KKR CREDIT OPPORTUNITIES PORTFOLIO ("KCOP")

Q1 2022

Important Disclosure and Risk Factors

Investment Strategies. The Fund will invest 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 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 will invest, 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.

During an initial ramp period, the Fund will invest substantially all of its assets in the Opportunistic Credit Strategy. Following that initial period, the Fund expects, under normal circumstances, to invest 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. "Managed Assets" means the total assets of the Fund (including any assets attributable to borrowing for investment purposes) minus the sum of the Fund's accrued liabilities (other than liabilities representing borrowing for investment purposes). Investment in the Private Credit Strategy is contingent upon the Fund first achieving sufficient scale to acquire such positions, and there can be no assurance that the Fund will ever raise sufficient assets to invest in the Private Credit Strategy. On at least a quarterly basis, the Fund's Investment Committee will meet 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 will consider 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.

The Fund is appropriate 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 will distribute its net investment income monthly; however, the amount of distributions that the Fund will pay, if any, is uncertain.

The Fund will, from time to time, pay 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% 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 net asset value 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.

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, will conduct quarterly repurchase offers of 10% to 25% of its outstanding Shares at net asset value ("NAV"), subject to approval of the Board. Under normal market conditions, the Fund expects to authorize a 10% offer. The Fund believes that these repurchase offers are generally beneficial to the Fund's Shareholders, and repurchases generally will be funded from available cash, cash from the sale of Shares or sales of portfolio securities.

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, and 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 will generally be a taxable event to Shareholders.

No Operating History. The Fund is a diversified, closed-end management investment company with no operating history. As a result, prospective investors have no 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.

Credit Risk. The Fund's debt investments will be 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.

Important Disclosure and Risk Factors

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 issue preferred shares to 50% of the Fund's Managed Assets (less the Fund's obligations under senior securities representing indebtedness).

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.

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 for high yield securities has recently experienced periods of significant volatility and reduced liquidity.

The Fund may also be subject to the following categories of risk: Illiquid and Long-Term Investments Risk, Fixed-Income Instruments Risk, Interest Rate Risk, Senior Loans Risk, Subordinated and Unsecured or Partially Secured Loans Risk, Mezzanine Securities Risk, Stressed and Distressed Investments, Investments in Highly Leveraged Companies Risk, Risk of Investments in Companies in Regulated Industries, Risk of Investments in the Airline Industry, Risk of Investments in the Shipping Industry, Energy-Related Investments Risk, Real Estate Investments Risk, Sort Selling Risk, Prepayment Risk, Credit Derivatives Risk, Derivatives Risk, Structured Products Risk, Mortgage-Backed and Asset-Backed Securities Risk, Repurchase Agreement Risk, Reverse Repurchase Agreements and Dollar Rolls Risk, Swap Risk, Options and Futures Risk, Investment Companies Risk, Counterparty Risk, Counterparty and Prime Brokerage Risk, Lender Liability Risk, Borrower Fraud; Covenant-Lite Loans; Breach of Contract, Distressed Debt, Litigation, Bankruptcy and Other Proceedings, Convertible Securities Risk, When-Issued Securities and Forward Commitments, Non-Controlling Equity Investments; Investments in Equity Securities; Investments in Joint Ventures with Third Parties, U.S. Government Debt Securities Risk, Non-U.S. Securities Risk, Emerging Markets Risk, Foreign Currency Risk, Eurozone Risk, LIBOR Risk, Legal and Regulatory Risk, Event Driven Investing, Valuation Risk, Liquidity Risk, Inflation/Deflation Risk, Conflicts of Interest Risk, Uncertain Tax Treatment, Complex Transactions/Contingent Liabilities/Guarantees and Indemnities, Availability of Investment Opportunities; Dependence on Key Personnel Risk, Material Risks of Significant Methods of Analysis, Market Developments, Market Disruptions from Natural Disasters or Geopolitical Risks, Government Intervention in the Financial Markets, Portfolio Turnover Risk, Anti-Takeover Provisions, Duration Risk, Risks Relating to Fund's RIC Status, RIC-Related Risks of Investments Generating Non-Cash Taxable Income, Cybersecurity, Private and Middle Market Companies, Risks Arising from Purchases of Debt on a Secondary Basis.

Investment and Market Risk. The Fund will be 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. 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 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. Although financial markets have shown intermittent signs of improvement, global economic conditions remain tenuous, and to the extent that they do not improve, this could adversely impact the financial resources and credit quality of corporate and other borrowers in which the Fund has invested 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 stabilization or improvement of the conditions in the global economy and markets generally and credit markets specifically. Absent such a recovery, 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.

Please see the Prospectus of the Fund for a full description of the risk factors listed above. Please also see the Important Information set forth herein.

Important Information

An investor should consider the investment objective, risks, and charges and expenses of the Fund carefully before investing. The prospectus contains this and other information about the Fund and may be obtained by visiting www.KKRFUNDS.com/KCOP. The prospectus should be read carefully before investing. Past performance is no guarantee of future results.

The information in this presentation is only as current as the date indicated, and may be superseded by subsequent market events or for other reasons. Nothing contained herein constitutes investment, legal, tax or other advice nor is it to be relied on in making an investment or other decision. This presentation should not be viewed as a current or past recommendation or a solicitation of an offer to buy, sell or market any securities or to adopt any investment strategy.

References to "assets under management" or "AUM" represent the assets as to which KKR Credit Advisors (US) LLC ("KKR Credit" or the "Advisor") or its affiliates (collectively "KKR") is entitled to receive a fee or carried interest. KKR's calculation of AUM may differ from the calculations of other asset managers and, as a result, KKR's measurements of its AUM may not be comparable to similar measures presented by other asset managers. KKR's definition of AUM is not based on the definitions of AUM that may be set forth in agreements governing the investment funds, vehicles or accounts that it manages and is not calculated pursuant to any regulatory definitions.

Participation of KKR Private Equity, KKR Capital Markets, and KKR Capstone personnel in the public markets investment process is subject to applicable law and inside information barrier policies and procedures, which may limit the involvement of such personnel in certain circumstances and the Adviser's ability to leverage such integration with KKR. Discussions with senior advisors and employees of the Firm's managed portfolio companies are also subject to the inside information barrier policies and procedures, which may restrict or limit discussions and/or collaborations with public markets/Adviser. See "Conflicts of Interest" in Appendix E for further information on KKR's information barrier policies and procedures.

The information in this presentation may contain projections or other forward-looking statements regarding future events, targets or expectations and is only current as of the date indicated. There is no assurance that such events or projections will occur, and may be significantly different than that shown here. The information in this presentation, including projections concerning financial market performance, is based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons.

Any indices referred to in this presentation are used for purposes of comparison to the performance of certain capital markets. The market index returns assume that on the day a portfolio investment is made, a hypothetical investment in a matching amount is made in the given index. For each date on which either a portion or all of the portfolio investment is sold, a hypothetical index multiple (factor) is calculated by comparing the change in index value between the two dates. The cost of the investment sold (or portion of cost sold) is multiplied by this factor, resulting in a hypothetical index value. The return is calculated using these dates of investment and hypothetical value(s) generated. The return figures for each index do not reflect the deduction of any taxes, expenses, transaction costs or advisory fees. Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with investing in a Fund. It is not possible to invest directly in an unmanaged index. The performance of the indices represents unmanaged, passive buy-and-hold strategies, investment characteristics and risk/return profiles that differ materially from those of the Fund, and an investment in the Fund is not comparable to an investment in such index or in the securities that comprise the index. Further, the indices referred to herein are not used or selected by KKR Credit as an appropriate benchmark to compare relative to the performance of the Fund's strategy, but rather they are included herein solely because they are well-known and widely-recognized indices that embody investments with materially less risk than an investment in the Fund.

See "Glossary" for descriptions of the indices.

Investments of the Fund may be illiquid, making, at times, fair market valuation impossible or impracticable. As a result, valuation of the Fund may be volatile, reducing the utility of comparison to any index whose underlying securities are priced according to market value, such as the S&P LSTA. Investors should be aware that the Fund may incur losses both when major indices are rising and when they are falling.

Employees of KKR Credit and KKR Capital Markets LLC located in the United States are dual employees of Kohlberg Kravis Roberts & Co. L.P.

In the United States and Canada, this presentation is being distributed by KKR Capital Markets LLC ("KCM"), a broker-dealer registered with the U.S. Securities and Exchange Commission ("SEC") and a member of FINRA and SIPC.

I KKR Credit Opportunities Portfolio (KCOP)

Why KCOP?

01 Provides income-oriented investors access to KKR's public and private credit platform in a single, fund

02 We believe the fund is well-positioned for a rising rate environment due to relatively low duration

03 Investor-friendly interval fund structure with the flexibility to pursue opportunities during periods of market dislocation

04 Access to the potential benefits of private credit including historically attractive yield, low volatility and low correlation to traditional fixed income investments

05 Not subject to Direct Participation Program concentration limits associated with Non-Traded REITs and BDCs

Why Now?

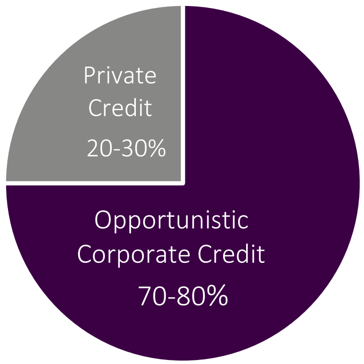
Market Backdrop		KCOP Characteristics[1]
Low yields	→	8.1% distribution rate (Class I shares)
Advancing inflation	→	Emphasis on floating rate instruments
Risk of rising interest rates	→	Flexible mandate + low duration (~2 years)
High demand for direct loans to middle-market borrowers and asset-based finance	→	20 – 30% target allocation to private credit[2]

Past performance is no guarantee of future results.

1. As of March 31, 2022. The amount of the distributions that the Fund may pay, if any, is uncertain. The distribution rate shown may vary from the actual amount paid, due to whether month ends fall on business days. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the fund. The Fund may pay 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 return of capital. Current distribution rate is expressed as a percentage equal to the projected annualized distribution amount (which is calculated by annualizing the current cash distribution per share without compounding), divided by the current net asset value. The current distribution rate shown may be rounded.
2. There is no guarantee that this target will be met.

