clients and with KKR could create a conflict of interest to the extent the Adviser becomes aware of inside information concerning investments or potential investment targets. KKR has adopted information-sharing policies and procedures which address both (i) the handling of confidential information and (ii) the information barrier that exists between the public and private sides of KKR. KKR has compliance functions to administer KKR's information-sharing policies and procedures and monitor potential conflicts of interest. The Fund cannot assure its investors, however, that these procedures and practices will be effective. Although the Fund plans to leverage KKR's firm-wide resources to help source, conduct due diligence on, structure, syndicate and create value for the Fund's investments (to the extent permitted by applicable law), KKR's information-sharing policies and procedures referenced above, as well as certain legal, contractual and tax constraints, could significantly limit KKR's ability to do so. For example, from time to time KKR's personnel will be in possession of material non-public information with respect to the Fund's investments or potential investments, and as a result, such professionals will be restricted by KKR's information-sharing policies or by law or contract, from sharing such information with the KKR professionals responsible for making the Fund's investment decisions, even where the disclosure of

such information would be in the best interest of the Fund or would otherwise influence the decisions taken by such investment professionals with respect to such investment or potential investment. In addition, this conflict and these procedures and practices could limit the freedom of the Adviser to enter into or exit from potentially profitable investments for the Fund which could have an adverse effect on the Fund's results of operations. Conversely, the Adviser could pursue investments for the Fund without obtaining access to confidential information otherwise in its or KKR's possession, which information, if reviewed, might otherwise impact the Adviser's judgment with respect to such investments. Accordingly, as a result of such restrictions, the investment activities of KKR's other businesses will differ from, or be inconsistent with, the interests of and activities that are undertaken for the Fund and there can be no assurance that the Fund will be able to fully leverage all of the available resources and industry expertise of KKR's other businesses. Additionally, there will be circumstances in which one or more individuals associated with the Adviser will be precluded from providing services to the Fund because of certain confidential information available to those individuals or to other parts of KKR.

- The nature of the Adviser's businesses and the participation by its employees in creditors' committees, steering committees or boards of directors of portfolio companies will, from time to time, result in the Adviser receiving material non-public information from time to time with respect to publicly held companies or otherwise becoming an "insider" with respect to such companies. With limited exceptions, KKR does not establish information barriers between its internal investment teams. Trading by KKR on the basis of such information, or improperly disclosing such information, could be restricted pursuant to applicable law and/or internal policies and procedures adopted by KKR to promote compliance with applicable law. Accordingly, the possession of "inside information" or "insider" status with respect to such an issuer by KKR or KKR personnel could, including where an appropriate information barrier does not exist between the relevant investment professionals or has been "crossed" by such professionals, significantly restrict the ability of the Adviser to deal in the securities of that issuer on behalf of the Fund, which could adversely impact the Fund, including by preventing the execution of an otherwise advisable purchase or sale transaction in a particular security until such information ceases to be regarded as material non-public information, which could have an adverse effect on the overall performance of such investment. In addition, affiliates of KKR in possession of such information could be prevented from disclosing such information to the Adviser, even where the disclosure of such information would be in the interests of the Fund. From time to time, the Adviser will also be subject to contractual "stand-still" obligations and/or confidentiality obligations that restrict its ability to trade in certain securities on behalf of the Fund. In certain circumstances, the Fund or the Adviser will engage an independent agent to dispose of securities of issuers in which KKR could be deemed to have material non-public information on behalf of the Fund. Such independent agent could dispose of the relevant securities for a price that is lower than the Adviser's valuation of such securities which could take into account the material non-public information known to KKR in respect of the relevant issuer

- The Adviser could develop new businesses such as providing investment banking, advisory and other services to corporations, financial sponsors, management or other persons. Such services could relate to transactions that could give rise to investment opportunities that are suitable for the Fund. In such case, the Adviser's client would typically require the Adviser to act exclusively on its behalf, thereby precluding the Fund from participating in such investment opportunities. The Adviser would not be obligated to decline any such engagements in order to make an investment opportunity available to the Fund. In addition, the Adviser could come into the possession of information through these new businesses that limits the Fund's ability to engage in potential transactions.

- The 1940 Act limits the Fund's ability to invest in, or hold securities of, companies that are controlled by funds managed by KKR. Any such investments could create conflicts of interest between the Fund, the Adviser and KKR. The Adviser will also have, or enter into, advisory relationships with other advisory clients (including, among others, employee benefit plans subject to ERISA and related regulations) that could lead to circumstances in which a conflict of interest between the Adviser's advisory clients could exist or develop. In addition, to the extent that another client of the Adviser or KKR holds a different class of securities than the Fund, the interest of such client and the Fund might not be aligned. As a result of these conflicts and restrictions, the Adviser could be unable to implement the Fund's investment strategies as effectively as it could have in the absence of such conflicts or restrictions. In order to avoid these conflicts and restrictions, the Adviser could choose to exit these investments prematurely and, as a result, the Fund would forgo any future positive returns associated with such investments.

- Certain other KKR client accounts or proprietary accounts have investment objectives, programs, strategies and positions that are similar to, or conflict with, those of the Fund, or compete with, or have interests adverse to, the Fund. This type of conflict could affect the prices and availability of the securities or interests in which the Fund invests. KKR will, from time to time, give advice or take action with respect to the investments held by, and transactions of, other KKR client accounts or proprietary accounts that could be different from or otherwise inconsistent with the advice given or timing or nature of any action taken with respect to the investments held by, and timing or nature of any action taken with respect to the investments held by, and transactions of, the Fund. Such different advice and/or inconsistent actions could be due to a variety of reasons, including, without limitation, the differences between the investment objective, program, strategy and tax treatment of the other KKR client accounts or proprietary accounts and the Fund or the regulatory status of other KKR client accounts and any related restrictions or obligations imposed on KKR as a fiduciary thereof. Such advice and actions could adversely impact the Fund.

- KKR, for its own account or for the account of other KKR clients, could enter into real estate-related transactions with Fund portfolio companies. Such transactions could include, for example, buying or selling real estate assets, acquiring or entering into leasing arrangements or amending such arrangements or transferring options or rights of first refusal to acquire real estate assets. Such transactions, which do not involve securities, are not governed by restrictions on principal transactions and cross transactions but are subject to specific policies and procedures established by KKR to manage related conflicts.

- The 1940 Act prohibits the Fund from participating in certain transactions with certain of its affiliates including an Adviser-affiliated broker-dealer. The Fund generally is prohibited, for example, from buying or selling any securities from or to another client of the Adviser or of KKR. The 1940 Act also prohibits certain "joint" transactions with certain of the Fund's affiliates, which in certain circumstances could include investments in the same portfolio company (whether at the same or different times to the extent the transaction involves jointness) or transactions in which a broker-dealer affiliated with the Adviser participates as principal with the Fund. If a person acquires more than 25% of the Fund's voting securities, the Fund will generally be prohibited from buying or selling any security from or to such person or certain of that person's affiliates, or entering into prohibited joint transactions with such persons. Similar restrictions limit the Fund's ability to transact business with its officers or trustees or their affiliates. The SEC has interpreted the 1940 Act rules governing transactions with affiliates to prohibit certain "joint transactions" involving entities that share a common investment adviser. As a result of these restrictions, the scope of investment opportunities that would otherwise be available to the Fund will be limited. These investment opportunities will generally be made available to other funds, vehicles and accounts advised by the Adviser that are not subject to similar restrictions under the 1940 Act.

- Shareholders of the Fund are based in a wide variety of jurisdictions and take a wide variety of forms. Accordingly, they could have conflicting regulatory, legal, investment, tax and other interests with respect to their investments in the Fund. The conflicting interests of individual Shareholders relate to or arise from, among other things, the nature of investments made by the Fund, the selection, structuring, acquisition and management of investments, the timing of disposition of investments, internal investment policies of the Shareholders and their target risk/return profiles. As a consequence, conflicts of interest could arise in connection with decisions made by the Adviser, including with respect to the nature or structuring of investments, which could be more beneficial for one Shareholder than for another Shareholder, especially with respect to Shareholders' individual tax situations. In addition, the Fund could make investments that have a negative impact on related investments made by the Fund in separate transactions. In selecting and structuring investments appropriate for the Fund, the Adviser will consider the investment and tax objectives of the Fund and its Shareholders as a whole, not the investment, tax or other objectives of any Shareholder individually.

Each of the Adviser and the other investment advisers and/or investment managers affiliated with KKR will deal with conflicts of interest using its best judgment, but in its sole discretion. When conflicts arise between the Fund and another affiliated fund, the Adviser will represent the interests of the Fund and the other participating affiliated adviser will represent the interests of the affiliated fund it sponsors, manages or advises. In resolving conflicts, the Adviser and the other affiliated advisers will consider various factors, including applicable restrictions under the 1940 Act, the interests of the funds and accounts they advise in the context of both the immediate issue at hand and the longer term course of dealing among the Fund and the other affiliated fund. As with all conflicts involving the Fund, the Adviser's determination as to which factors are relevant and the resolution of such conflicts will be made in the Adviser's sole discretion except as required by the 1940 Act or by the governing documents of the Fund. Although the Adviser has established procedures and policies addressing conflicts of interest, there can be no assurance that the Adviser will be able to resolve all conflicts in a manner that is favorable to the Fund.

MANAGEMENT OF THE FUND

Board of Trustees

The responsibilities of the Board include, among other things, the oversight of the Adviser's investment activities, oversight of the Adviser's financing arrangements and corporate governance activities. The Board currently has an audit committee and a nominating committee and may establish additional committees from time to time as necessary. As is the case with virtually all registered investment companies, the Fund's service providers, primarily the Adviser and its affiliates, have responsibility for the Fund's day-to-day management, subject to the investment objective, restrictions and policies of the Fund and to the general oversight of the Board.

There currently are five trustees of the Fund. A majority of the trustees are not "interested persons" (as defined in the 1940 Act) of the Fund. The name and business address of the trustees and officers of the Fund and their principal occupations and other affiliations during the past five years are set forth under "Management of the Fund" in the SAI.

Adviser

KKR Credit Advisors (US) LLC serves as the Adviser, subject to the ultimate oversight of, and any policies established by, the Board, pursuant to the terms of an investment advisory agreement with the Fund. Under the terms of the investment advisory agreement, the Adviser allocates the Fund's assets in accordance with the Fund's investment objective. The Adviser may reallocate the Fund's assets subject to the ultimate oversight of, and any policies established by, the Board.

