Fund Research

KKR Global Credit Opportunities Fund (AUD)

Contents

Overview

The KKR Global Credit Opportunities Fund (AUD) (the 'Fund', the 'Trust', 'GCOF') is expected to be an Australian domiciled unlisted open-ended fund, providing investors exposure to illiquid, global alternative credit opportunities sourced through KKR's proprietary channels, with a primary focus on mispriced opportunities in the US. The portfolio consists of the Manager's highest conviction investments, aiming to provide both an income stream and capital appreciation over a full market cycle, predicated on opportunistic active security selection.

A conviction-based and relatively concentrated active strategy, across such a vast opportunity set requires significant resources to execute. In 2004, KKR launched KKR Credit, which now has a team of ~180 investment professionals as at 30 June 2022, covering ~1,600 issuers globally, with each analyst restricted to coverage of a specific sector rather than a generalist approach. To capitalise on such comparative advantage due to scale, KKR inaugurated the Opportunistic Credit Strategy which has a 15-year track record and GCOF will invest in accordance with, hedging back to Australian dollars.

The Fund aims to deliver an average return of 5-7% p.a. over the medium term pre-tax, net of fees and expenses. The Fund expects to invest predominantly in debt such as loans, bonds and alternative credit (exit loan facilities to companies in distress and non-performing loans), along with some exposure to structured equity and other equity-like investments, such as hybrid securities and convertibles.

Key Characteristics			
Fund Target Size^	$150 million	**BondAdviser Risk Score**	Very High
Subscription Price per Unit	$1.00	**Assessment**	**Recommended**
Minimum Investment* **	$100,000	**Outlook / Asset Classification****	Stable / Level 2
Fixed / Floating	Both	**Structure**	Unlisted Open-Ended Fund
Distribution Frequency	Monthly	**Sub-Asset Class**	Global Credit
Target Net Return	5-7% p.a.	**Responsible Entity**	Channel Investment Management Limited
Benchmark	50% S&P LSTA, 50% ML HY	**Administrator / Registrar**	Mainstream Fund Services Ltd
Inception Total Return	n/a	**Auditor**	Deloitte Touche Tohmatsu
Mgmt Fee* / Perf. Fee	0.90% / 0.00% p.a.	**Valuation Services**	Mainstream Fund Services Ltd

*^ Longer-term fund-raising target in excess of $1 billion. * Discounted to 0.65% per annum for cornerstone investors. The Responsible Entity is entitled to a 0.1045% fee which would be paid additional to the management fee. ** Level 1, Level 2, and Level 3 assets will be held. Level 2 selected as a midpoint. *** The Responsible Entity has discretion to accept amounts lower than $100,000.*

Product Assessment

Recommended

KKR Credit has proven through its impressive track record that it is able to do detailed due diligence and arrive at an informed conclusion ahead of the rest of the market – allowing the Fund to capture idiosyncrasies and generate alpha.

The KKR Global Credit Opportunities Fund (AUD) aims to **provide investors a robust income stream coupled with attractive capital appreciation over a full market cycle by investing opportunistically in both performing and stressed credit instruments across the ratings spectrum**. This specialised offering is attractive in that replication of such strategy is difficult for non-institutional investors, whom would have to directly obtain and manage exposure to a relatively concentrated portfolio of high-conviction, undervalued credits across loan, bond and securitisation markets.

Despite this being a new fund in Australia, the strategy has a 15-year track record with the key personnel from inception still present. The Credit Opportunity Strategy launched in May 2008, only a few months prior to the height of the global financial crisis (GFC). Since inception this USD strategy has delivered an annualised 10.1% gross return (as at 30/6/22) while the benchmark has returned 5.4%, reflecting the Portfolio Managers' proven ability to accurately price risk and take prudent active positions to capture such opportunities.

In order to identify these mispricings in the market, the Fund leverages off KKR's team of ~180 credit investment professionals, each covering a specific industry, conducting in-depth analysis across ~1,600 issuers. This is relatively favourable staffing (approximately nine names per professional) to ensure KKR's team are experts across the Group's whole sphere of coverage and can accurately price the components of each issuer's capital structure. When considering the existing strategy's track record in combination with the Fund's resources, **we have a positive view of KKR's investment capabilities**. While performing in the top decile against comparable high yield funds for shorter time frames, the strategy's 10-year return to 31 March 2022 ranks in the first percentile out of 180 rival funds.

The Fund offers investors exposure across the high yield credit spectrum (bonds, loans), structured products (asset-backed securities) as well as other equity-like investments such as hybrid securities, convertible debt, and CLO equity. The Fund provides capabilities for the use of derivatives. As part of the Fund's investment strategy, it will not participate in short selling. The Fund also seeks out distressed credit opportunities, providing exit loan facilities to businesses emerging from insolvency proceedings.

The Fund will not utilise leverage as part of its investment approach, however, may undertake financing to manage liquidity and meet short-term working capital requirements, or to satisfy margin requirements in relation to the Fund's foreign exchange hedging. It is expected that such a liquidity facility would not exceed 15% of the NAV when entered into.

Durability of cashflows and downside protection are the targeted themes for every asset in the portfolio. Typically in the US, traded credits that are misunderstood are priced out of favour, this in combination with the team's conviction and validation of those two key themes allow for KKR Credit to identify mispriced credits. Being able to do the necessary due diligence and arrive at that informed conclusion ahead of the rest of the market allows the Fund to capture idiosyncrasies and generate alpha.