KCOP Portfolio Overview

Portfolio Construction[1]



Opportunistic Corporate Credit	Private Credit
High Yield Bonds	Privately negotiated senior secured corporate loans
Senior Bank Loans	Privately originated asset-based finance
Structured Credit (CLOs)	

Fund Snapshot

Distribution Rate I Share (KCOPX)[2]	8.1%
Average Duration (years)	2.05
Liquidity[3]	Quarterly
Distributions	Monthly
KKR Commitment[4]	$100 million
Tax reporting	1099-DIV

Performance Snapshot[5]

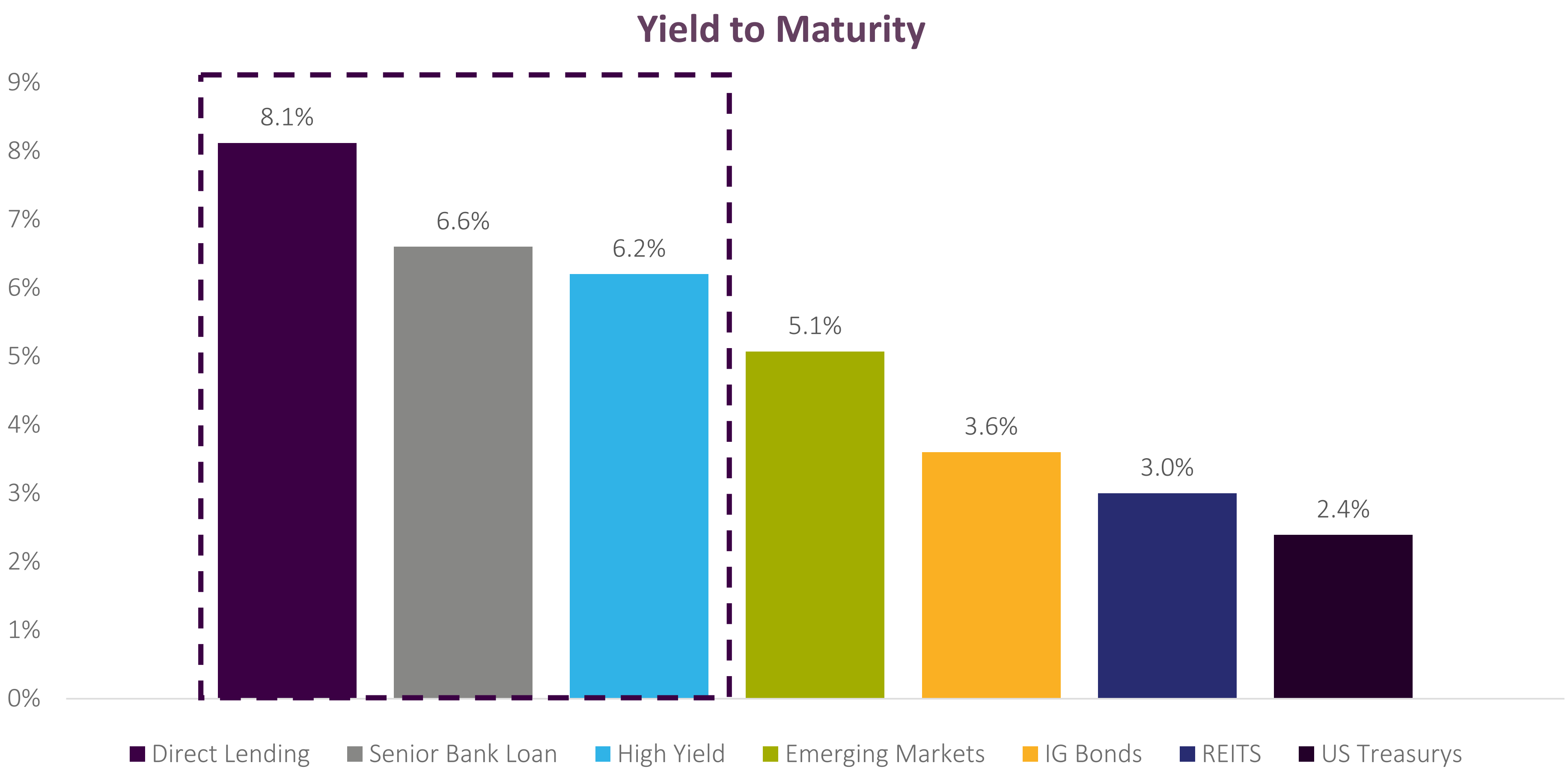
Inception February 28, 2020	2022 (YTD)	2021	Cum. ITD Return	Sharpe Ratio
I Share (Net)	-2.85%	6.78%	20.34%	0.93
Benchmark	-2.36%	4.45%	7.57%	0.39

As of March 31, 2022. Certain terms of the Fund are highlighted above. This summary is qualified in its entirety by the more detailed information contained in the applicable Fund's prospectus, as applicable, and related documentation, all of which should be reviewed carefully and contain additional terms to those included in this summary. These terms are subject to change.

1) The hypothetical portfolio allocation is intended to provide a visual representation of a particular allocation strategy. There is no guarantee that the actual portfolio allocation will be identical to this hypothetical.
2) The amount of the distributions that the Fund may pay, if any, is uncertain. The distribution rate shown may vary from the actual amount paid, due to whether month ends fall on business days. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the fund. The Fund may pay 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 return of capital. Current distribution rate is expressed as a percentage equal to the projected annualized distribution amount (which is calculated by annualizing the current cash distribution per share without compounding), divided by the current net asset value. The current distribution rate shown may be rounded..
3) Limited liquidity is provided to shareholders only through the Fund's quarterly repurchase offers for no less than 10% and no more than 25% of the Fund's shares outstanding at net asset value. Interval funds must offer repurchases of at least 5% of shares outstanding quarterly (no ability to gate). There is no guarantee that an investor will be able to sell all the shares that the investor desires to sell in the repurchase offer. Due to these restrictions, an investor should consider an investment in the Fund to be of limited liquidity representation.
4) Includes investments / commitments made by KKR's Balance Sheet, KKR employees, KKR Capstone and other affiliates.
5) March 31, 2022. Benchmark: 50% ICE BOFA High Yield Master II Index/50% S&P LSTA Leveraged Loan Index. Past performance is historical and not a guarantee of future results.

KCOP Has the Potential to Deliver an Attractive Level of Income

KCOP focus segments—Direct Lending, High Yield Bonds and Senior Bank Loans—offer higher yield than traditional fixed income markets



Past performance is not indicative of future results. Source: Bloomberg, as of March 31, 2022 unless otherwise noted. Direct Lending Yield to Maturity as of December 31, 2021. **Direct Lending** is represented by the Cliffwater Direct Lending Index. Source of data: Cliffwater. **High Yield** is represented by the ICE BofAML U.S. High Yield Index. **Senior Bank Loans** are represented by the S&P/LSTA Leveraged Loan Index. **Emerging Markets** is represented by the JP Morgan EMBI Global Index. **REITS** are represented by the FTSE/NAREIT Equity REIT Index. Source of Data: NAREIT. **Investment Grade Bonds (IG Bonds)** are represented by the The Barclays U.S. Aggregate Bond Index. **U.S. Treasurys** are represented by the ICE BofAML 10-Year U.S. Treasury Index.

KKR's Scaled, Multi-Disciplined Platform Allows Us to Deliver For Our Clients

$471 billion of AUM

PRIVATE EQUITY

$174B (1)

Buyout
- Americas
- Europe
- Asia

Growth Equity
- TMT
- Healthcare

Global Impact

Core

Customized Portfolio Solutions

INFRASTRUCTURE & NATURAL RESOURCES

$43B

Core Plus Infrastructure
- Global
- Asia

Core Infrastructure

Natural Resources

REAL ESTATE

$41B

Real Estate Equity
- Opportunistic (Americas, Europe, Asia)
- Core Plus (Americas, Europe, Asia)

Real Estate Credit
- Direct Lending
- Liquid Securities
- Risk Retention
- Opportunistic

CREDIT

$187B

Leveraged Credit
- Bank Loans
- High Yield
- Opportunistic Credit
- Multi-Asset Class Credit
- ABS/CLOs

Private Credit
- Direct Lending
- Subordinated Private Credit
- Asset Based Finance
- Dislocation Opportunities
- BDCs

$27B KKR STRATEGIC PARTNERSHIPS (2)

KEY STRATEGIC PARTNERS

01 MARSHALL WACE

02 PAAMCO PRISMA

As of December 31, 2021. Numbers may not sum due to rounding.
1. Private Equity AUM includes Growth Equity, Core Equity, and other co-investment vehicles and other structured vehicles & products, some of which may invest across other asset classes.
2. KKR's pro-rata portion of the AUM of strategic partners in which KKR holds a minority ownership interest (Marshall Wace, PAAMCO Prisma, Blackgold, and iCapital).

KKR Credit – A Leading Global Credit Platform

Team Snapshot

Founded in 2004

$189B	In Total Assets
~360	Employees
160+	Investment Professionals
30	Senior Professionals With Over 20 Years of Experience
9	Offices in 7 Countries
$3.3B	Firm And Employee Capital Invested Alongside KKR Credit Strategies[1]
1,400+	Issuers on KKR Platform

Competitive Advantages

- One-Firm approach to idea generation and sourcing that leverages the full power of KKR
- Track record of investment excellence across public and private credit markets
- Reputation as a partner of choice than can execute transactions with speed, flexibility and certainty

Strategies

Leveraged Credit

- Bank Loans
- High Yield
- Opportunistic Credit
- Multi-Asset Class Credit
- ABS/CLOs

Private Credit

- Direct Lending
- Subordinated Private Credit
- Asset Based Finance
- Dislocation Opportunities
- BDCs