Launched in 2004, the Adviser is a subsidiary of KKR & Co. Inc., a leading global investment firm with a 43-year history of leadership, innovation and investment excellence. The Adviser is a leading manager of non-investment grade debt and public equities. The Adviser was formed as a limited liability company under the laws of the State of Delaware on June 24, 2004 and is a registered investment adviser under the 1940 Act. The Adviser currently serves as an investment adviser of certain unregistered private investment companies and a registered investment company and may in the future serve as an investment adviser of other registered and unregistered investment companies. The Adviser is located at 555 California Street, 50th Floor, San Francisco, CA 94104, and its telephone number is (415) 315-3620.

About KKR

KKR operates with a single culture that rewards investment discipline, creativity, determination and patience and the sharing of information, resources, expertise and best practices across offices and asset classes, subject to well-defined information sharing policies and compliance procedures. Its investment professionals provide access to an established platform for evaluating investments, managing risk and focusing on opportunities that seek to generate attractive returns with appropriate levels of risk. This platform allows for intensive due diligence to filter investment opportunities and help select investments that offer the most favorable risk/reward characteristics. Because KKR believes that deep industry knowledge is integral to sourcing deals and creating value for investors, KKR's investment professionals are organized in industry-specific teams. These teams conduct their own primary research, develop views on industry themes and trends and proactively work to identify companies in which to invest, often on an exclusive basis. KKR believes the industry-specific team approach allows investment teams to become experts within their sectors and build strong relationships with companies needing capital, while covering the full corporate credit space.

Founded in 1976, KKR is a leading global investment firm with 20 offices and over 1,900 people, including over 630 investment professionals. It operates an integrated global platform for sourcing and executing investments across multiple industries, asset classes and geographies. KKR is a long-term fundamental investor focused on producing attractive risk-adjusted returns for its clients. As of December 31, 2021, KKR had over $471 billion in assets under management.

Investment Management Team

The Fund is positioned, under the management of the Adviser, to take advantage of the full resources of KKR's global network. With more than 370 employees in its business, including approximately 160 dedicated investment professionals, across nine cities, the Adviser's investment teams seek to leverage KKR's private equity experience and extensive industry relationships in making strong investment choices on behalf of its clients. The investment professionals of the Adviser who have primary responsibility for day-to-day management and oversight of the Fund are Christopher A. Sheldon, Jeremiah S. Lane and Daniel Pietrzak. Additionally, certain members of the Adviser's U.S. Leveraged Credit Investment Committee and the Adviser's Global Private Credit Investment Committee, which exercises oversight over, and provides insight to, the investment activities of the Fund, is comprised of:

Christopher A. Sheldon joined KKR in 2004 and is a Member of KKR. Mr. Sheldon serves as the Head of Leveraged Credit. Mr. Sheldon is a Portfolio Manager for the Adviser's Leveraged Credit and Private Credit funds and portfolios. Mr. Sheldon is a member of the Adviser's U.S. Leveraged Credit Investment Committee, Global Private Credit Investment Committee and the Adviser's Portfolio Management Committee. Prior to joining KKR, Mr. Sheldon was a vice president and senior investment analyst with Wells Fargo's high yield securities group. Previously, Mr. Sheldon worked at Young & Rubicam Advertising and SFM Media Corporation in their media-planning departments. Mr. Sheldon holds a B.A. from Denison University.

Jeremiah S. Lane joined KKR in 2005 and is a Member of KKR. Mr. Lane is a Portfolio Manager for the Adviser's Leveraged Credit funds and portfolios. Mr. Lane is a member of the Adviser's U.S. Leveraged Investment Committee, as well as a member of the Adviser's Portfolio Management Committee. Prior to joining KKR, Mr. Lane worked as an associate in the investment banking/technology, media and telecom group at J.P. Morgan Chase. Mr. Lane holds an A.B. with honors in History from Harvard University.

John M. Reed joined KKR in 2008 and is a Member of KKR. Mr. Reed serves as the Head of Credit Trading and is a member of the Adviser's U.S. Leveraged Credit Investment Committee, Special Situations Investment Committee for Public Markets and the Adviser's Portfolio Management Committee. Mr. Reed is also a member of the Adviser's Trade Review Committee and Valuation Committee. Prior to joining KKR, Mr. Reed was a Director at Bear Stearns & Co. in its institutional fixed income department. Previously, he was an analyst at BNY Capital Markets in the syndicated loan, private placement and high yield groups, and also worked in the Asset Strategies Group and The Office of Management & Budget of New York City. Mr. Reed received a B.A. in Business Administration and Psychology from the University of South Carolina and a Global Professional M.B.A. from the Fordham University School of Business Administration.

Daniel Pietrzak joined KKR in 2016 and is a Member of KKR. Mr. Pietrzak is a portfolio manager for KKR's private credit funds and portfolios and a member of the Global Private Credit Investment Committee, Europe Direct Lending Investment Committee and KKR Credit Portfolio Management Committee. Mr. Pietrzak is Chief Investment Officer of the KKR / FS Investments joint venture and of the business development companies managed by the joint venture, including FS KKR Capital Corp., which trades on the NYSE. Prior to joining KKR, Mr. Pietrzak was a managing director and the co-head of Deutsche Bank's structured finance business across the Americas and Europe. Previously, Mr. Pietrzak held various roles in the credit businesses of Societe Generale and CIBC World Markets. Mr. Pietrzak started his career at Price Waterhouse in New York and is a CPA. Mr. Pietrzak holds an M.B.A. in Finance from The Wharton School of the University of Pennsylvania and a B.S. in Accounting from Lehigh University.

The Fund's SAI provides additional information about the portfolio manager's compensation structure, other accounts managed by the portfolio manager and the portfolio manager's ownership of securities in the Fund.

The investment professionals who have day-to-day responsibility for the Fund are supported not only by personnel of the Adviser, but also by having access to the global platform of KKR, which has approximately 630 investment professionals across public and private markets. KKR's investment professionals provide access to an established platform for evaluating investments, managing risk and focusing on opportunities and are organized in industry-specific teams that conduct their own primary research and develop views on industry themes and trends. These investment professionals are also supported by an Investment Committee comprised of senior personnel that exercises oversight over, and provides insight to, the investment activities of the Fund.

Investment Advisory Agreement

Pursuant to an investment advisory agreement, the Adviser receives an annual fee, payable monthly by the Fund, in an amount equal to 1.30% of the Fund's average daily Managed Assets. The Adviser has voluntarily agreed to temporarily reduce its Management Fee to an annual rate of 1.00% of the Fund's average daily Managed Assets from July 1, 2021, to September 30, 2022. Effective October 1, 2022, the Adviser's agreement to temporarily reduce its Management Fee will terminate and the Adviser will receive a Management Fee at an annual rate of 1.30% of the Fund's average daily Managed Assets. The aforementioned limitation to the fee schedule may be extended, terminated or modified by the Adviser in its sole discretion and at any time, including prior to any such date listed above.

A discussion regarding the basis for the most recent approval of the renewal of the investment advisory agreement by the Board is available in the Fund's semi-annual report to Shareholders.

In addition to the fees paid to the Adviser, the Fund pays all other costs and expenses of its operations, including compensation of its trustees (other than those affiliated with the Adviser), custodial expenses, leveraging expenses, transfer and dividend disbursing agent expenses, legal fees, rating agency fees, listing fees and expenses, expenses of independent auditors, expenses of repurchasing Shares, expenses of preparing, printing and distributing prospectuses, Shareholder reports, notices, proxy statements and reports to governmental agencies and taxes, if any.

During periods when the Fund is using leverage, the Management Fee paid to the Adviser will be higher than if the Fund did not use leverage because the Management Fee paid is calculated on the basis of the Fund's Managed Assets, which includes the assets purchased through leverage.

Administrator

U.S. Bank Global Fund Services, located at 615 East Michigan Street, Milwaukee, Wisconsin 53202, serves as the Administrator. Pursuant to the administration agreement, the Administrator is responsible for generally managing the administrative affairs of the Fund.

The Administrator is entitled to receive a monthly fee based on the average daily value of the Fund's net assets, subject to a minimum annual fee, plus out-of-pocket expenses.

Control Persons

A control person is a person who beneficially owns more than 25% of the voting securities of a company. As of January 31, 2022, no Shareholder, to the knowledge of the Fund, other than KKR, owned beneficially or of record more than 5% of the shares.

PURCHASE OF SHARES

Shares

The Fund offers Class I Shares, Class D Shares, Class T Shares and Class U Shares. The Fund has been granted exemptive relief from the SEC that permits the Fund to issue multiple classes of Shares and to impose asset-based distribution fees and early-withdrawal fees.

Minimum Investment

The minimum initial investment for Class D Shares, Class T Shares and Class U Shares is $10,000 per account, and the minimum initial investment for Class I Shares is $1,000,000 per account. The minimum subsequent investment in the Fund per account is $500. The minimum investment for each class of Shares may be modified or waived in the sole discretion of the Fund or the Distributor (defined below), including for certain financial firms that submit orders on behalf of their customers, the Trustees of the Fund and certain employees of KKR, including its affiliates, vehicles controlled by such employees and their extended family members.

Distributor

KKR Capital Markets LLC is the principal underwriter and distributor of the Shares. The Distributor, located at 9 West 57th Street, 41st Floor, Suite 4160, New York, NY 10019, is a broker-dealer registered with the SEC and is a member of FINRA. The Distributor has entered into a Sub-Distribution Agreement with Foreside Fund Services, LLC. The Sub-Distributor, located at Three Canal Plaza, Suite 100, Portland, ME 04101, is also a broker-dealer registered with the SEC and is a member of FINRA. Additional dealers or other financial intermediaries may be appointed by the Distributor.

Class I Shares, Class D Shares and Class U Shares are offered on a continuous basis at NAV per Share. Class T Shares will be offered on a continuous basis at NAV per Share, plus a maximum sales load of 2.00%. The Distributor acts as the distributor of the Shares for the Fund on a best efforts basis, subject to various conditions, pursuant to the terms of the Distribution Agreement. The Distributor is not obligated to sell any specific amount of Shares. The Distribution Agreement also provides that the Fund will indemnify the Distributor and its affiliates and certain other persons against certain liabilities, including certain liabilities arising under the Securities Act.

Shares may be offered through other brokers, dealers and other financial intermediaries (referred to as “selling agents”) that have entered into selling agreements with the Distributor or Sub-Distributor and that are authorized to receive purchase orders and repurchase requests on the Fund’s behalf. Such selling agents may designate other intermediaries to receive purchase orders on the Fund’s behalf. Selling agents typically receive the sales load with respect to Class T Shares purchased by their clients. The Distributor does not retain any portion of the sales load. Class T Shares are sold subject to a maximum sales load of up to 2.00% of the offering price. However, purchases of Class T Shares may be eligible for a sales load discount. The availability of sales charge waivers, discounts, and/or breakpoints may depend on the particular selling agent or type of account through which an investor purchases or holds Shares. Investors should contact their selling agent for more information regarding applicable sales charge waivers and discounts available to them and the selling agent’s related policies and procedures. Class I Shares, Class D Shares and Class U Shares are each not subject to a sales load; however, investors could be required to pay brokerage commissions on purchases and sales of Class I Shares, Class D Shares and Class U Shares to their selling agents. Investors should consult with their selling agents about the sales load and any additional fees or charges their selling agents might impose on each class of Shares.

The Fund pays the Distributor the Shareholder Servicing Fee that is calculated and accrued monthly at an annualized rate of 0.25% of the net assets of the Fund attributable to Class D Shares, Class T Shares and Class U Shares. The Shareholder Servicing Fee is for personal services provided to Shareholders and/or the maintenance of Shareholder accounts services and to reimburse the Distributor for related expenses incurred. The Distributor will generally pay all or a portion of the Shareholder Servicing Fee to the selling agents that sell Class D Shares, Class T Shares and Class U Shares. Payment of the Shareholder Servicing Fee is governed by the Fund's Distribution and Service Plan.

In addition, the Fund pays the Distributor the Distribution Fee that is calculated and accrued monthly at an annualized rate of 0.50% of the net assets of the Fund attributable to Class T Shares and Class U Shares. The Distribution Fee is for the sale and marketing of the Class T Shares and Class U Shares and to reimburse the Distributor for related expenses incurred. The Distributor will generally pay all or a portion of the Distribution Fee to the selling agents that sell Class T Shares and Class U Shares. Payment of the Distribution Fee is governed by the Fund's Distribution and Service Plan.

For purchases of Class T Shares without a front-end sales charge and for which the Distributor pays distribution-related compensation, the Shareholder Servicing Fee and Distribution Fee payments shall commence 13 months after purchase.

Class I Shares do not incur a Shareholder Servicing Fee or Distribution Fee, and Class D Shares do not incur a Distribution Fee.

Under the terms of the Sub-Distribution Agreement, the Distributor is responsible for paying the Sub-Distributor for its services.

How to Purchase Shares

The following section provides basic information about how to purchase Shares of the Fund.

The Distributor acts as the distributor of Shares for the Fund on a best efforts basis, subject to various conditions, pursuant to the terms of the Distribution Agreement. The Distributor is not obligated to sell any specific amount of Shares of the Fund. Shares of the Fund will be continuously offered through the Distributor. As discussed below, the Fund may authorize one or more intermediaries (e.g., broker-dealers and other financial firms) to receive orders on its behalf. The Shares will be offered at NAV per Share calculated each regular business day, plus any applicable sales charge. Intermediaries, brokers or agents may establish different minimum investment requirements than the Fund and may also independently charge you transaction fees and additional amounts (which may vary) in return for its services, which will reduce your return. Shares you purchase through intermediaries will normally be held in your account with that firm.

The Fund and the Distributor will have the sole right to accept orders to purchase Shares and reserve the right to reject any order in whole or in part.

No market currently exists for the Shares. The Fund has not listed and does not intend to list its Shares for trading on any securities exchange. There is currently no secondary market for the Shares and the Fund does not anticipate that a secondary market will develop for its Shares. Neither the Adviser nor the Distributor intends to make a market in the Shares.

Class T Shares are available through brokerage, transactional-based accounts and certain fee-based programs available to clients of financial intermediaries with which the Fund has a selling agreement to distribute Class T shares. Class I Shares and Class D Shares are generally available only (1) to endowments, foundations, pension funds and other institutional investors for purchase in this offering, (2) through fee-based programs, also known as wrap accounts, that provide access to Class I Shares and Class D Shares, (3) through participating broker-dealers that have alternative fee arrangements with their clients to provide access to Class I Shares and Class D Shares, (4) through certain registered investment advisers, (5) through bank trust departments or any other organization or person authorized to act in a fiduciary capacity for its clients or customers, (6) to other categories of investors that we name in an amendment or supplement to this prospectus, or (7) to our executive officers and directors and their immediate family members, as well as officers and employees of the Adviser, KKR or other affiliates and their immediate family members, and, if approved by our board of directors, joint venture partners, consultants and other service providers. Class U Shares are available to clients of financial intermediaries with which the Fund has a selling agreement to distribute Class U shares.

Acceptance and Timing of Purchase Orders

A purchase order received by the Fund or its designee prior to the close of the New York Stock Exchange ("NYSE"), on a day the Fund is open for business, together with payment made in one of the ways described above will be effected at that day's NAV plus any applicable sales charge. An order received after the close of the NYSE will be effected at the NAV determined on the next business day. However, orders received by certain retirement plans and other financial firms on a business day prior to the close of the NYSE and communicated to the Fund or its designee prior to such time as agreed upon by the Fund and financial firm will be effected at the NAV determined on the business day the order was received by the financial firm. The Fund is "open for business" on each day the NYSE is open for trading, which excludes the following holidays: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. If the NYSE is closed due to weather or other extenuating circumstances on a day it would typically be open for business, the Fund reserves the right to treat such day as a business day and accept purchase orders in accordance with applicable law. The Fund reserves the right to close if the primary trading markets of the Fund's portfolio instruments are closed and the Fund's management believes that there is not an adequate market to meet purchase requests. On any business day when the Securities Industry and Financial Markets Association recommends that the securities markets close trading early, the Fund may close trading early. Purchase orders will be accepted only on days which the Fund is open for business.
For Shares purchased through the Distributor, order instructions must be received in good order prior to the close of regular trading on the NYSE (ordinarily 4:00 p.m., Eastern time) in order to receive the current day's NAV. Instructions must include the name and signature of an appropriate person designated on the account application, account name, account number, name of the Fund and dollar amount. Payments received without order instructions could result in a processing delay or a return of wire. Failure to send the accompanying payment on the same day may result in the cancellation of the order.

The Fund and the Distributor each reserves the right, in its sole discretion, to accept or reject any order for purchase of Shares. The sale of Shares may be suspended during any period in which the NYSE is closed other than weekends or holidays, or if permitted by the rules of the SEC, when trading on the NYSE is restricted or during an emergency which makes it impracticable for the Fund to dispose of its securities or to determine fairly the value of its net assets, or during any other period as permitted by the SEC for the protection of investors.

Purchase by Mail. (Only applicable to direct Shareholders; if you are investing through a financial intermediary, contact the selling agent directly) To purchase Fund shares by mail, simply complete and sign the Account Application and mail it, or for subsequent purchases include name, fund name and account number along with a check made payable to the Fund:

Regular Mail	Overnight or Express Mail
KKR Credit Opportunities Portfolio	KKR Credit Opportunities Portfolio
c/o U.S. Bank Global Fund Services	c/o U.S. Bank Global Fund Services
P.O. Box 701	615 East Michigan Street, 3rd Floor
Milwaukee, WI 53201-0701	Milwaukee, WI 53202

The Fund does not consider the U.S. Postal Service or other independent delivery services to be its agents. Therefore, deposit in the mail or with such services, or receipt at U.S. Bank Global Fund Services post office box does not constitute receipt by the Transfer Agent. Receipt is determined at the time the order is received at the Transfer Agent's offices.

All purchase checks must be in U.S. dollars drawn on a domestic financial institution. The Fund will not accept payment in cash or money orders. To prevent check fraud, the Fund will not accept third party checks, Treasury checks, credit card checks, traveler's checks or starter checks for the purchase of shares. The Fund is unable to accept post-dated checks, or any conditional order or payment.

The transfer agent will charge a $25 fee against a Shareholder's account, in addition to any loss sustained by the Fund, for any payment that is returned. It is the policy of the Fund not to accept applications under certain circumstances or in amounts considered disadvantageous to Shareholders. The Fund reserves the right to reject any application. An Account Application to purchase Fund shares is subject to acceptance by the Fund and is not binding until so accepted. Accounts opened by entities, such as credit unions, corporations, limited liability companies, partnerships or trusts, will require additional documentation. Please note that if any information is missing, your Account Application will be returned, and your account will not be opened.

Purchase through Internet. (Only applicable to direct Shareholders; if you are investing through a financial intermediary, contact the selling agent directly) Investors may also purchase shares of the Fund by submitting an Account Application through the Fund's website at www.kkrfunds.com/kcop.

Telephone Purchase. (Only applicable to direct Shareholders; if you are investing through a financial intermediary, contact the selling agent directly) Investors may purchase additional shares of the Fund by calling 1-866-514-4499. If you elected this option on your account application, and your account has been open for at least 7 business days, telephone orders will be accepted via electronic funds transfer from your bank account through the Automated Clearing House (ACH) network. You must have banking information established on your account prior to making a purchase. If your order is received prior to 4 p.m. Eastern time, your shares will be purchased at the NAV calculated on the day your order is placed.

Telephone trades must be received by or prior to market close. During periods of high market activity, Shareholders may encounter higher than usual call waits. Please allow sufficient time to place your telephone transaction. Before executing an instruction received by telephone, the Transfer gent will use reasonable procedures to confirm that the telephone instructions are genuine. The telephone call may be recorded, and the caller may be asked to verify certain personal identification information. If the Fund or its agents follow these procedures, they cannot be held liable for any loss, expense or cost arising out of any telephone redemption request that is reasonably believed to be genuine. This includes fraudulent or unauthorized requests. If an account has more than one owner or authorized person, the Fund will accept telephone instructions from any one owner or authorized person.

Initial Investment—By wire. (Only applicable to direct Shareholders; if you are investing through a financial intermediary, contact the selling agent directly) To purchase by wire, the transfer agent must have a completed account application before your wire is sent. A purchase order will not be accepted until the Fund has received the completed application and any requested documentation in proper form. Wired funds must be received by 4:00 p.m. Eastern Time to be eligible for same day pricing. Call the Transfer Agent at 1-866-514-4499 between 9:00 a.m. and 6:00 p.m. Eastern Time on any day the New York Stock Exchange is open for business to advise of your intent to wire. This will ensure proper credit. Instruct your bank to wire funds to:

U.S. Bank, N.A.
777 E. Wisconsin Avenue
ABA #: 075000022
Credit: U.S. Bank Global Fund Services
Account #: 112-952-137
Further credit: (name of fund)
Shareholder name and account number:

For Subsequent Investments – By wire. (Only applicable to direct Shareholders; if you are investing through a financial intermediary, contact the selling agent directly) Before sending your wire, please contact the Transfer

Agent to advise them of your intent to wire funds. This will ensure prompt and accurate credit upon receipt of your wire.