As of December 31, 2021

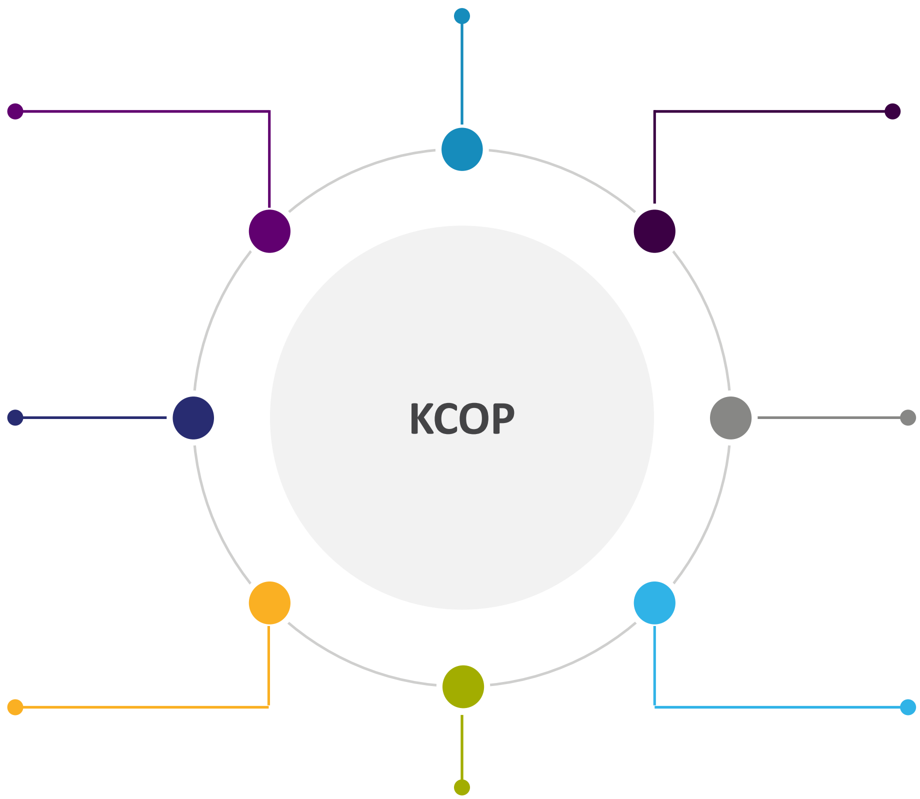
1) Represents KKR balance sheet and employee commitment to KKR's private credit funds. Includes balance sheet and employee commitments in our global and European direct lending funds.

KKR Credit Leverages the Firm's Intelligence, Resources and Network

KKR Credit
Integrated, global public & private credit investing

KKR Private Equity
Industry adjacencies provide sourcing, underwriting and execution advantages.

KKR Senior Advisors[1]
Deep industry expertise and relationship networks



KKR Capital Markets
Creative financing solutions and structuring expertise

KKR Capstone
Dedicated to creating value by driving operational improvements within portfolio companies

KKR Global Macro & Asset Allocation
Macro analysis assists investment theme development and deal underwriting

KKR Real Estate
Fully integrated, global real estate platform

KKR Global Public Affairs
Expertise in public policy, regulatory affairs and stakeholder engagement

Note: Please see Important Information at the beginning of this presentation for additional disclosure regarding KKR's internal information barrier policies and procedures, which may limit the involvement of certain personnel in some investment discussions.
1) KKR Senior Advisors are engaged as consultants and are not employees of KKR. Any compensation they receive generally will be paid for by the Fund and / or its portfolio investments. Please see Important Information for additional disclosure.

KCOP Opportunistic Corporate Credit Strategies

Conviction-based Strategies Focused on Corporate Credit Markets

High Yield

- Sub-investment grade bond investing based on fundamental credit analysis, with a significant focus on principal protection
- Attractive current income potential, relative liquidity and call protection

Bank Loans

- Investments in secured term loans based on fundamental credit analysis, with a significant focus on principal protection
- Attractive risk-adjusted return potential and senior position in capital structure
- Floating rates provide an inflation hedge

Structured Credit

- Comprises CLO debt ranging from Investment Grade to Sub-Investment Grade
- Employs a tactical approach across the entire capital structure

KKR Opportunistic Credit Platform

Capital Base

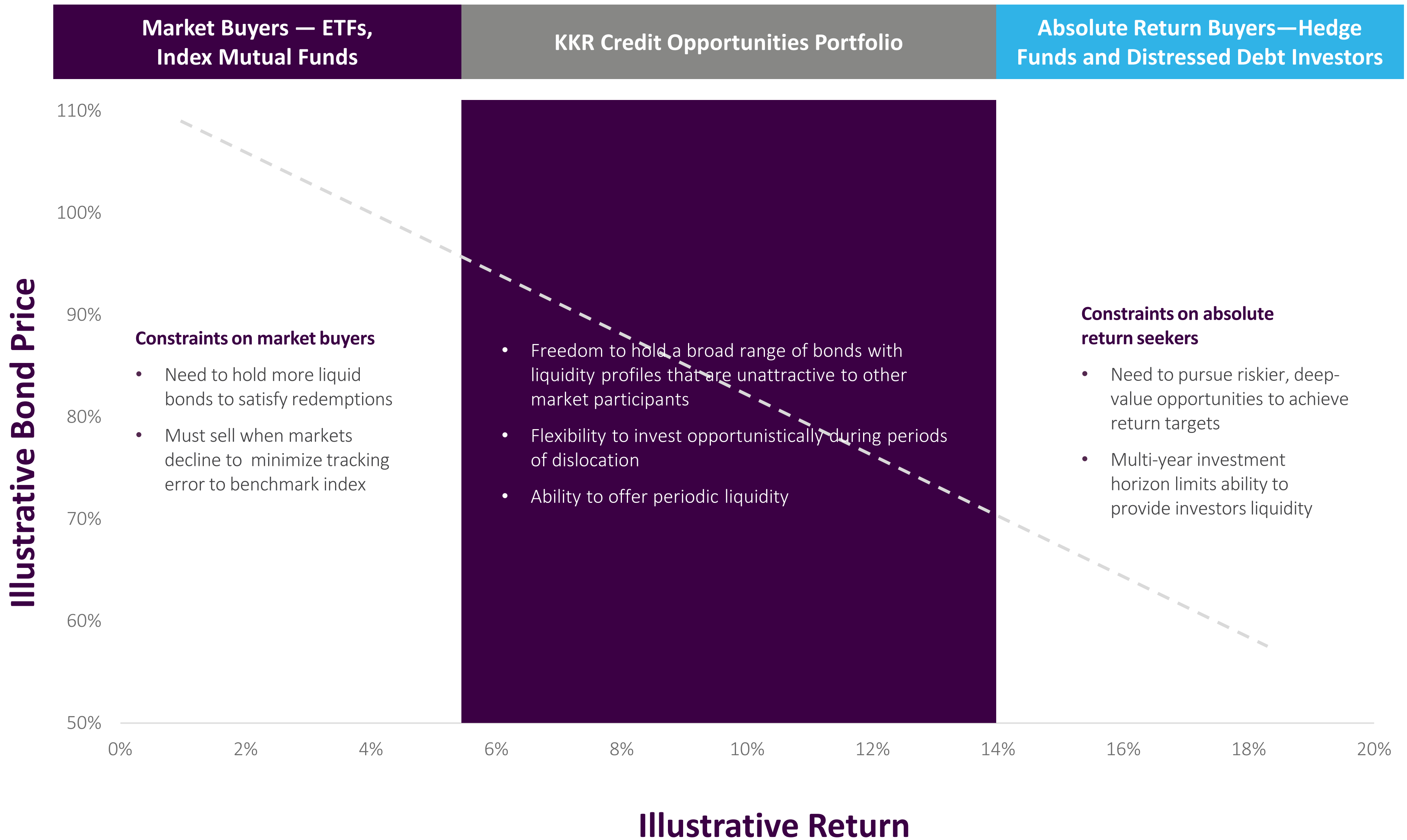
$107 billion
Assets Under Management[1]

Experience and Scale

2004 Inception Date	**~50** Dedicated Leveraged Credit Professionals[2]
1,400+ Issuers across the platform	**10** Years senior investment team has worked together at KKR

1) As of December 31, 2021
2) Includes legacy investments in KKR Financial Holdings LLC, a specialty finance vehicles listed on the New York Stock Exchange and various collateralized loan obligation vehicles.
3) Includes Leveraged Credit Trading Team Members

Opportunistic Strategies Seek Value Between Borders



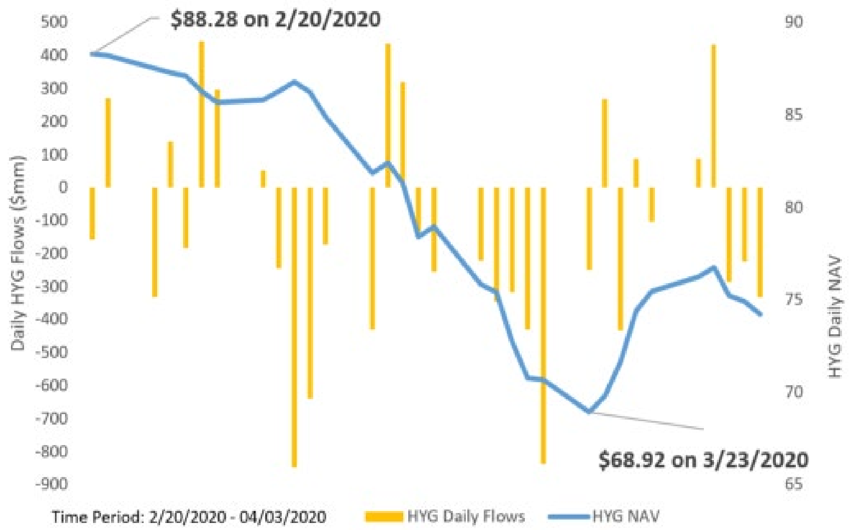
For illustrative purposes only.

Flexibility to Pursue Opportunities Amid Sell-Offs

- High redemption rates during periods of market stress may force ETFs and other daily liquidity vehicles to sell bonds at steep discounts which accelerates price declines
- ~50% of total high yield bonds are held in vehicles that provide daily liquidity[1]

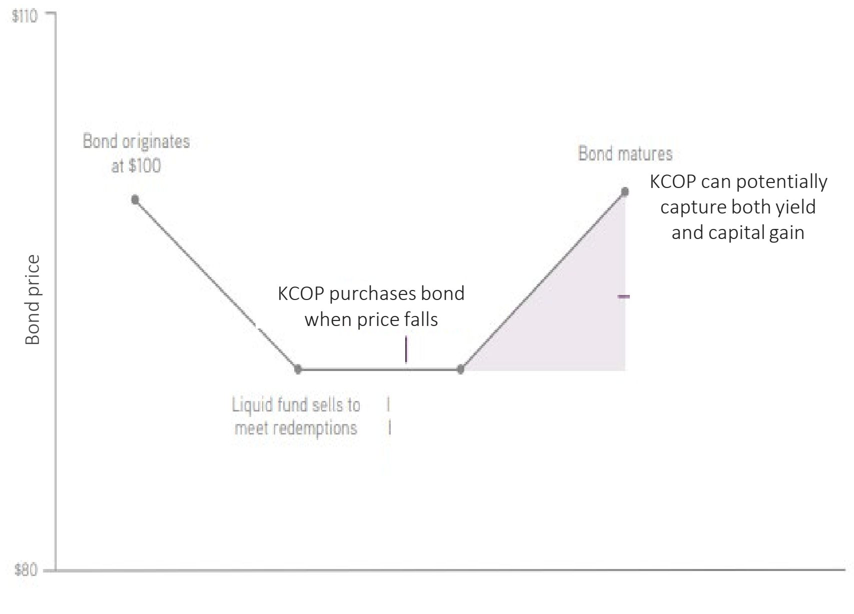
Dislocation in High Yield Market Creates Buying Opportunity

22% peak-to-trough decline
$10 billion in outflows from high yield mutual funds



Source: Bloomberg, KKR Credit Analysis

Illustrative KCOP Secondary Market Transaction



For illustrative purposes only

(1) Barclays Research as of December 31, 2020
iShares iBoxx $ High Yield Corporate Bond ETF (HYG) seeks to track the investment results of an index composed of U.S. dollar-denominated, high yield corporate bonds.
Past performance is no guarantee of future results. The Fund's debt investments will be 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.

KCOP Private Credit Strategies: Asset-Based Finance (“ABF”)

Overview and Potential Benefits

Investments backed by diversified portfolios of cash flow generating financial or real assets

- Underlying assets produce recurring, often contractual, cash flows
- Collateral may help mitigate losses in the event of default
- Potential for additional return through asset appreciation or growth in enterprise value
- Provides exposure to sectors not correlated to general corporate credit

Examples of collateral used to secure asset-backed loans[2]

Consumer Finance
- Auto lending
- Consumer loans
- Mortgage-related assets

Contractual Cash Flows
- Intellectual property
- Royalties
- Risk transfer transactions

Hard Assets
- Aircraft leasing
- Single-family rental
- Railcars

Small-Medium Enterprise
- Development loans
- Equipment Leases
- Receivables financing

KKR Asset-Based Finance Platform

Capital Base

$43.4 billion
Asset-Based Finance AUM[1]

Experience and Scale

2016
Inception Date

~35
Dedicated Asset-Based Finance Professionals

~$6.0 billion
Assets Deployed[3]

Alignment of Interests

~$225 million
Committed to Direct Lending by KKR Balance Sheet and Employees

1) As of December 31, 2021.
2) Assets deployed since 2016 inception through September 30, 2021.
3) This is not an exhaustive list of potential ABF collateral. There can be no assurance with respect to the ultimate market segments or diversity of ABF investments that will be included in KCOP.

KCOP Private Credit Strategies: Direct Lending

Overview and Potential Benefits

Privately negotiated senior secured loans to middle-market companies ($50mm to $100mm EBITDA)

- Historically delivered higher yield and attractive risk-adjusted returns relative to other income generating asset classes[1]
- Bespoke terms and focus on senior part of the capital structure may provide enhanced default protection
- Floating rate structures mitigate inflation and duration risk
- May provide an illiquidity premium relative to broadly syndicated, publicly traded fixed income

Sizable opportunity set within the US middle market sector[2]

~200,000 businesses	1/3 of private sector GDP and employment
85% of companies are privately held	Equivalent to 5th largest global economy

KKR Direct Lending Platform

Capital Base

$26.3 billion
Direct Lending AUM[3]

Experience and Scale

2005
Inception Date

350+
Transactions Completed[4]

~$39 billion
Assets Deployed[5]

Alignment of Interests

~$1.1 billion
Committed to Direct Lending by KKR Balance Sheet and Employees[6]

1) As shown in Slide 9. Asset classes: High Yield, Senior Bank Loans, REITS, Investment Grade Bonds, US Treasurys. **Past performance is not indicative of future results.** Source: Bloomberg, as of March 31, 2022.
2) Source: National Center for the Middle Market as of June 30, 2021
3) Assets under management as of December 31, 2021
4) Includes new deals completed across our Funds, BDCs and SMAs as of June 30, 2021 across Direct Lending and Subordinated Credit. Add-ons excluded.
5) Assets deployed since 2005 (the date of our first direct lending investment through September 30, 2021).
6) Includes balance sheet and employee commitments in our global and European direct lending funds, as well as subordinated credit strategies.

Investor-Friendly Interval Fund Structure

01 Enables purchase of illiquid, potentially higher yielding assets that are unattractive or unavailable to mutual funds and ETFs

02 Permits use of leverage which aims to enhance returns[1]

03 Provides access to private market strategies on favorable liquidity terms—quarterly repurchases at NAV of 10% of the fund's outstanding shares[2]

04 Requires a relatively low minimum investment and has no lock-up or performance fee

05 Form 1099-DIV Tax Reporting

1. 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
2. Limited liquidity is provided to shareholders only through the Fund's quarterly repurchase offers for no less than 10% and no more than 25% of the Fund's shares outstanding at net asset value. Interval funds must offer repurchases of at least 5% of shares outstanding quarterly (no ability to gate). There is no guarantee that an investor will be able to sell all the shares that the investor desires to sell in the repurchase offer. Due to these restrictions, an investor should consider an investment in the Fund to be of limited liquidity representation.

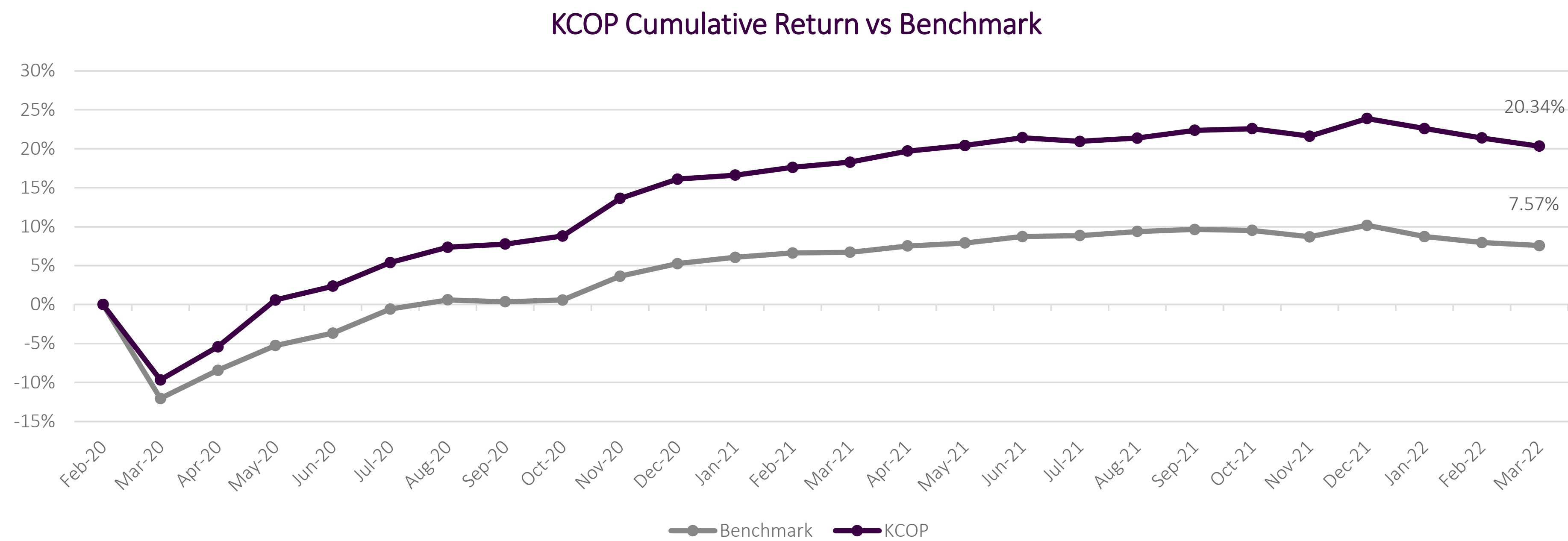
Benefits of Interval Funds vs. Other Fund Structures

- NAV pricing eliminates market price discounts/premiums associated with Listed Closed End Funds
- Increased flexibility to invest in private illiquid asset classes

	Mutual Funds	Interval Funds	Listed Closed-End Funds
Offering/Pricing	Continuous/NAV	**Continuous/NAV**	Market Price (Discount or Premium)
Illiquid Assets	Limited to 15%	**No Limit[1]**	No Limit
Liquidity	Daily Redemptions	**Periodic Repurchases**	Exchange Traded
Valuations	Daily	**Daily**	Daily
Direct Redemption	Yes	**Yes**	Not Generally
Tax Reporting	1099	**1099**	1099

1) Must have liquid assets to cover repurchase offers, otherwise there is no limit.

Performance



PERFORMANCE SUMMARY[1]

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2020	-	-	-9.66%	4.69%	6.29%	1.83%	2.96%	1.86%	0.28%	0.96%	4.44%	2.18%	16.01%
2021	0.41%	0.85%	0.57%	1.20%	0.61%	0.83%	-0.39%	0.34%	0.83%	0.17%	-0.83%	1.85%	6.78%
2022	-1.03%	-0.99%	-0.86%										-2.85%

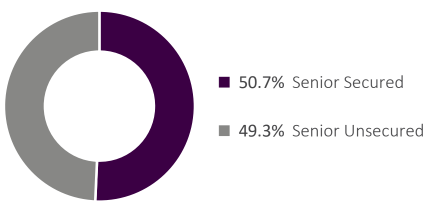
	1-MONTH RETURN	QTD RETURN	YTD RETURN	ITD RETURN	NAV / SHARE
I SHARE (KCOPX) - NET	-0.86%	-2.85%	-2.85%	20.34%	$26.14
BENCHMARK: 50% ICE BOFA HIGH YIELD MASTER II INDEX 50% S&P/LSTA LEV.	-0.35%	-2.36%	-2.36%	7.57%	

(1) As of March 31, 2022. Inception date for I Share is 2/28/2020. ITD return for the Benchmark (50% Bank of America Merrill Lynch U.S. High Yield Master II Index / 50% S&P/LSTA Leveraged Loan Index) is based on the I Share inception date of 2/28/20. Returns for periods (QTD, YTD and ITD) less than one year are not annualized. Financial data is estimated and unaudited. **Past performance is historical and not a guarantee of future results.** The NAV of the Fund per Common Share is determined by dividing the total assets of the Fund (the value of the Fund's portfolio investments and other assets, less any liabilities), by the total number of Common Shares of each share class outstanding, rounded to two decimal places. Through December 31, 2022, the Adviser has agreed to waive its fees and/or reimburse certain expenses of the Fund to the extent that certain of the Fund's specified expenses would exceed the total expense cap of 0.40% of the Fund's net assets (annualized). See the prospectus for estimated interest expenses and additional information regarding fees and estimated operating expenses. The net expense ratio represents the expense ratio applicable to investors. The gross expense ratio is the total annual fund or class operating expenses directly paid by the fund from the fund's most recent prospectus (before waivers or reimbursements). The net expense ratio is the total annual fund or class operating expenses directly paid by the fund from the fund's most recent prospectus, after any fee waiver and/or expense reimbursements that will reduce any fund operating expenses. See the prospectus for estimated interest expenses and additional information regarding fees and estimated operating expenses.