Wired Funds Disclaimer. Wired funds must be received prior to 4:00 p.m. Eastern time to be eligible for same day pricing. The Fund and U.S. Bank, N.A. are not responsible for the consequences of delays resulting from the banking or Federal Reserve wire system, or from incomplete wiring instructions.

Lost Shareholders, Inactive Accounts and Unclaimed Property

(Only applicable to direct Shareholders; if you are investing through a financial intermediary, contact the selling agent directly) It is important that the Fund maintains a correct address for each investor. An incorrect address may cause an investor's account statements and other mailings to be returned to the Fund. Based upon statutory requirements for returned mail, the Fund will attempt to locate the investor or rightful owner of the account. If the Fund is unable to locate the investor, then the Fund will determine whether the investor's account can legally be considered abandoned. Mutual fund accounts may be transferred to the state government of an investor's state of residence if no activity occurs within the account during the "inactivity period" specified in the applicable state's abandoned property laws, which varies by state. The Fund is legally obligated to escheat (or transfer) abandoned property to the appropriate state's unclaimed property administrator in accordance with statutory requirements. The investor's last known address of record determines which state has jurisdiction. Please proactively contact the Transfer Agent toll-free at 1-866-514-4499 at least annually to ensure your account remains in active status.

Signature Guarantees

(Only applicable to direct Shareholders; if you are investing through a financial intermediary, contact the selling agent directly) Signature guarantees will generally be accepted from domestic banks, brokers, dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations, as well as from participants in the New York Stock Exchange Medallion Signature Program and the Securities Transfer Agents Medallion Program ("STAMP"). A notary public is not an acceptable signature guarantor.

A signature guarantee, from either a Medallion program member or a non-Medallion program member, is required in the following situations:

- If ownership is being changed on your account;
- When redemption proceeds are payable or sent to any person, address, or bank account not on record;
- When a redemption request is received by the Transfer Agent and the account address has changed within the last 15 calendar days
- For all redemptions in excess of $100,000 where proceeds are requested to be sent by check

The Fund may waive any of the above requirements in certain instances. In addition to the situations described above, the Fund and/or the Transfer Agent reserve the right to require a signature guarantee in other instances based on the circumstances relative to the particular situation.

Non-financial transactions, including establishing or modifying certain services on an account, may require a signature guarantee, signature verification from a Signature Validation Program member, or other acceptable form of authentication from a financial institution source.

AML

(Only applicable to direct Shareholders; if you are investing through a financial intermediary, contact the selling agent directly) In compliance with the USA Patriot Act of 2001, please note that the Transfer Agent will verify certain information on your Account Application as part of the Fund's Anti-Money Laundering Program. As requested on the Account Application, you must supply your full name, date of birth, social security number and permanent street address. If you are opening the account in the name of a legal entity (*e.g*., partnership, limited liability company, business trust, corporation, etc.), you must also supply the identity of the beneficial owners. Mailing addresses containing only a P.O. Box will not be accepted. Please contact the Transfer Agent at 1-866-514-4499 if you need additional assistance when completing your Application.

If we do not have a reasonable belief of the identity of a customer, the account will be rejected, or the customer will not be allowed to perform a transaction on the account until such information is received. The Fund may also reserve the right to close the account within 5 business days if clarifying information/documentation is not received.

Sales Load

This section includes important information about sales load and sales load reductions available to investors in Class T Shares.

The public offering price you pay when you buy Class T Shares of the Fund is the NAV of the Shares at the time of purchase, plus an initial sales load. The initial sales load varies depending on the size of your purchase, as set forth in the tables below. The actual sales load paid may vary among and within selling agents, as described herein. No sales load is imposed when Class T Shares are issued to you pursuant to the automatic reinvestment of income dividends or capital gains distributions. It is the responsibility of you and/or your financial intermediary to ensure that you obtain the proper breakpoint sales load discount, if any.

Because the offering price is calculated to two decimal places, the dollar amount of the sales charge as a percentage of the offering price and your net amount invested for any particular purchase of Fund Shares may be higher or lower depending on whether downward or upward rounding was required during the calculation process.

Class T Shares of the Fund are sold subject to the following sales load:

Your Investment	As a % of the offering price	As a % of NAV	Dealer's concession as % of the offering prices
Up to $100,000	2.00%	2.04%	None
$100,000 to $249,999	1.00%	1.01%	None
$250,000 and over	None	0.00%	1.00%

A person eligible for a sales load reduction includes an individual, his or her spouse or equivalent, children under 21 years of age and any corporation, partnership or sole proprietorship which is 100% owned, either alone or in combination, by any of the foregoing, a trustee or other fiduciary purchasing for a single trust or for a single fiduciary account, or a "company" as defined in Section 2(a)(8) of the 1940 Act. Investors must notify the Fund or their selling agent at the time of the purchase order whenever a sales load reduction is applicable to purchases and may be required to provide the Fund, or their selling agent, with certain information or records to verify eligibility for a sales load reduction. Such information or records may include account statements or other records for Shares of the Fund of the investor and other eligible persons, as described above.

Upon such notification, an investor will pay the lowest applicable sales load. Shareholders should retain any records necessary to substantiate the purchase price of the Class T Shares, as the Fund and Selling Agents may not retain this information. Sales load reductions may be modified or terminated at any time. Selling agents may, in their sole discretion, reduce or waive the sales load on a non-scheduled basis in individual cases. For more information about sales load reductions, investors should contact the Distributor or their selling agent.

Contingent Deferred Sales Charge

For investments in Class T Shares of over $250,000, if any Class T Shares for which you did not pay a sales charge are repurchased before the first day of the month in which the one-year anniversary of your initial purchase falls, a contingent deferred sales charge ("CDSC") of 1.00% normally will be collected.

The CDSC is not charged on Class T Shares acquired through reinvestment of dividends or capital gain distributions and is charged on the original purchase cost or the current market value of the Class T Shares at the time they are repurchased, whichever is lower. In addition, repayment of loans under certain retirement and benefit plans will constitute new sales for purposes of assessing the CDSC. To minimize the amount of any CDSC, the Fund repurchases Class T Shares in the following order:

1. Shares acquired by reinvestment of dividends and capital gain distributions (always free of a CDSC);
2. Shares held for one year or more; and
3. Shares held before the first anniversary of their purchase.

Investors in the Fund may reduce or eliminate sales charges applicable to purchases of Class T Shares through utilization of the Rights of Accumulation, Letter of Intention or Reinvestment Privilege. These programs will apply to purchases of other closed-end interval funds that the Adviser may sponsor in the future as well as any open-end funds sponsored by the Adviser that offer Class T shares (collectively, the "Eligible Funds"). These programs are summarized below.

CDSC Waivers

The CDSC will not be assessed on the redemption of Class T Shares upon the death of a Shareholder or eligible mandatory distributions under the code. Documentation may be required and some limitations may apply.

Rights of Accumulation

Any "purchaser" (as defined below) may buy Class T Shares at a reduced sales charge by aggregating the dollar amount of the new purchase and the total net amount invested of all Shares of the Fund then held by the purchaser and applying the sales charge applicable to such aggregate. To obtain such discount, the purchaser must provide sufficient information at the time of purchase to permit verification that the purchase qualifies for the reduced sales charge. The rights of accumulation is subject to modification or discontinuance at any time with respect to all shares purchased thereafter.

For purposes of determining the applicable sales charge discount, a "purchaser" includes an individual, the individual's spouse and the individual's children under the age of 21, purchasing Class T Shares for the individual's own account or account with the individual's spouse and/or children; or a trustee or other fiduciary purchasing Class T Shares for a single fiduciary account although more than one beneficiary may be involved; or employees of a common employer, provided that purchases are aggregated and submitted by a single source and quarterly confirmation of such purchases can be provided to that single source; or an organized group, provided that the purchases are made through a central administrator, or a single dealer.

Letter of Intent

A Letter of Intent (a "LOI") provides an opportunity for an investor to obtain a reduced sales charge by aggregating investments over a 13-month period, provided that the investor refers to such LOI when placing orders. For purposes of an LOI, the "Amount of Investment" as referred to in the preceding sales charge table includes all purchases of Shares of the Fund over the 13-month period based on the total amount of intended purchases plus the value of all shares previously purchased and still owned. An alternative is to compute the 13-month period starting up to 90 days before the date of execution of an LOI. Each investment made during the period receives the reduced sales charge applicable to the total amount of the investment goal. The LOI imposes no obligation to purchase or sell additional shares and provides for a price adjustment depending upon the actual amount purchased within such period. If the total investments under the LOI are less than the intended amount and thereby qualify for a higher sales charge than actually paid, the appropriate number of escrowed shares is redeemed and the proceeds are used towards satisfaction of the obligation to pay the increased sales charge. If a redemption order is received for an account prior to the satisfaction of the LOI, any shares not held in escrow will be redeemed first. Shares held in escrow will then be redeemed and a portion of the proceeds will be used to satisfy the obligation to pay the higher sales charge. Please contact the Transfer Agent to obtain an LOI application at (866) 514-4499.

Shareholder's Responsibility With Respect to Breakpoint Discounts

To obtain the Class T sales charge discount set forth above, you must inform your financial intermediary of the existence of any eligible amounts under any Rights of Accumulation in accounts held by family members at the time of purchase. You must inform your financial intermediary of all shares of the Fund held (i) in your account(s) at the financial intermediary, (ii) in your account(s) by another financial intermediary, and (iii) in any other accounts held at any financial intermediary belonging to family members. IF YOU FAIL TO INFORM YOUR FINANCIAL INTERMEDIARY OR THE FUND OF ALL ELIGIBLE HOLDINGS OR PLANNED PURCHASES, YOU MAY NOT RECEIVE A SALES CHARGE DISCOUNT TO WHICH YOU WOULD OTHERWISE BE ENTITLED. The Fund will require the names and account numbers of all accounts claimed in connection with a request for a sales charge discount. You may also be required to provide verification of holdings (such as account statements and/or copies of documents that reflect the original purchase cost of your holdings) that qualify you for a sales charge reduction. **As such, it is very important that you retain all records that may be needed to substantiate an original purchase price of your holdings, because the Fund, the Transfer Agent and financial intermediaries may not maintain this information.**

Reinvestment Privilege

If you redeem Class T Shares, you may reinvest some or all of the proceeds in the same class of any Eligible Fund on or before the 90th day after the redemption without a sales charge unless the reinvestment would be prohibited by the Adviser's frequent trading policy (if any). Special tax rules may apply. If you paid a CDSC when you redeemed your Class T Shares, you will be credited with the amount of the CDSC. All accounts involved must have the same registration. This privilege does not apply to purchases made through automatic investment services. The reinvestment privilege only applies to your Class T Shares if you previously paid a front-end sales charge in connection with your purchase of such Class T Shares.