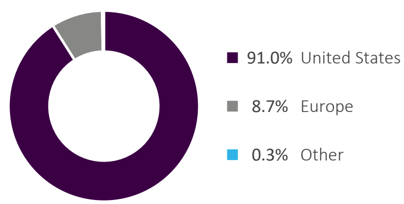
Portfolio Characteristics

As of March 31, 2022

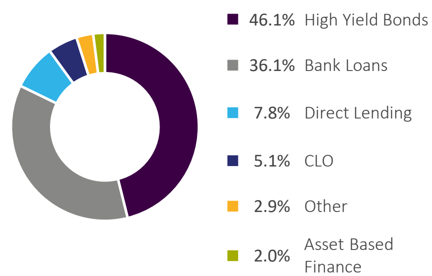
CAPITAL STRUCTURE



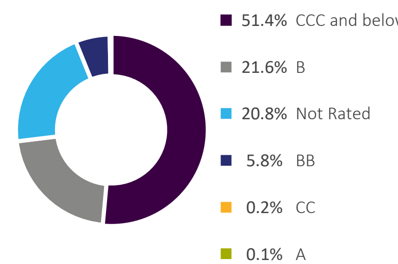
GEOGRAPHY



ASSET CLASS



RATING ALLOCATION[1]



	I Share (KCOPX)	T Share (KCOTX)	U Share (KCOUX)	D Share (KCODX)
Current Distribution Rate [2]	8.1%	7.4%	7.4%	8.0%
Managed Assets	$775.6 million			
Average Duration (years)[3]	2.05			
Leverage	27.3%			
Average Yield to Maturity[4]	7.0%			

1. Ratings are based on Fitch, Moody's or S&P, as applicable. Ratings, which are subject to change, apply to the creditworthiness of the issuers of the underlying securities and not to the Fund or its shares. Credit ratings measure the quality of a bond based on the issuer's creditworthiness, with ratings ranging from AAA, being the highest, to D, being the lowest based on S&P's measures. Ratings of BBB or higher by Standard and Poor's (Baa or higher by Moody's) are considered to be investment grade quality. For certain securities that are not rated by any of these three agencies, credit ratings from other agencies may be used. Where the rating agencies rate a security differently, KKR at times, uses the average rating based on numeric values assigned to each rating. Credit ratings BB and below are lower-rated securities (junk bonds). High-yielding, non-investment-grade bonds (junk bonds) involve higher risks than investment-grade bonds. Adverse conditions may affect the issuer's ability to pay interest and principal on these securities. A portion of the portfolio's securities may not be rated. Breakdown is not an S&P credit rating or an opinion of S&P as to the creditworthiness of such portfolio. Ratings apply to the creditworthiness of the issuers of the underlying securities and not the fund or its shares. Ratings may be subject to change.
2. The amount of the distributions that the Fund may pay, if any, is uncertain. The distribution rate shown may vary from the actual amount paid, due to whether month ends fall on business days. The Fund may pay 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 return of capital. Reflects the current month's cumulative distribution rate annualized. The cumulative distribution rate for the month presented represents the sum of the daily dividend distribution rate as calculated by dividing the daily dividend per share by the daily NAV per share, for each respective class, for each day in the month for which a daily dividend is declared. The amount of the distributions that the Fund may pay, if any, is uncertain. The distribution rate shown may vary from the actual amount paid, due to whether month ends fall on business days. The Fund may pay 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 return of capital.
3. Loan durations are based on the actual remaining time until LIBOR is reset for each individual loan. Effective Duration is the change in the value of a fixed income security that will result from a 1% change in market interest rates, taking into account anticipated cash flow fluctuations from mortgage prepayments, puts, adjustable coupons, and potential call dates. Duration is expressed as a number of years, and generally, the larger a duration, the greater the interest-rate risk or reward for a portfolio's underlying bond prices. Where applicable, securities, such as common or preferred stock, convertible bonds and convertible preferred stock, ETFs and ADRs, and CPI swaps and related futures, are excluded from these calculations.
4. Yield to maturity is the total return anticipated on a bond if the bond is held until it matures.

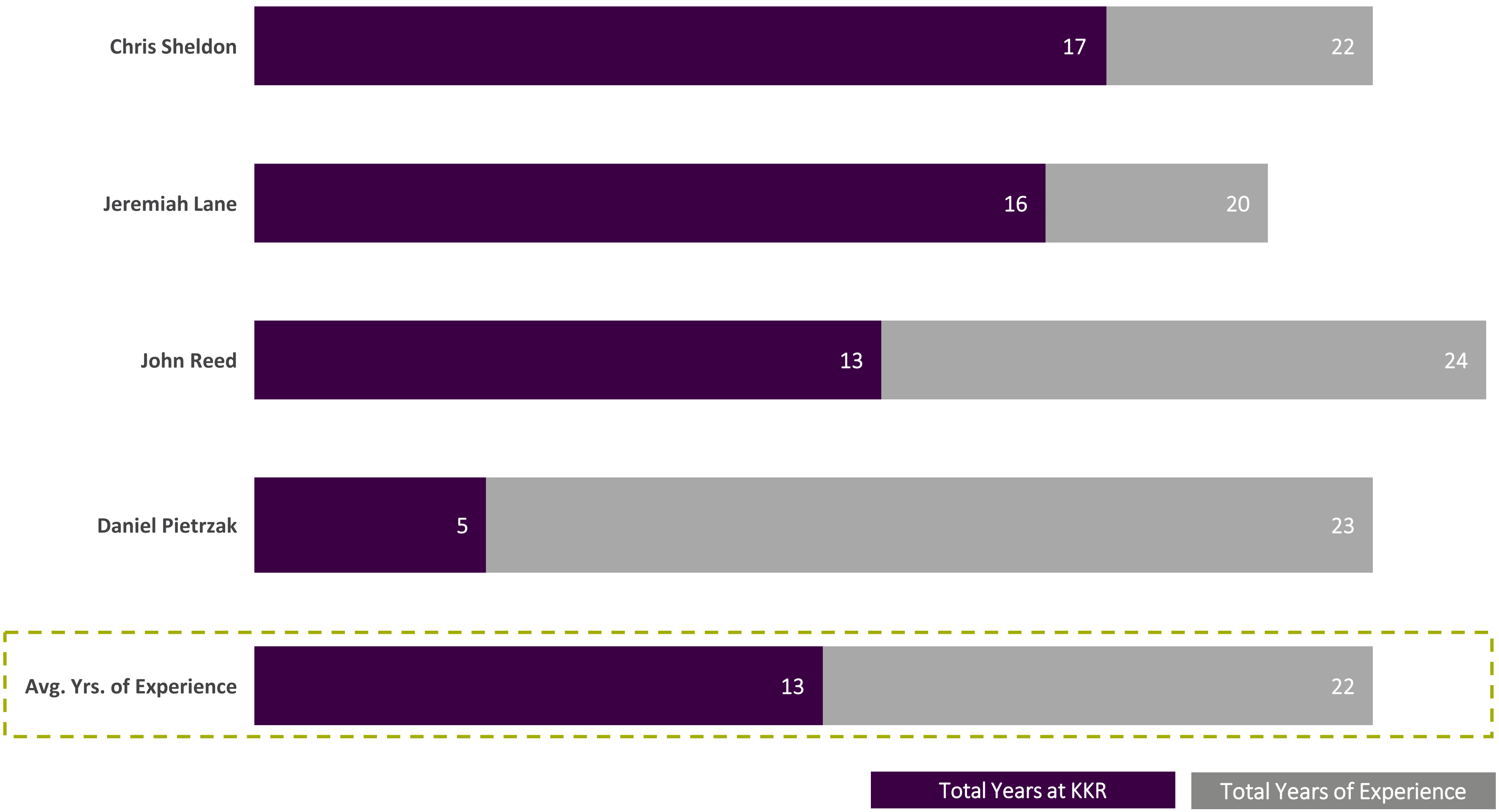
Offering Profile

Structure	1940 Act registered continuously offered unlisted closed-end interval fund			
Advisor/Sub	KKR Credit Advisors (US) LLC			
Subscriptions/NAV[1]	Daily			
Repurchases[2]	Quarterly repurchase offers of 10% of the Fund's outstanding shares at NAV			
Management Fee[3]	1.30% on Managed Assets			
Performance Fee	None			
Dividend Reinvestment Plan	Automatic participation, unless otherwise elected			
Distributions	Monthly			
Administrator	U.S. Bank Global Fund Services			
Transfer Agent	U.S. Bank Global Fund Services			
Custodian	U.S. Bank, N.A.			
Tax Reporting	Form 1099-DIV			
Share Class Specific Fees[4]	**Class T: KCOTX**	**Class U KCOUX**	**Class I KCOPX**	**Class D: KCODX**
Minimum Investment	$10,000	$10,000	$1,000,000	$10,000
Upfront Commission	Up to 2%	None	None	None
Distribution Fee	0.50%	0.50%	None	None
Servicing Fee	0.25%	0.25%	None	0.25%

Note: Certain terms of the Fund are highlighted above. This summary is qualified in its entirety by the more detailed information contained in the applicable Fund's prospectus, as applicable, and related documentation, all of which should be reviewed carefully and contain additional terms to those included in this summary. These terms are subject to change. (1) Certain selling agents may elect to offer subscriptions on a monthly basis. 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. (2) Interval funds must offer repurchases of at least 5% of shares outstanding quarterly (no ability to gate). Limited liquidity is provided to shareholders only through the Fund's quarterly repurchase offers for no less than 10% and no more than 25% of the Fund's shares outstanding at net asset value. There is no guarantee that an investor will be able to sell all the shares that the investor desires to sell in the repurchase offer. Due to these restrictions, an investor should consider an investment in the Fund to be of limited liquidity. Investing in the Fund is speculative and involves a high degree of risk, including the risks associated with leverage and the risk of a substantial loss of investment. There is no guarantee that the investment strategies will work under all market conditions. (3) 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 foregoing 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. Total managed assets is defined as the Fund's total assets (including any assets attributable borrowing for investment purposes) minus the sum of the Fund's accrued liabilities (other than liabilities representing borrowings for investment purposes). (4). 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 may 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.