Payments to Financial Intermediaries

The Fund may pay service fees to selling agents for sub-administration, sub-transfer agency and other Shareholder services associated with Shareholders whose Shares are held of record in omnibus accounts, other group accounts or accounts traded through registered securities clearing agents.

The Adviser, out of its own resources and without additional cost to the Fund or its Shareholders, may provide additional cash payments to intermediaries, including affiliates of the Adviser, for the sale of Shares and related services. These payments and compensation are in addition to service fees paid by the Fund, if any. Payments are generally made to intermediaries that provide Shareholder servicing, marketing and related sales support or access to sales meetings, sales representatives and management representatives of the intermediary. Payments may also be paid to intermediaries for inclusion of the Fund on a sales list, including a preferred or select sales list or in other sales programs. Compensation may be paid as an expense reimbursement in cases in which the intermediary provides Shareholder services to the Fund. The Adviser may also pay cash compensation in the form of finder's fees that vary depending on the dollar amount of the Shares sold. The level of such payments may be substantial and may be different for different selling agents. These payments may create incentives on the part of a selling agents to view the Fund favorably compared with investment funds that do not make these payments, or that make smaller payments.

Share Class Considerations

The Fund offers four classes of Shares: Class I Shares, Class D Shares, Class T Shares and Class U Shares. When selecting a Share class, you should consider the following:

- Which Share classes are available to you;
- The amount you intend to invest;
- How long you expect to own the Shares; and
- Total costs and expenses associated with a particular Share class.

Each investor's financial considerations are different. You should speak with your selling agent to help you decide which Share class is best for you. Not all selling agents offer all classes of Shares. In addition, selling agents may vary the actual sales load charged, if applicable, as well as impose additional fees and charges on each class of Shares. If your selling agent offers more than one class of Shares, you should carefully consider which class of Shares to purchase.

Distribution in Foreign Jurisdictions

The distribution of this prospectus and the offer and sale of the Shares in certain jurisdictions may be restricted by law. It is the responsibility of any persons wishing to purchase Shares to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdictions. Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of Shares, and any foreign exchange restrictions that may be relevant thereto.

PERIODIC REPURCHASE OFFERS

The Fund is an "interval fund," a type of fund that, in order to provide liquidity to Shareholders conducts periodic repurchase offers.

Repurchase Offers

As a fundamental policy, which may not be changed without Shareholder approval, the Fund offers Shareholders the opportunity to request the repurchase of their Shares on a quarterly basis. The Fund is required to offer to repurchase not less than 10% of its outstanding Shares with each repurchase offer and under normal market conditions, the Board expects to authorize a 10% offer. The Fund may not offer to repurchase more than 25% of its outstanding Shares during any offer.

Quarterly repurchases will occur in the months of January, April, July and October. At least 21 calendar days prior to the Repurchase Request Deadline, the Fund will send notice to each Shareholder setting forth (i) the percentage of Shares the Fund will repurchase; (ii) the Repurchase Request Deadline and other terms of the offer to repurchase; and (iii) the procedures for Shareholders to follow to request a repurchase.

The time and dates by which repurchase offers must be received in good order ("Repurchase Request Deadline") will generally be 4:00 p.m. Eastern time on the first Friday of the month in which the repurchase occurs. Shareholders and financial intermediaries must submit repurchase requests in good order by the Repurchase Request Deadline. "Good order" means your repurchase request includes: (1) the name of the Fund, (2) the number of shares or dollar amount to be redeemed, (3) the account number and (4) signatures by all of the Shareholders whose names appear on the account registration. The Repurchase Request Deadline will be strictly observed. Shareholders and financial intermediaries failing to submit repurchase requests in good order by such deadline will be unable to liquidate Shares until a subsequent repurchase offer.

The repurchase price will be the Fund's NAV determined on the repurchase pricing date, which will be a date not more than 14 calendar days following the Repurchase Request Deadline ("Repurchase Offer Amount"). Payment for all Shares repurchased pursuant to these offers will be made not later than 7 calendar days after the repurchase pricing date ("Repurchase Payment Deadline"). Under normal circumstances, it is expected that the Repurchase Request Deadline will be the same date as the repurchase pricing date. If the tendered Shares have been purchased immediately prior to the tender, the Fund will not release repurchase proceeds until payment for the tendered Shares has settled. Shareholders can avoid this delay by utilizing the wire purchase option. During the period the offer to repurchase is open, Shareholders may obtain the current NAV by calling toll-free (866) 514-4499.

If more Shares are tendered for repurchase than the Fund has offered to repurchase, the Board may, but is not obligated to, increase the number of Shares to be repurchased by up to 2% of the Shares outstanding on the Repurchase Request Deadline. If there are still more Shares tendered than are offered for repurchase, Shares will be repurchased on a pro rata basis. However, the Fund may determine to alter the pro rata allocation and the Fund may accept all Shares tendered by persons who own, in the aggregate, fewer than 100 Shares and who tender all of their Shares, before prorating Shares tendered by others.

Because of the foregoing, Shareholders may be unable to liquidate all, or a given percentage, of their Shares and some Shareholders may tender more Shares than they wish to have repurchased in order to ensure repurchase of at least a specific number of Shares. Shareholders may withdraw Shares tendered for repurchase at any time prior to the Repurchase Request Deadline.

Repurchase offers and the need to fund repurchase obligations may affect the ability of the Fund's portfolio to be fully invested, which may reduce returns. Moreover, diminution in the size of the Fund's portfolio through repurchases without offsetting new sales, may result in untimely sales of portfolio securities and a higher expense ratio, and may limit the ability of the Fund to participate in new investment opportunities. Repurchases resulting in portfolio turnover will result in additional expenses being borne by the Fund. The Fund may also sell portfolio securities to meet repurchase obligations which, in certain circumstances, may adversely affect the market for loans and reduce the Fund's value. Notwithstanding the foregoing, it is the Adviser's intention to fund repurchases with the proceeds of borrowings whenever practical. Use of the borrowing facility entails certain risks and costs. See "Liquidity Requirements" below.

The repurchase of Shares by the Fund will generally be a taxable event to Shareholders and may be a taxable event to those Shareholders that do not participate in the repurchase. See "Tax Considerations" for a general summary of U.S. federal income tax considerations for U.S. Shareholders. Investors should rely on their own tax adviser for advice about the particular federal, state and local tax consequences of investing in the Fund and participating in the Fund's repurchase offer program.

Suspension or Postponement of a Repurchase Offer

The Fund may suspend or postpone a repurchase offer only: (i) if making or effecting the repurchase offer would cause the Fund to lose its status as a regulated investment company under the Code; (ii) for any period during which the NYSE or any market in which the securities owned by the Fund are principally traded is closed, other than customary weekend and holiday closings, or during which trading in such market is restricted; (iii) for any period during which an emergency exists as a result of which disposal by the Fund of securities owned by it is not reasonably practicable or during which it is not reasonably practicable for the Fund fairly to determine the value of its net assets; or (iv) for such other periods as the SEC may by order permit for the protection of Shareholders of the Fund.

Liquidity Requirements

From the time that the notification is sent to Shareholders until the Repurchase Payment Deadline, the Fund will ensure that a percentage of its net assets equal to at least 100% of the Repurchase Offer Amount consists of assets: (i) that can be sold or disposed of in the ordinary course of business at approximately the price at which the Fund has valued the investment within the time period between the Repurchase Request Deadline and the Repurchase Payment Deadline; or (ii) that mature by the Repurchase Payment Deadline.

The Board has adopted procedures that are reasonably designed to ensure that the Fund's assets are sufficiently liquid so that the Fund can comply with the repurchase policy and the liquidity requirements described in the previous paragraph.

The Fund intends to finance repurchase offers with cash on hand, cash raised through borrowings or the liquidation of portfolio securities. There is some risk that the need to sell loans to fund repurchase offers may affect the market for those loans. In turn, this could diminish the Fund's NAV.

Redemption of Senior Securities

In order to permit the Fund to repurchase Shares, the borrowing or other indebtedness issued by the Fund, as well as the terms of preferred shares, if any, must either mature by the next Repurchase Request Deadline or provide for their redemption, call or repayment by the next Repurchase Request Deadline without penalty or premium. Although the Fund ordinarily does not expect to redeem any senior security, including preferred shares, if any, it may be required to redeem such securities if, for example, the Fund does not meet an asset coverage ratio required by law or correct a failure to meet a rating agency guideline in a timely manner.

NET ASSET VALUE

The NAV of the Shares is computed based upon the value of the Fund's Managed Assets. NAV per Share is determined daily on each day that the NYSE is open for business as of the close of the regular trading session on the NYSE. The Fund calculates NAV per Share by subtracting liabilities from the total assets of the Fund and dividing the result by the total number of outstanding Shares. The Fund's assets and liabilities are valued in accordance with the principles set forth herein.

For purposes of calculating NAV, portfolio securities and other assets for which market quotes are readily available are valued at market value. Market value is generally determined on the basis of last reported sales prices, or if no sales are reported, based on quotes obtained from a quotation reporting system, established market makers or pricing services. Short-term investments having a maturity of 60 days or less are generally valued at amortized cost. Securities and other assets for which market quotes are not readily available are valued at fair value as determined in good faith by the Board or persons acting at their direction. The Board has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available and has delegated the responsibility for applying the valuation methods to the Adviser. In such circumstances, securities may not be priced on the basis of quotes from the primary market in which they are traded, but rather may be priced by another method that the Board or persons acting at their direction believe accurately reflects fair value. Fair value pricing may require subjective determinations about the value of a security.

Domestic and foreign fixed-income instruments and non-exchange traded derivatives are normally valued on the basis of quotes obtained from brokers and dealers or pricing services using data reflecting the earlier closing of the principal markets for those securities. Bank loans, including Senior Loans, are valued by using readily available market quotations or another commercially reasonable method selected by an independent, third-party pricing service that has been approved by the Board, or, if such independent, third-party valuations are not available, by using broker quotations. Senior secured adjustable, variable or floating rate loans for which an active secondary market exists to a reliable degree will be valued at the bid price in the market for such loans, as provided by a loan pricing service. Directly originated loans are valued on an individual loan level by an independent, third-party pricing service that has been approved by the Board, and fair valuation of such loans will be performed using inputs that incorporate borrower level data, including significant events affecting the issuer or collateral and market developments, which is updated daily on each day that the NYSE is open for business. Prices obtained from independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Exchange traded options, futures and options on futures are valued at the settlement price determined by the relevant exchange. The value of swaps, including credit default swaps, total return swaps and interest rate swaps will be determined by obtaining at least one dealer quotation (including information from counterparties) or valuations from third-party pricing services. If no quotations or valuations are available, or if such quotations or valuations are believed to be unreliable, swaps will be fair valued pursuant to procedures adopted by the Board.