II Senior Investment Team

KCOP Senior Investors Average 23 Years of Experience and 13 Years at KKR



As of March 31, 2022.

KCOP Senior Investment Team

Chris Sheldon

Partner, Head of Leveraged Credit

Chris Sheldon (San Francisco) joined KKR in 2004 and is a Partner of KKR. Mr. Sheldon serves as the Head of Leveraged Credit and has oversight of the Strategic Investments Group. Mr. Sheldon is a portfolio manager for KKR's leveraged credit and Strategic Investments Group funds and portfolios and a member of the US Leveraged Credit Investment Committee, Global Private Credit Investment Committee, Strategic Investments Group Investment Committee and KKR Credit 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. Mr. Sheldon serves as a member of the board of directors of SquashDrive, a member of the Squash and Education Alliance. Mr. Sheldon also serves as a member of the board of directors of the LSTA.

Daniel Pietrzak

Partner, Co-Head of Private Credit

Daniel Pietrzak (New York) joined KKR in 2016 and is a Partner 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 Co-President and Chief Investment Officer for each of the business development companies managed by the joint venture, including FS KKR Capital Corp., which trades on the NYSE. He also serves of the board of directors of several KKR Credit portfolio companies, including Home Partners of America, Oodle Car Finance, Pepper and Toorak Capital Partners. 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. Mr. Pietrzak serves on the Advisory Board for the Lehigh University Center of Financial Services.

KCOP Senior Investment Team

Jeremiah Lane

Partner, Traded Credit

Jeremiah S. Lane (San Francisco) joined KKR in 2005 and is a Partner of KKR. Mr. Lane is a portfolio manager for KKR's leveraged credit funds and portfolios and a member of the US Leveraged Credit Investment Committee and KKR Credit 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 Reed

Partner, Traded Credit

John M. Reed (San Francisco) joined KKR in 2008 and is a Partner of KKR. Prior to joining KKR, Mr. Reed was an associate director at Bear Stearns & Co. in their institutional fixed income department. Mr. Reed received a B.A. from the University of South Carolina and a Global Professional M.B.A. from the Fordham University School of Business Administration.

KKR

III Case Studies

Case Study: Sequa

Company and Investment Overview

Sequa is a diversified industrial company that operates in the aerospace (Chromalloy) and metal coatings (Precoat) segment

Transaction Type	Opportunistic Corporate Credit	
Date of First Purchase	2016	
Industry	Materials	
Asset Type	Term Loan 1	Term Loan 2
Coupon	LIBOR + 675bps	LIBOR + 900bps
S&P Rating	CCC+	CCC-

KKR Edge

- KKR has been investing in the company for over five years and knows management team well
- KKR's private equity team conducted extensive due diligence on the company during the COVID-19 crisis
- PE team was able to share their knowledge of industry dynamics with the opportunistic corporate credit team to enhance the due diligence process
- Sourcing process facilitated by KKR's good relationship with the Sequa's private equity sponsor

Investment Rationale

- KKR viewed the company as undervalued because we believed the Chromalloy business was not well-understood by investors
- Investment team believed that Sequa's term loans offered an attractive coupon and were well covered
- The team's sum-of-the parts analysis supported their view that the loans exhibited strong relative value

March 31, 2022. The specific investment identified is a current holding of the fund. It is not representative of all of the securities purchased, sold or recommended for advisory clients, and it should not be assumed that the investment in the company identified was or will be profitable.

Case Study: Insight Global LLC

Company and Investment Overview

- Insight Global LLC is a nationwide provider of long- and short-term staffing solutions
- KKR Credit was approached by the company's private equity sponsor to provide financing for a dividend recapitalization opportunity

Transaction Type	Direct Lending
Date of Investment	September 2021
Industry	Professional Services
Facility Size	$200mm Revolver $2,568mm First Lien Term Loan
Size of Investment	KKR Credit: $501.1mm
Coupon	LIBOR + 600bps, 0.75% LIBOR floor
Use of Proceeds	Recapitalization

KKR Edge

- KKR has a longstanding relationship with the sponsor which allowed us to gain access to the investment
- KKR Credit leveraged the knowledge of internal teams—KKR Liquid Credit team and the Private Equity team—to gain a deeper understand the Company's value proposition
- The deal team leveraged the firms network to speak with two talent managers of the archetypical Insight customer, furthering their understanding of the competitive landscape of the industry

Investment Rationale

- Strong track record of long-term growth, especially during economic downturns
- Large scaled player in a highly fragmented growing market
- Diverse customer base and end market exposure
- Attractive cost structure
- Strong Sponsor backing and track record post-dividends
- Differentiated service offering through their database of available professionals

As of March 31, 2022. The specific investment identified is a current holding of the fund. It is not representative of all of the securities purchased, sold or recommended for advisory clients, and it should not be assumed that the investment in the company identified was or will be profitable.

Case Study: Opendoor

Opendoor

Company and Investment Overview

- Opendoor is an online real estate platform that provides a one-stop-shop and cost-efficient solution for consumers seeking to purchase and sell single-family homes
- KKR Credit, through its funds and managed accounts, committed ~$356 mm to the company's new $2.25 bn mezzanine asset-backed facility

Transaction Type	Asset-Based Finance
Date of Investment	October 2021
Industry	Real Estate Management & Development
Size of Investment	KKR Credit: $356mm
Use of Proceeds	Refinance existing debt and capital to acquire additional properties

KKR Edge

- Ability to leverage KKR's Capital Market's team to help structure a transaction in line with Opendoor's preferences
- Prior investments in the housing sector enabled the team to form a constructive view on the underlying collateral

Investment Rationale

- Leading position as largest buyer in the market
- Liquid collateral with short-term risk exposure—focus on single-family homes priced in-line with the median US home price
- Systemic approach towards purchasing and valuing properties
- Structural features to ensure adequate collateral coverage
- Underlying collateral is well-diversified geographically with concentration limits to avoid unwanted exposures
- Increased focus on ESG—established the Affordable Housing Foundation, which focuses on customer education, access to credit, affordable housing and anti-racist real estate ecosystem

As of March 31, 2022. Source: Company reports. The specific investment identified is a current holding of the fund. It is not representative of all of the securities purchased, sold or recommended for advisory clients, and it should not be assumed that the investment in the company identified was or will be profitable.

KKR

IV Important Information

Glossary

Asset based finance: Refers to the provision of privately originated financing across the consumer, middle market corporate, and real assets sectors where each investment is backed by a portfolio of cash flow generating financial (e.g. leases) or real assets (e.g. aircraft)

Bank loan: A loan or a line of credit extended to a corporation from a traditional bank

Bloomberg Barclays U.S. Aggregate Bond Index: Broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency)

Bond: A debt instrument, that an investor makes to a corporation, government, federal agency or other organization (known as an issuer) in which the issuer typically agrees to pay the owner the amount of the face value of the bond on a future date, and to pay interest at a specified rate at regular intervals

The Cliffwater Direct Lending Index: Seeks to measure the unlevered, gross of fee performance of U.S. middle market corporate loans, as represented by the asset-weighted performance of the underlying assets of Business Development Companies (BDCs), including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements

Collateralized loan obligation (CLO): A security backed by a pool of commercial loans structured so there are several classes of bondholders with varying maturities, called tranches

Corporate bond: A debt security issued by a corporation and sold to investors

Credit Rating: Is an evaluation of a borrowing company's ability to repay liability obligations or its likelihood of not defaulting. Both Standard & Poor's and Moody's Investor Services, provide the rating systems for corporate credit

Direct lending: Lending to middle-market companies, particularly those at the larger end of the middle-market ($50mm to $100mm EBITDA). Private originated and negotiated and involve non-bank lenders; a form of Private Credit

Duration: A way of measuring how much bond prices are likely to change if and when interest rates move. In more technical terms, bond duration is measurement of interest rate risk

EBITDA (Earnings before interest, tax, depreciation and amortization): A measure of a company's operating performance. It is a way to evaluate a company's performance without having to factor in financing decisions, accounting decisions or tax environments. EBITDA is calculated by adding back the non-cash expenses of depreciation and amortization to a firm's operating income

Exchange Traded Fund (ETF): A type of security that involves a collection of securities–such as stocks or bonds–that often tracks an underlying index

FTSE/NAREIT Equity REIT Index: Tracks the performance of U.S. equity REITs

High-yield bond: A bond issued by an issuer that is considered a credit risk by a Nationally Recognized Statistical Rating Organization, as indicated by a low bond rating (e.g., "Ba" or lower by Moody's Investors Services, or "BB" or below by Standard & Poor's Corporation). Because of this risk, a high-yield bond generally pays a higher return (yield) than a bond with an issuer that carries lower default risk. Also known as a "junk" bond

ICE BOFA High Yield Master II Index: Market value-weighted index of all domestic and yankee high-yield bonds, including deferred interest bonds and payment-in-kind securities

ICE BofAML U.S. High Yield Index: Tracks the performance of U.S. dollar-denominated below investment grade corporate debt publicly issued in the U.S. domestic market

ICE BofAML 10-Year U.S. Treasury Index: Measures the total return of the 10-year U.S. Treasury note

iShares iBoxx $ High Yield Corporate Bond ETF (HYG): Tracks the investment results of an index composed of U.S. dollar-denominated, high yield corporate bonds.

JP Morgan EMBI Global Index: Tracks total returns for dollar-denominated Brady Bonds, Eurobonds, traded loans and local market debt instruments issues by sovereign and quasi-sovereign entities of emerging markets countries

Glossary

Leveraged Loan: A leveraged loan is debt from companies with below investment grade credit ratings. Leveraged loans are typically secured with a lien on the company's assets and are generally senior to the company's other debt.

Mutual Funds: Are pools of money that are managed by an investment company and regulated by the Investment Company Act of 1940. They offer investors a variety of objectives, depending on the fund and its investment charter and ultimately consist of a portfolio of stocks, bonds, or other securities.

Private Credit: Broadly defined, a private credit fund targets the ownership of higher yielding corporate, physical (excluding real estate), or financial assets held within a private "lock-up" fund partnership structure. Credit exposure can be either corporate (repayment comes from cash flows generated by an operating company) or asset (repayment comes from cash flows generated by a physical or esoteric asset)

REIT: A company that owns or finances income-producing assets, such as apartments, shopping centers, offices and warehouses. It may also invest in air or water rights, unharvested crops, permanent structures and

S&P/LSTA Leveraged Loan Index: A daily total return index that uses mark-to-market pricing to calculate market value change. It tracks, on a real-time basis, the current outstanding balance and spread over the London Interbank Offered Rate (LIBOR) for fully funded term loans. The facilities included in the LSTA represent a broad cross section of leveraged loans syndicated in the U.S.

Sharpe Ratio: A measure of risk adjusted return. Calculated by subtracting the risk-free rate from an asset's return and dividing the result by the asset's volatility.

Yield to Maturity (YTM): Is the percentage rate of return earned on a bond, note or other fixed income security if you buy and hold it to its maturity date. The calculation for YTM is based on the coupon rate, length of time to maturity and market price. It assumes that coupon interest paid over the life of the bond will be reinvested at the same rate.

Important Information

No Operating History. The Fund is a diversified, closed-end management investment company with no operating history. As a result, prospective investors have no 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, will conduct quarterly repurchase offers of 10% to 25% of its outstanding Shares at NAV, subject to approval of the Board. The Fund believes that these repurchase offers are generally beneficial to the Fund's Shareholders, and repurchases generally will be 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 will 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, and 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 will generally be 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 appropriateness of this investment with respect to the 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 will also use leverage, which would magnify the Fund's investment, market and certain other risks.

The Fund will be materially affected by market, economic and political conditions 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. 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.

Ongoing events in the subprime mortgage market and other areas of the fixed income markets have caused 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. Although financial markets have shown intermittent signs of improvement, global economic conditions remain tenuous, and to the extent that they do not improve, this could adversely impact the financial resources and credit quality of corporate and other borrowers in which the Fund has invested 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 stabilization or improvement of the conditions in the global economy and markets generally and credit markets specifically. Absent such a recovery, 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.

Important Information

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 will be 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 objectives. 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 will also invest 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 also "—Conflicts of Interest" below).

Fixed-Income Instruments Risk. The Fund invests in loans and other types of fixed-income instruments and securities. Such investments will be 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 will change 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 will 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 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.

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Senior Loans typically will be secured by pledges of collateral from the borrower in the form of tangible and intangible assets. In some instances, the Fund will invest 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 will be 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 will, from time to time, also invest 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 issue preferred shares to 50% of the Fund's Managed Assets (less the Fund's obligations under senior securities representing indebtedness). "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. The Fund will "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. 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. 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 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 objectives 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.

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(continued) 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 for high yield securities has recently experienced periods of significant volatility and reduced liquidity. 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.

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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 will be the most junior in what will typically be 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, portfolio companies that are subject to greater amounts of governmental regulation 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 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.

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.

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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. 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, 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. 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, including the imperfect correlation between the value of such instruments and the underlying assets of the Fund, which creates the possibility that the loss on such instruments will be greater than the gain in the value of the underlying assets in the Fund's portfolio; the loss of principal; the possible default of the other party to the transaction; and illiquidity of the derivative investments. 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. 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.

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The counterparty risk for cleared derivative transactions should generally be lower than for uncleared OTC derivatives since 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 will invest will, in certain circumstances, give rise to a form of financial leverage, which magnifies 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.

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. 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 will invest 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 will have 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.

Important Information

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. 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 will 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.

Repurchase Agreements Risk. Subject to its investment objectives 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 will seek 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.

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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 will, from time to time, also invest 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. The Fund will "cover" 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 a 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 objectives. 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.

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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 Fund's 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 will seek 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. 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 will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness.

Important Information

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 will attempt 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 will seek 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 will attempt 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.

Important Information

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 objectives 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. The risks of investments in emerging markets (if any) 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.

Important Information

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"). The outcome of this situation cannot yet be predicted. 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, triggering political, economic and legal uncertainty. While such uncertainty most directly affects the UK and the EU, global markets suffered immediate and significant disruption. On March 29, 2017, the UK made a formal notification to the European Council under Article 50 of the Treaty on EU, which triggers a two year period during which the terms of an exit will be negotiated. The withdrawal agreement between the United Kingdom and the EU, endorsed by the European Council on November 25, 2018, sets out the basis on which the United Kingdom will withdraw from the EU and includes certain transitional provisions which have the effect of preserving the application of European Union law in the United Kingdom until December 2020 (or such other later date as may be agreed). The withdrawal agreement, and the associated transitional provisions, will only become effective once approved by the United Kingdom parliament which approval has not yet happened and may not happen, meaning that the United Kingdom could leave the EU without any transitional period (a so-called "hard Brexit"). On April 11, 2019, the United Kingdom came to an agreement with the EU to delay the deadline for withdrawal. Unless the United Kingdom parliament approves the withdrawal agreement by October 31, 2019, it is expected that there will be a hard Brexit on that date absent any further agreements to delay the withdrawal. The UK's possible 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 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.

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 by the British exit from the EU "Brexit".

LIBOR 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. In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. There is currently no definitive information regarding the future utilization of LIBOR or of any particular replacement rate. 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. 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.

Important Information

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.

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 objectives 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 use derivative instruments as a part of its investment strategy, increase the costs of using these 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.

In Europe, the Financial Stability Board, which monitors and makes recommendations about the global financial system, issued a report in October 2011 that recommended strengthening oversight and regulation of the so-called "shadow banking" system in Europe, broadly described as credit intermediation involving entities and activities outside the regular banking system. The report outlined initial steps to define the scope of the shadow banking system and proposed general governing principles for a monitoring and regulatory framework. While at this stage it is difficult to predict the scope of any new regulations, if such regulations were to extend the regulatory and supervisory requirements, such as capital and liquidity standards, currently applicable to banks, or the Fund was considered to be engaged in "shadow banking," the regulatory and operating costs associated therewith could adversely impact the implementation of the Fund's investment strategy and returns and could become prohibitive.

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 will, from time to time, also invest 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 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.

Important Information

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 will be 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 will pursue 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 will be 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 objectives 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.

Important Information

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 in Afghanistan, Pakistan, Egypt, Libya, Syria, Russia, Ukraine and the Middle East, 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 unprecedented 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. 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 objectives. The Adviser will monitor developments and seek to manage the Fund's portfolio in a manner consistent with achieving the Fund's investment objectives, 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.

Important Information

RIC-Related Risks of Investments Generating Non-Cash Taxable Income. Certain of the Fund's investments will 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.

Important Information

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. 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. 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.

Important Information

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 June 19, 2017, 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.

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

Important Information

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.

Important Information

IMPORTANT INFORMATION FOR ALL NON-US RESIDENTS

This presentation and the information contained herein does not constitute and is not intended to constitute an offer of securities nor an offer to the public and accordingly should not be construed as such. KKR Credit Opportunities Portfolio (the "Fund") and any other products or services referenced in this presentation 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. This presentation provides a high level summary and is for informational purposes only, and does not constitute or form financial advice to buy Fund shares. This presentation was prepared without regard to the specific investment objectives, financial situation or particular needs of any particular person. No legally binding terms are created herein or shall be created until applicable definitive documentation is executed and delivered in accordance with any applicable law. This presentation and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. This presentation is directed at and intended for institutional investors (as such term is defined in each applicable jurisdiction). This presentation is provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in this presentation, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. This presentation 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 forwarding this material, which is produced by the Adviser in the United States, to other parties takes full responsibility for ensuring compliance with applicable securities laws in connection with its distribution.

IMPORTANT INFORMATION FOR RESIDENTS OF ARGENTINA

Shares of the Fund (the "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.

IMPORTANT INFORMATION FOR RESIDENTS OF AUSTRALIA

This presentation is provided to institutional investors and, by receiving it, each institutional investor is deemed to represent and warrant that it is a "wholesale client" (as that term is defined in section 761G of the Australian Corporations Act 2001 (Cth) (the "Corporations Act") and applicable regulations). The issuer of this [Marketing Material] does not hold an Australian Financial Services License and is not licensed to provide financial product advice in relation to the Shares of the Fund.

IMPORTANT INFORMATION FOR RESIDENTS OF THE 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.

IMPORTANT INFORMATION FOR RESIDENTS OF BERMUDA

Shares of the Fund may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act 2003, the Exchange Control Act 1972, the Exchange Control Regulations 1973 and the Companies Act 1981 which regulate the sale of securities in Bermuda.

This presentation and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by Bermuda law. This presentation is directed at and intended for qualified participants (as such term is defined in the Investment Funds Act 2006). Neither the Registrar of Companies in Bermuda (ROC) nor the Bermuda Monetary Authority or any other regulatory body in Bermuda has reviewed this presentation and accepts no responsibility for the financial soundness of any proposal or for the correctness of any of the statements made or opinions expressed herein. Any representation to the contrary is a criminal offence. A copy of this document has not been delivered to the ROC.

Before acting on any information in this presentation, prospective investors should inform themselves of and observe all Bermuda laws, rules and regulations and obtain independent advice if required.

IMPORTANT INFORMATION FOR RESIDENTS OF BOLIVIA

This presentation 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.

Important Information

IMPORTANT INFORMATION FOR RESIDENTS OF BRAZIL

Shares of the Fund 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.

IMPORTANT INFORMATION FOR RESIDENTS OF THE BRITISH VIRGIN ISLANDS

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

IMPORTANT INFORMATION FOR RESIDENTS OF CANADA

This presentation is not, and under no circumstances is to be construed as, an advertisement or a public offering of the Shares in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the Shares, and any representation to the contrary is an offence.