The Fund will normally use pricing data for domestic or foreign equity securities received shortly after the close of the primary securities exchange on which such securities trade and does not normally take into account trading, clearances or settlements that take place after the close of the exchange.

If events materially affecting the price of foreign portfolio securities occur between the time when their price was last determined on such foreign securities exchange or market and the time when the Fund's NAV was last calculated (for example, movements in certain U.S. securities indices which demonstrate strong correlation to movements in certain foreign securities markets), such securities may be valued at their fair value as determined in good faith in accordance with procedures established by the Board. For purposes of calculating NAV, all assets and liabilities initially expressed in foreign currencies will be converted into U.S. dollars at prevailing exchange rates as may be determined in good faith by, or under the supervision of, the Board. Although the Fund's policy is intended to result in a calculation of the Fund's NAV that fairly reflects security values as of the time of pricing, the Fund cannot ensure that fair values determined by the Board or persons acting at their direction would accurately reflect the price that the Fund could obtain for a security if it were to dispose of that security as of the time of pricing (for instances, in a forced or distressed sale). The prices used by the Fund may differ from the value that would be realized if the securities were sold.

DISTRIBUTIONS

The Fund intends to accrue and declare distributions from net investment income daily and distribute them on a monthly basis. The amount of distributions that the Fund may pay, if any, is uncertain. The Fund must distribute in each taxable year at least 90% of its net investment income (including net interest income and net short-term gain) to qualify for the special tax treatment available to RICs. The Fund is also required to distribute annually substantially all of its income and capital gain, if any, to avoid imposition of a 4% nondeductible federal excise tax. Prohibitions on dividends and other distributions on the Shares could impair the Fund's ability to qualify as a RIC under the Code.

If the Fund is precluded from making distributions on the Shares because of any applicable asset coverage requirements, the terms of the preferred shares (if any) may provide that any amounts so precluded from being distributed, but required to be distributed for the Fund to meet the distribution requirements for qualification as a RIC for U.S. federal income tax purposes, will be paid to the holders of the preferred shares as a special distribution. This distribution can be expected to decrease the amount that holders of preferred shares would be entitled to receive upon redemption or liquidation of the shares.

If the Fund failed to qualify as a RIC for U.S. federal income tax purposes or failed to satisfy the 90% distribution requirement in any taxable year, the Fund would be subject to U.S. federal income tax at regular corporate rates on its taxable income, including its net capital gain, even if such income were distributed to its Shareholders, and all distributions out of earnings and profits would be taxed to Shareholders as ordinary dividend income. Requalifying as a RIC could subject the Fund to significant tax costs. See "Material U.S. Federal Income Tax Considerations" in the SAI.

The Fund currently intends to make regular monthly cash distributions of all or a portion of its net investment income to Shareholders. The Fund will pay Shareholders at least annually all or substantially all of its net investment income after the payment of interest, fees or dividends, if any, owed with respect to any forms of leverage used by the Fund. The Fund intends to pay any capital gains distributions at least annually.

The U.S. federal income tax treatment and characterization of the Fund's distributions may vary significantly from time to time because of the varied nature of the Fund's investments. In light of the Fund's investment policies, the Fund anticipates that the 1940 Act will require it to accompany each monthly distribution with a statement setting forth the estimated source (as between net income, capital gains and return of capital) of the distribution made. The Fund will indicate the proportion of its capital gains distributions that constitute long-term and short-term gains annually. The ultimate U.S. federal income tax characterization of the Fund's distributions made in a calendar or fiscal year cannot finally be determined until after the end of that taxable year. As a result, there is a possibility that the Fund may make total distributions during a calendar or taxable year in an amount that exceeds the Fund's net investment company taxable income and net capital gains for the relevant taxable year. In such situations, if a distribution exceeds the Fund's current and accumulated earnings and profits (as determined for U.S. federal income tax purposes), such distribution would generally be treated as a tax-free return of capital reducing the amount of a Shareholder's tax basis in such Shareholder's Shares. When you sell your Shares in the Fund, the amount, if any, by which your sales price exceeds your basis in the Fund's Shares is gain subject to tax. Because a return of capital reduces your basis in the Shares, it will increase the amount of your gain or decrease the amount of your loss when you sell the Shares, all other things being equal. To the extent that the amount of any return of capital distribution exceeds the Shareholder's basis in such Shareholder's Shares, the excess will be treated as gain from a sale or exchange of the Shares. See "Material U.S. Federal Income Tax Considerations" in the SAI.

Various factors affect the level of the Fund's income, including the asset mix, the average maturity of the Fund's portfolio, the amount of leverage used by the Fund and the Fund's use of hedging. To permit the Fund to maintain a more stable monthly distribution, the Fund may from time to time distribute less than the entire amount of income earned in a particular period. The undistributed income would be available to supplement future distributions. As a result, the distributions paid by the Fund for any particular monthly period may be more or less than the amount of income actually earned by the Fund during that period. Undistributed income will add to the Fund's NAV (and indirectly benefit the Adviser by increasing its fees) and, correspondingly, distributions from undistributed income will reduce the Fund's NAV.

Section 19(b) of the 1940 Act and Rule 19b-1 thereunder generally limit the Fund to one long-term capital gain distribution per year, subject to certain exceptions.

DIVIDEND REINVESTMENT PLAN

Pursuant to the Fund's Dividend Reinvestment Plan (the "DRIP"), income dividends and/or capital gain distributions to Shareholders will automatically be reinvested in additional Shares of the Fund by U.S. Bank Global Fund Services (the "DRIP Administrator") unless the Shareholder elects to receive cash. A Shareholder may terminate participation in the DRIP at any time by notifying the DRIP Administrator before the record date of the next distribution through the Internet, by telephone or in writing to U.S. Bank Global Fund Services, Attn: FID; 615 E. Michigan Street, 4th Floor, Milwaukee, Wisconsin 53202. Shareholders whose Shares are held in the name of a broker or other nominee and who wish to elect to receive any dividends and distributions in cash must contact their broker or nominee. All distributions to Shareholders who do not participate in the DRIP, or have elected to terminate their participation in the DRIP, are paid by wire or check mailed directly to the record holder by or under the direction of the DRIP Administrator when the Board declares a distribution.

The DRIP Administrator maintains all Shareholder accounts in the DRIP and furnishes written confirmations of all transactions in the account, including information needed by Shareholders for tax records. Shares in the account of each DRIP participant are held by the DRIP Administrator in non-certificated form in the name of the participant, and each Shareholder's proxy includes Shares purchased pursuant to the DRIP. The DRIP Administrator will forward all proxy solicitation materials to participants and vote proxies for Shares held under the DRIP in accordance with the instructions of the participants

There is no charge to participants for reinvesting regular distributions and capital gains distributions; however, the Fund reserves the right to amend the DRIP to include a service charge payable by the participants. The fees of the DRIP Administrator for handling the reinvestment of regular distributions and capital gains distributions are included in the fee to be paid by us to our transfer agent. There are no brokerage charges with respect to Shares issued directly by us as a result of regular distributions or capital gains distributions payable either in Shares or in cash.

The automatic reinvestment of such dividends or distributions does not relieve participants of any income tax that may be payable on such dividends or distributions. See "Material U.S. Federal Income Tax Considerations" in the SAI.

The Fund reserves the right to amend or terminate the DRIP at any time. Any expenses of the DRIP will be borne by the Fund. All correspondence or questions concerning the DRIP should be directed to U.S. Bank Global Fund Services.

If you elect to receive distributions and/or capital gains paid in cash, and the U.S. Postal Service cannot deliver the check, or if a check remains outstanding for six months, the Fund reserves the right to reinvest the distribution check in your account, at the Fund's current NAV, and to reinvest all subsequent distributions (this is only applicable to direct Shareholders; if you are investing through a financial intermediary, contact the selling agent directly).

DESCRIPTION OF SHARES

Shares

The Fund is a statutory trust organized under the laws of Delaware pursuant to the Declaration of Trust dated December 13, 2019. The Fund is authorized to issue an unlimited number of Shares. Each Share has one vote and, when issued and paid for in accordance with the terms of this offering, will be fully paid and non-assessable. The holders of Shares will not be entitled to receive any distributions from the Fund unless all accrued interest, fees and dividends, if any, with respect to the Fund's leverage have been paid, unless certain asset coverage tests with respect to the leverage employed by the Fund are satisfied after giving effect to the distributions and unless certain other requirements imposed by any rating agencies rating any preferred shares issued by the Fund have been met. All Shares are equal as to dividends, assets and voting privileges and have no conversion, preemptive or other subscription rights. The Fund will send annual and semi-annual reports, including financial statements, to all holders of its Shares.

Any additional offerings of Shares will require approval by the Board. Any additional offering of Shares will be subject to the requirements of the 1940 Act, which provides that Shares may not be issued at a price below the then current NAV, exclusive of the sales load, except in connection with an offering to existing holders of Shares or with the consent of a majority of the Fund's outstanding voting securities.

The Fund's NAV per Share generally increases when interest rates decline and decreases when interest rates rise. However, because the secured loans that the Fund invests in may be floating rate in nature, the Fund's NAV per Share may be less affected by interest rate fluctuations than if it were investing in other forms of securities. The Fund's NAV will be reduced immediately following the offering of Shares by the amount of the sales load and the amount of the organizational costs and offering expenses paid by the Fund. See "Summary of Fund Expenses."

Preferred Shares

The Fund's Declaration of Trust provides that the Board of the Fund may authorize and issue preferred shares, with rights as determined by the Board, without the approval of the holders of Shares. Holders of Shares have no preemptive right to purchase any preferred shares that might be issued. The Fund may elect to issue preferred shares as part of a leveraging strategy. The terms of any preferred shares, including dividend rate, liquidation preference and redemption provisions restrictions on the declaration of dividends, maintenance of asset ratios and restrictions while dividends are in arrears will be determined by the Board, subject to applicable law and the Declaration of Trust.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Fund, the holders of any preferred shares will be entitled to receive a preferential liquidating distribution. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of preferred shares will not be entitled to any further participation in any distribution of assets by the Fund.
The 1940 Act, among other things, requires that the holders of outstanding preferred shares, voting separately as a single class, have the right to elect at least two trustees at all times. The remaining trustees will be elected by holders of Shares and preferred shares, voting together as a single class. In addition, subject to the prior rights, if any, of the holders of any other class of senior securities outstanding, the holders of any preferred shares have the right to elect a majority of the trustees of the Fund at any time two years' dividends on any preferred shares are unpaid.

The discussion above describes the possible offering of preferred shares by the Fund. If the Board determines to proceed with such an offering, the terms of the preferred shares may be the same as, or different from, the terms described above, subject to applicable law and the terms of the Fund's Declaration of Trust. The Board, without the approval of the holders of Shares, may authorize an offering of preferred shares or may determine not to authorize such an offering, and may fix the terms of the preferred shares to be offered.

Outstanding Securities

The following table sets forth information about the Fund's outstanding Shares as of January 31, 2022:

Title of Class	Amount Authorized	Amount Held by the Fund for its Own Account	Amount Outstanding
Class I Shares	Unlimited	None	8,374,224
Class D Shares	Unlimited	None	80,001
Class T Shares	Unlimited	None	1,070,990
Class U Shares	Unlimited	None	10,205,646

CERTAIN PROVISIONS IN THE DECLARATION OF TRUST

The Fund's Declaration of Trust includes provisions that could have the effect of limiting the ability of other entities or persons to acquire control of the Fund or to change the composition of its Board. This could have the effect of depriving Shareholders of an opportunity to sell their Shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control over the Fund. Such attempts could have the effect of increasing the expenses of the Fund and disrupting the normal operation of the Fund.

The Declaration of Trust, subject to certain exceptions, provides that the Fund may merge or consolidate with any other corporation, association, trust or other organization or may sell, lease or exchange all or substantially all of its property, including its goodwill, upon such terms and conditions and for such consideration when and as authorized by two-thirds of the Trustees and approved by a majority of the outstanding voting securities of the Fund (as defined in the 1940 Act) and any such merger, consolidation, sale, lease or exchange shall be determined for all purposes to have been accomplished under and pursuant to the statutes of the State of Delaware. Also, the Declaration of Trust provides that the Fund may dissolve upon the approval of not less than a majority of Trustees. See "Risks—Anti-Takeover Provisions."

The trustees may from time to time grant other voting rights to Shareholders with respect to these and other matters, certain of which are required by the 1940 Act.

The overall effect of these provisions is to render more difficult the accomplishment of a merger or the assumption of control by a third party. These provisions also provide, however, the advantage of potentially requiring persons seeking control of the Fund to negotiate with its management regarding the price to be paid and facilitating the continuity of the Fund's investment objective and policies. The provisions of the Declaration of Trust described above could have the effect of discouraging a third party from seeking to obtain control of the Fund in a tender offer or similar transaction. The Board has considered the foregoing anti-takeover provisions and concluded that they are in the best interests of the Fund and its Shareholders.

The foregoing is intended only as a summary and is qualified in its entirety by reference to the full text of the Fund's Declaration of Trust and Bylaws, both of which will be on file with the SEC.

The Declaration of Trust contains an express disclaimer of Shareholder personal liability for debts or obligations or any other form of personal liability in connection with the property or actions of the Fund.

For the purposes of calculating "a majority of the outstanding voting securities" under the Declaration of Trust, each class and series of the Fund, if any, will vote together as a single class, except to the extent required by the 1940 Act or the Declaration of Trust, with respect to any class or series of Shares. If a separate class vote is required, the applicable proportion of Shares of the class or series, voting as a separate class or series, also will be required.

The Board has determined that provisions with respect to the Board and the Shareholder voting requirements described above, which voting requirements are greater than the minimum requirements under Delaware law or the 1940 Act, are in the best interest of Shareholders generally. For a more complete explanation, see the full text of these provisions in the Declaration of Trust, which is on file with the SEC.

TAX CONSIDERATIONS

The discussion below and certain disclosure in the SAI provide general tax information related to an investment in Shares of the Fund. Because tax laws are complex and often change, Shareholders should consult their tax advisors about the tax consequences of an investment in the Fund. Unless otherwise noted, the following tax discussion applies only to U.S. Shareholders that hold the Shares as capital assets. A U.S. Shareholder is an individual who is a citizen or resident of the United States, a U.S. corporation, a trust if it (a) is subject to the primary supervision of a court in the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has made a valid election to be treated as a U.S. person, or any estate the income of which is subject to U.S. federal income tax regardless of its source.

The Fund will elect to be treated, and intends to qualify each taxable year, as a RIC under Subchapter M of the Code. To qualify under Subchapter M for the favorable tax treatment accorded to RICs, the Fund must, among other things: (1) distribute to its Shareholders in each taxable year at least 90% of the sum of its investment company taxable income (as that term is defined in the Code, but without regard to the deduction for dividends paid) and its net tax-exempt income; (2) derive in each taxable year at least 90% of its gross income from (a) dividends, interest, payments with respect to certain securities loans, and gains from the sale or other disposition of stock, securities or foreign currencies, or other income (including but not limited to gain from options, futures and forward contracts) derived with respect to its business of investing in such stock, securities or foreign currencies; and (b) net income derived from interests in certain publicly traded partnerships that are treated as partnerships for U.S. federal income tax purposes and that derive less than 90% of their gross income from the items described in (a) above (each, a “Qualified Publicly Traded Partnership”); and (3) diversify its holdings so that, at the end of each quarter of each taxable year of the Fund (a) at least 50% of the value of the Fund’s total assets is represented by cash, cash items, U.S. government securities and securities of other RICs, and other securities, with these other securities limited, with respect to any one issuer, to an amount not greater in value than 5% of the value of the Fund’s total assets, and to not more than 10% of the outstanding voting securities of such issuer, and (b) not more than 25% of the value of the Fund’s total assets is represented by the securities (other than U.S. government securities or securities of other RICs) of (I) any one issuer, (II) any two or more issuers that the Fund controls and that are determined to be engaged in the same or similar trades or businesses or related trades or businesses or (III) any one or more Qualified Publicly Traded Partnerships. As a RIC, the Fund generally will not be subject to U.S. federal income tax on its investment company taxable income and net capital gain (the excess of net long-term capital gain over net short-term capital loss), if any, that it distributes in each taxable year to its Shareholders. The Fund intends to distribute to its Shareholders, at least annually, substantially all of its investment company taxable income and net capital gain.

If the Fund failed to qualify for the favorable tax treatment accorded to RICs in any taxable year, the Fund would be subject to U.S. federal income tax at regular corporate rates on its taxable income (including distributions of net capital gain), even if such income were distributed to its Shareholders, and all distributions out of earnings and profits would be taxed to Shareholders as ordinary dividend income. Such distributions generally would be eligible (i) to be treated as “qualified dividend income” in the case of individual and other non-corporate Shareholders and (ii) for the dividends received deduction in the case of corporate Shareholders. In addition, the Fund could be required to recognize unrealized gains, pay taxes and make distributions (which could be subject to interest charges) before requalifying for taxation as a RIC.

A RIC that fails to distribute, by the close of each calendar year, an amount at least equal to the sum of 98% of its ordinary taxable income for such calendar year and 98.2% of its capital gain net income (adjusted for certain ordinary losses) for the one-year period ending on October 31 of such calendar year, plus any shortfalls from any prior year’s required distribution, is liable for a 4% excise tax on the portion of the undistributed amounts of such income that are less than the required distributions. For these purposes, the Fund will be deemed to have distributed any income or gain on which it paid U.S. federal income tax.

Distributions to Shareholders by the Fund of ordinary income (including “market discount” realized by the Fund on the sale of debt securities), and of net short-term capital gains, if any, realized by the Fund will generally be taxable to Shareholders as ordinary income to the extent such distributions are paid out of the Fund's current or accumulated earnings and profits. Distributions, if any, of net capital gains properly reported as "capital gain dividends" will be taxable as long-term capital gains, regardless of the length of time the Shareholder has owned Shares of the Fund. A distribution of an amount in excess of the Fund's current and accumulated earnings and profits (as determined for U.S. federal income tax purposes) will be treated by a Shareholder as a return of capital which will be applied against and reduce the Shareholder's basis in his or her Shares. To the extent that the amount of any such distribution exceeds the Shareholder's basis in his or her Shares, the excess will be treated by the Shareholder as gain from a sale or exchange of the Shares. Distributions paid by the Fund generally will not be eligible for the dividends received deduction allowed to corporations or for the reduced rates applicable to certain qualified dividend income received by non-corporate Shareholders.

Distributions will be treated in the manner described above regardless of whether such distributions are paid in cash or invested in additional Shares of the Fund pursuant to the Plan. Shareholders receiving distributions in the form of additional Shares of the Fund will be treated as receiving a distribution in the amount of cash that they would have received if they had elected to receive the distribution in cash, unless the Fund issues additional Shares with a fair market value equal to or greater than NAV, in which case, such Shareholders will be treated as receiving a distribution in the amount of the fair market value of the distributed Shares. The additional Shares received by a Shareholder pursuant to the Plan will have a new holding period commencing on the day following the day on which the Shares were credited to the Shareholder's account.

Although dividends generally will be treated as distributed when paid, dividends declared in October, November or December, payable to Shareholders of record on a specified date in one of those months, and paid during the following January, will be treated as having been distributed by the Fund (and received by Shareholders) on December 31 of the year in which declared.

In general, the sale or other disposition of Shares (except pursuant to a repurchase by the Fund, as described below) will result in capital gain or loss to Shareholders. A holder's gain or loss generally will be a long-term capital gain or loss if the Shares have been held for more than one year. Present law taxes both long- and short-term capital gains of corporations at the rates applicable to ordinary income. For non-corporate taxpayers, however, long-term capital gains are currently eligible for reduced rates of taxation. Losses realized by a holder on the sale or exchange of Shares held for six months or less are treated as long-term capital losses to the extent of any distribution of long-term capital gain received (or amounts designated as undistributed capital gains, as discussed under "Taxes—Distributions" in the SAI) with respect to such Shares. In addition, no loss will be allowed on the sale or other disposition of Shares if the owner acquires (including pursuant to the Plan) or enters into a contract or option to acquire securities that are substantially identical to such Shares within 30 days before or after the disposition. In such case, the basis of the securities acquired will be adjusted to reflect the disallowed loss.