IMPORTANT INFORMATION FOR RESIDENTS OF THE CARIBBEAN

The presentation 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. The [Marketing Material] is directed at and intended for institutional investors (as such term is defined in the various jurisdictions in the Caribbean). The presentation is provided on a confidential basis for informational purposes only and may not be reproduced in any form.

IMPORTANT INFORMATION FOR RESIDENTS OF THE CAYMAN ISLANDS

This presentation does not constitute and is not an offering of securities to the public in the Cayman Islands, and any transaction contemplated hereby will take place on a private placement basis only.

IMPORTANT INFORMATION FOR RESIDENTS OF CHILE

Date of the offer: June 9, 2020

This offer is made pursuant to Rule 336 issued by the Comisión para el Mercado Financiero of Chile (CMF);

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;

Given that the securities are not registered, there is no obligation for the issuer to disclose in Chile public information about said securities; and

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: [●], 2020

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

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;

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

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

Important Information

IMPORTANT INFORMATION FOR RESIDENTS OF CHINA

No invitation to offer, or offer for, or sale of, the Shares will be made to the public 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 described in this presentation has not been submitted to or approved by the China Securities Regulatory Commission or any other relevant governmental authority in the PRC. The Fund 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 Shares in the Fund. These materials do not constitute any securities or investment advice to citizens of the PRC, or nationals with permanent residence in the PRC, or to any corporation, partnership, or other entity incorporated or established in the PRC.

IMPORTANT INFORMATION FOR RESIDENTS OF COLOMBIA

The Fund and any other products or services referenced in this presentation 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.

IMPORTANT INFORMATION FOR RESIDENTS OF COSTA RICA

The Shares are not intended for the Costa Rican public or market and are neither registered nor will be registered before the General Superintendence of Securities, nor can be traded in the secondary market in Costa Rica. Any offer will be made on an individual and private offer basis in Costa Rica upon reliance on an exemption from registration before the General Superintendence of Securities, pursuant to article 6 of the Regulations on the Public Offering of Securities.

IMPORTANT INFORMATION FOR RESIDENTS OF THE DOMINICAN REPUBLIC

This presentation does not constitute an offer or solicitation to the public in the Dominican Republic to subscribe for Shares of the Fund, and any transaction contemplated hereby will take place on a private placement basis only. Accordingly, the Shares of the Fund 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 any prospective investors cannot benefit from the special protection conferred by the Dominican Securities Law for public offerings.

IMPORTANT INFORMATION FOR RESIDENTS OF ECUADOR

This presentation 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 presentation or other documents in connection with this Fund and have not approved this [Marketing Material] or any other associated documents nor taken any steps to verify the information set out herein and has no responsibility for it.

IMPORTANT INFORMATION FOR RESIDENTS OF EL SALVADOR

The recipient of the presentation hereby acknowledges that the same has been provided upon the recipient's express request and instructions and on a private placement basis.

IMPORTANT INFORMATION FOR ALL EEA RESIDENTS

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. 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.

IMPORTANT INFORMATION FOR RESIDENTS OF GUATEMALA

This presentation and any accompanying information is intended solely for informational purposes and does not constitute (and should not be interpreted to constitute) the offering, selling, or conducting of business with respect to the Shares in Guatemala, or the conducting of any brokerage, banking or other similarly regulated activities in Guatemala.

Important Information

IMPORTANT INFORMATION FOR 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.

This presentation has not been approved or authorised 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 this presentation may not be circulated by way of public offer in the Bailiwick of Guernsey.

The presentation 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.

IMPORTANT INFORMATION FOR 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.

IMPORTANT INFORMATION FOR RESIDENTS OF HONG KONG SAR

The contents of this presentation has not been reviewed nor endorsed by any regulatory authority in Hong Kong. Hong Kong residents are advised to exercise caution in relation to these materials. An investment in the Fund may not be suitable for everyone. The Fund is not authorized by the Securities and Futures Commission in Hong Kong pursuant to Section 104 of the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong) ("SFO"). These materials must not, therefore, be issued, or possessed for the purpose of issue, to persons in Hong Kong other than (i) professional investors within the meaning of the SFO (including professional investors as defined by the Securities and Futures (Professional Investors) Rules); or (ii) in circumstances that do not constitute an offer to the public for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32, Laws of Hong Kong) or the SFO.

IMPORTANT INFORMATION FOR RESIDENTS OF THE ISLE OF MAN

The Fund and any other products or services referenced in the presentation 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 presentation 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. 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.

IMPORTANT INFORMATION FOR 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"). This presentation, 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 presentation, 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 issuer 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; and (7) maintaining records of advisory/discretionary actions. By receiving this presentation 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 this presentation to the issuer. This presentation is not intended to serve, and should not be treated as Investment Advice or Investment Marketing. Accordingly, the content of this presentation 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 issuer 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 issuer does not hold a license or have insurance as required under the Investment Advice

Important Information

IMPORTANT INFORMATION FOR RESIDENTS OF JAPAN

This presentation 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 has been or will be made This presentation 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.

IMPORTANT INFORMATION FOR RESIDENTS OF JERSEY

The presentation relates to a private placement and does not constitute an offer to the public in Jersey to subscribe for the Shares. The Fund has no relevant connection with Jersey. No regulatory approval has been sought for any offer in Jersey.

IMPORTANT INFORMATION FOR RESIDENTS OF KOREA (SOUTH)

This presentation is not, and under no circumstances is to be considered as, an offering of securities in Korea. Neither the Fund nor any distributor may make any representation with respect to the eligibility of any recipients of this presentation under the laws of Korea, including but without limitation, the Foreign Exchange Transaction Act of Korea and the regulations thereunder.

IMPORTANT INFORMATION FOR 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) (the "CNBV"). The CNBV has not reviewed or approved these offering materials. This is not a public offering of securities in Mexico.

IMPORTANT INFORMATION FOR RESIDENTS OF MONACO

The Fund may not be offered or sold, directly or indirectly, to the public in Monaco other than by a Monegasque entity duly authorized by the Monegasque financial activities regulator (Commission de contrôle des activités financières - CCAF). Consequently, this presentation may only be communicated to such entities. These regulated entities may in turn communicate this presentation to potential investors.

IMPORTANT INFORMATION FOR RESIDENTS OF NEW ZEALAND

No Shares are offered to the public in New Zealand. 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.

IMPORTANT INFORMATION FOR RESIDENTS OF NICARAGUA

For purposes of the Nicaragua Capital Markets Law and rules issued by the Superintendencia de Bancos y de Otras Instituciones Financieras, any offer of the Shares does not constitute a public offer and includes Shares that are not registered with the Bank Superintendence. The information provided in the presentation has not been reviewed by any public or private entity in Nicaragua, in order to ensure that such information is complete, accurate and timely.

IMPORTANT INFORMATION FOR 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).

INFORMATION FOR RESIDENTS OF PARAGUAY

Este presentación y la información aquí contenida no constituye ni pretende constituir una oferta de valores y, por lo tanto, no debe interpretarse como tal. El presentación y cualquier otro producto o servicio al que se haga referencia en este presentación pueden no estar registradas en todas las jurisdicciones y, a menos que se indique lo contrario, ningún regulador o autoridad gubernamental ha revisado este documento o el contenido de los productos y servicios aquí mencionados. Este presentación y la información aquí contenida se ha puesto a disposición de acuerdo con las restricciones y / o limitaciones implementadas por las leyes y regulaciones aplicables. Este presentación se proporciona de forma confidencial solo con fines informativos y no se puede reproducir de ninguna forma. Antes de actuar sobre cualquier información en este presentación, usted se debe informar y observar todas las leyes, normas y reglamentos aplicables de cualquier jurisdicción relevante y obtener asesoramiento independiente si es necesario. Este presentación es para uso exclusivo del destinatario designado y no debe entregarse, reenviarse ni mostrarse a ninguna otra persona (que no sean empleados, agentes o consultores en relación con la consideración del destinatario).

Important Information

IMPORTANT INFORMATION FOR RESIDENTS OF PERU

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.

IMPORTANT INFORMATION FOR RESIDENTS OF PHILIPPINES

This presentation 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). Qualified buyers (as such term is defined in Subsection 10.1(l) of the Securities Regulation Code of the Philippines and its implementing rules) are advised that: THE SECURITIES BEING OFFERED OR SOLD HEREIN 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.

IMPORTANT INFORMATION FOR RESIDENTS OF SINGAPORE

The Fund and the offer of Shares of the Fund do not relate to a collective investment scheme that is authorized under Section 286 of the Securities and Futures Act, Ch. 289 of Singapore ("SFA") or recognized under Section 287 of the SFA, and such Shares may not be offered to the retail public. 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 Monetary Authority of Singapore for the purposes of the offer of shares made or intended to be made to relevant persons (as defined in section 305(5) of the SFA), or, the offer of shares made or intended to be made in accordance with the conditions of section 305(2) of the SFA. These materials do not constitute an offer or solicitation to anyone in Singapore or 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.

IMPORTANT INFORMATION FOR RESIDENTS OF TAIWAN

The Fund is 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 the Taiwan Rules Governing Offshore Funds. No other offer or sale of such products 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.

IMPORTANT INFORMATION FOR RESIDENTS OF THAILAND

The presentation 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 presentation may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority in Thailand has reviewed the presentation or the merits of the products and services referenced therein. The presentation 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 presentation is directed at and intended for institutional investors (as such term is defined in each jurisdiction in which the Fund is marketed).

IMPORTANT INFORMATION FOR RESIDENTS OF THE UNITED KINGDOM

For the purposes of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"), the Fund is an AIF and a collective investment scheme but not a recognised scheme. The marketing and sale of Shares in the Fund, and the communication of the [Marketing Material] and any other invitation or inducement to invest in the Shares, in the United Kingdom is restricted by law. The Fund has been qualified for marketing in the United Kingdom under Regulation 59 of the Alternative Investment Fund Managers Regulations 2013 of the United Kingdom (the "AIFM Regulations"). Accordingly, Shares will only be available for investment by, and the Prospectus is directed only at, persons in the United Kingdom who qualify as "professional investors," as defined under the AIFM Regulations. Investment in the Shares is not available to any persons in the United Kingdom who would qualify as "retail investors" within the meaning of the AIFM Regulations or the EU Packaged Retail and Insurance-based Investment Products Regulation (No 1286/2014) ("PRIIPs Regulation")), and such persons may not act or rely on any information contained herein.

IMPORTANT INFORMATION FOR 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.