From time to time, the Fund may offer to repurchase its outstanding Shares. Shareholders who tender all Shares held, or considered to be held, by them will be treated as having sold their Shares and generally will realize a capital gain or loss. If a Shareholder tenders fewer than all of its Shares or fewer than all Shares tendered are repurchased, such Shareholder may be treated as having received a taxable dividend upon the tender of its Shares. In such a case, there is a risk that non-tendering Shareholders, and Shareholders who tender some but not all of their Shares or fewer than all of whose Shares are repurchased, in each case whose percentage interests in the Fund increase as a result of such tender, will be treated as having received a taxable distribution from the Fund. The extent of such risk will vary depending upon the particular circumstances of the tender offer, and in particular whether such offer is a single and isolated event or is part of a plan for periodically redeeming Shares of the Fund.

The Fund may be required to withhold from all distributions and redemption proceeds payable to U.S. Shareholders who fail to provide the Fund with their correct taxpayer identification numbers or to make required certifications, or who have been notified by the Internal Revenue Service that they are subject to backup withholding. Certain Shareholders specified in the Code generally are exempt from such backup withholding. This backup withholding is not an additional tax. Any amounts withheld may be refunded or credited against the Shareholder's U.S. federal income tax liability, provided the required information is timely furnished to the Internal Revenue Service.

If a Shareholder (other than a partnership) is not a U.S. Shareholder (other than such a Shareholder whose ownership of Shares is effectively connected with a U.S. trade or business), certain dividends received by such Shareholder from the Fund may be subject to U.S. federal withholding tax. To the extent that Fund distributions consist of ordinary dividends that are subject to withholding, the applicable withholding agent will generally be required to withhold U.S. federal income tax at the rate of 30% (or such lower rate as may be determined in accordance with any applicable treaty). However, dividends paid by the Fund that are "interest-related dividends" or "short-term capital gain dividends" will generally be exempt from such withholding, in each case to the extent the Fund properly reports such dividends to Shareholders. For these purposes, interest-related dividends and short-term capital gain dividends generally represent distributions of interest or short-term capital gains that would not have been subject to U.S. federal withholding tax at the source if they had been received directly by a non-U.S. Shareholder, and that satisfy certain other requirements. No assurance can be given as to what percentage of the Fund's distributions will be eligible for this exemption from withholding of U.S. federal income tax or, if eligible, will be reported as such by the Fund. In the case of stock held through an intermediary, the intermediary may withhold U.S. federal income tax even if the Fund reports the payment as an interest-related dividend or short-term capital gain dividend. To qualify for this exemption from withholding, a non-U.S. Shareholder must comply with applicable certification requirements relating to its non-U.S. tax residency status (including, in general, furnishing an IRS Form W-8BEN, IRS Form W-8BEN-E, IRS Form W-8ECI, IRS Form W-8IMY (and any required attachments) or IRS Form W-8EXP, or an acceptable substitute or successor form). In such a scenario, tax withheld by the intermediary would generally be refundable, but would require the non-U.S. Shareholder to file a U.S. income tax return to claim the refund. Net capital gain dividends (that is, distributions of the excess of net long-term capital gain over net short-term capital loss) distributed by the Fund to a non-U.S. Shareholder will not be subject to U.S. federal withholding tax.

The Fund may be required to withhold from distributions to a non-U.S. Shareholder that are otherwise exempt from U.S. federal withholding tax (or taxable at a reduced treaty rate) unless the non-U.S. Shareholder certifies his or her foreign status under penalties of perjury or otherwise establishes an exemption.

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as "FATCA"), a 30% United States federal withholding tax may apply to any ordinary dividends and other distributions that the Fund pays to (i) a "foreign financial institution" (as specifically defined in the Code), whether such foreign financial institution is the beneficial owner or an intermediary, unless such foreign financial institution agrees to verify, report and disclose its United States "account" holders (as specifically defined in the Code) and meets certain other specified requirements or (ii) a non-financial foreign entity, whether such non-financial foreign entity is the beneficial owner or an intermediary, unless such entity provides a certification that the beneficial owner of the payment does not have any substantial United States owners or provides the name, address and taxpayer identification number of each such substantial United States owner and certain other specified requirements are met. In certain cases, the relevant foreign financial institution or non-financial foreign entity may qualify for an exemption from, or be deemed to be in compliance with, these rules. In addition, foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. You should consult your own tax advisor regarding FATCA and whether it may be relevant to your ownership and disposition of Shares.

The foregoing tax discussion is for general information only. The provisions of the Code and regulations thereunder presently in effect as they directly govern the taxation of the Fund and its Shareholders are subject to change by legislative or administrative action, and any such change may be retroactive with respect to the Fund's transactions. The foregoing does not represent a detailed description of the U.S. federal income tax considerations relevant to special classes of taxpayers including, without limitation, financial institutions, insurance companies, investors in pass-through entities, U.S. Shareholders whose “functional currency” is not the U.S. dollar, tax-exempt organizations, dealers in securities or currencies, traders in securities or commodities that elect mark to market treatment, or persons that will hold Shares as a position in a “straddle,” “hedge” or as part of a “constructive sale” for U.S. federal income tax purposes. In addition, this discussion does not address the application of the Medicare tax on net investment income or the U.S. federal alternative minimum tax.

Shareholders are advised to consult with their own tax advisors for more detailed information concerning federal income tax matters.

CUSTODIAN AND TRANSFER AGENT

U.S. Bank, N.A. serves as the Custodian. The Custodian holds cash, securities, and other assets of the Fund as required by the 1940 Act. The principal business address of the Custodian is 1555 North RiverCenter Drive, Suite 302, Milwaukee, Wisconsin 53212. U.S. Bank Global Fund Services acts as the Fund's dividend paying agent, transfer agent and the registrar for the Shares. The principal address of the transfer agent and dividend paying agent is P.O. Box 701, Milwaukee, Wisconsin 53201.

LEGAL MATTERS

Certain legal matters in connection with the offering of the Fund's securities will be passed on for the Fund by Dechert LLP.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte serves as the independent registered public accounting firm of the Fund and audits the financial statements of the Fund. Deloitte is located at 555 Mission Street, San Francisco, California 94105.

The financial statements of the Fund as of October 31, 2021, that are incorporated by reference in the SAI have been audited by Deloitte.

APPENDIX A

SUPPLEMENTAL PERFORMANCE INFORMATION OF RELATED FUNDS AND ACCOUNTS

RELATED FUNDS AND ACCOUNTS

The performance information presented below reflects the historical performance of the Adviser's composite that contains all investments funds or separately managed accounts (each, an "Account" and, collectively, the "Accounts") that have investment objectives, policies and investment strategies substantially similar to that of the Fund and are managed by the KKR Leveraged Credit Team that have inception dates prior to the most recent calendar year end (the "Composite"). The Composite does not reflect the performance record of the Fund and should not be considered a substitute for the Fund's own performance. Past returns are not indicative of future performance.

This supplemental performance information is provided to illustrate the past performance of the KKR Leveraged Credit Team, including Christopher Sheldon, John Reed and Jeremiah Lane, in managing substantially similar Accounts; it does not represent the performance of the Fund. We have stated below the average annual total return information over the three-month, year-to-date, one-, three-, five- and ten-year periods ended December 31, 2021, the calendar year returns and the historical statistics for the Composite. The returns of the Composite are shown net of the actual fees and expenses incurred by the Accounts comprising the Composite. Returns are calculated on a total return basis and include all dividends and interest, accrued income, and realized and unrealized gains and losses.

The fees and expenses of Class I Shares, Class D Shares, Class T Shares and Class U Shares of the Fund are different than the historical fees and expenses of the Composite; had the Composite's performance records reflected the fees and expenses of Class I Shares, Class D Shares, Class T Shares and Class U Shares of the Fund, the Composite's performance would have also been different. In addition, although the Fund and the Composite have substantially similar investment objectives, policies and investment strategies, the Fund is not expected to make all of the same investments as the Accounts comprising the Composite, and, therefore, the investment performance of the Fund and the Composite will differ in the future. The Fund expects to invest 20-30% of its Managed Assets in the Private Credit Strategy, which will consist of investments that differ from those made by the Accounts.

As of December 31, 2021

Total NAV Returns	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr
Composite Net	1.16%	7.69%	7.69%	7.98%	7.00%	8.06%
Composite Benchmark (50% ICE BofAML US High Yield Master II Index; 50% S&P LSTA Index)	0.70%	5.29%	5.29%	7.11%	5.19%	5.72%

Note: Returns for periods greater than one year are annualized.

Calendar Year NAV Returns	Composite Net	Composite Benchmark (50% ICE BofAML US High Yield Master II Index; 50% S&P LSTA Index)
2012	15.15%	12.59%
2013	14.23%	6.36%
2014	0.63%	2.06%
2015	(1.50)%	(2.66)%
2016	18.73%	13.78%
2017	9.29%	5.79%
2018	1.90%	(0.91)%
2019	8.28%	11.51%
2020	7.98%	4.65%
2021	7.69%	5.29%

APPENDIX A

Historical Statistics	**Composite Net**
Since Inception Annualized Returns	9.62%
Standard Deviation	10.27%
Sharpe Ratio	1.05

Note: Inception date of May 2008.
Note: The Sharpe Ratio uses the 3-Month Yield US T-Bill as a reference for the risk-free rate.

Sharpe Ratio: Measures risk-adjusted return as a ratio of returns to risk. The Sharpe ratio (i) is used to express how much return is achieved for the amount of risk taken in an investment and (ii) may be used to compare hedge funds with similar return characteristics. The higher a Sharpe ratio, the less risk is taken per unit return. The Sharpe ratio formula is the investment return less the risk free return divided by the standard deviation of the investment.

Standard Deviation: Standard deviation is a measure of volatility, or how far returns stray from the mean. It is a historical measure of the variability of return earned by an investment. The higher the standard deviation, the larger the variance of returns and the greater the financial risk. Low volatility means the returns are tightly clustered around the mean return and higher volatility means the returns are dispersed at greater distances from the mean.

KKR CREDIT OPPORTUNITIES PORTFOLIO

CLASS I SHARES
CLASS D SHARES
CLASS T SHARES
CLASS U SHARES

PROSPECTUS

February 28, 2022, as amended March 16, 2022

All dealers that buy, sell or trade the Fund's Shares, whether or not participating in this offering, may be required to deliver a prospectus in accordance with the terms of the dealers' agreements with the Fund's Distributor.

You should rely only on the information contained in or incorporated by reference into this prospectus. The Fund has not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information,

you should not rely on it. The Fund is not making an offer of these securities in any jurisdiction where the offer is not permitted.