GCOF is expected to sit towards the higher end of the risk spectrum with the majority of mispriced opportunities occurring in the more thinly traded, sub-investment grade universe. The Manager will not utilise leverage in the portfolio to increase returns but may do so for working capital or redemption purposes. The Fund will invest primarily in USD-denominated securities and exclusively in developed markets, with the Manager

The Fund Manager targets two key investment criteria for each opportunity presented to the Fund: durability of cashflows and downside protection.

noting that it has a specialised advantage in such areas. We are pleased to see the investment strategy not extend beyond the realm with which the Manager believes the Fund has established a comparative advantage, as investment in a class such as emerging markets would only add risk and deteriorate confidence in the strategy being able to successfully identify idiosyncratic opportunities.

Credit is a key risk for the Fund, both at the individual asset and the portfolio level, however we view KKR as having the necessary resources and processes in place to appropriately mitigate such risk. KKR's experienced default statistics point to this expectation, with the preservation of principal a clear highlight. **KKR has generally experienced defaults at less than half the level of the market for a given year while maintaining above-market recovery rates.** The annual recovery rates for the strategy are 65.3% compared to: (1) 39.9% for the high yield market (JP Morgan HY index), and (2) 60% and 22.8% for the first lien and second lien leveraged loan market respectively (JP Morgan Loan Index).

Illiquidity is also of note for unitholders as the Fund is open-ended with **monthly redemptions** completely at the discretion of the Responsible Entity. In an unforeseen event such as a downturn in financial markets, should the Responsible Entity consider it appropriate, it has the ability to suspend the consideration of redemptions. Given the underlying assets, we view such offered liquidity as being entirely reasonable.

We have established comfort in the Manager's performance, risk management framework and investment processes. Furthermore, and critical to our assessment is a proven track-record in managing the strategy when hedged to AUD – this has been derived from the domestic listed investment trust (ASX: KKC), which has an allocation into GCOF that is independently hedged from the other allocations. We note KKC in 2020 suffered material hedge-book losses, however subsequently appropriate changes to address shortcomings have been made. It is after this change in hedging strategy that the track record has been obtained, but in our opinion, this is appropriate given the new hedging strategy now near-mirrors the strategy that will be applied for this Fund – whereas the former strategy that suffered losses is not being implemented.

Our modelling on the portfolio of investments, which assumes full investment of funds raised in the IPO (post-ramp), indicates GCOF should be able to meet its target net return of 5-7% p.a. after fees and expenses. **We expect outperformance to the target over the next 24 months**.

Ultimately, we believe GCOF will offer specialised exposure to US sub-investment grade credit in conjunction with strong risk-adjusted returns via an opportunistic, high-conviction portfolio and assign an infrequently issued **Recommended** product assessment.

Investment Strategy & Performance

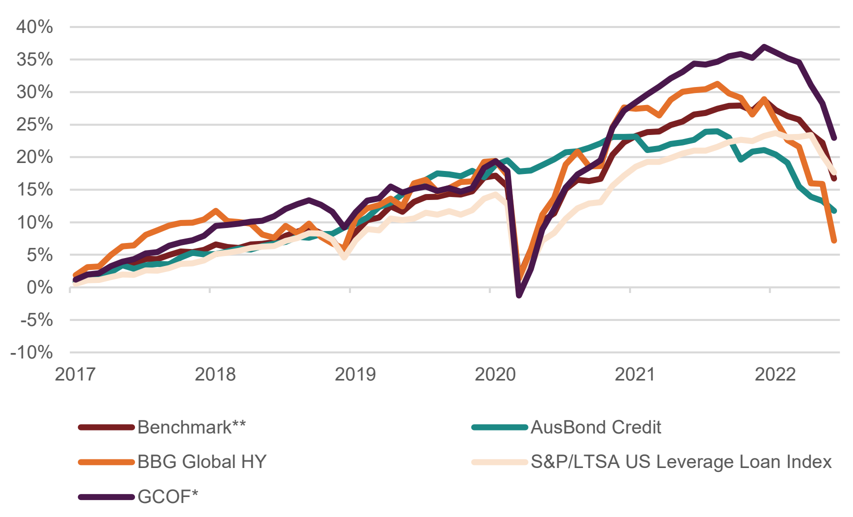
KKR's Global Credit Opportunities Fund (AUD) aims to achieve its investment objective through long-only investment into sub-investment grade credits. The Fund provides Australian investors with exposure to the USD-denominated GCOF strategy, hedged back to Australian dollars. This is particularly attractive to Australian investors who do not want to take on risk of unit price fluctuation experienced in listed funds.

The Fund will primarily invest across high yield credit (bank loans, bonds), as well as alternative credit products (structured products, distressed loans). GCOF's broad mandate allows it to also invest across equity (common and preferred stock) and equity-like products (warrants and mezzanine tranches of collateralised loan obligations), providing flexibility to achieve its medium-term target return. The Fund seeks to achieve attractive risk-adjusted returns through the market cycle with capital protection a focal point of the investment strategy. The Manager expects to produce an average total return of 5-7% p.a. over the medium term.

KKR Credit's opportunistic strategy is based on three fundamental pillars; (1) Detailed Credit Analysis; (2) Capital Preservation; and (3) Active Portfolio Management. The cornerstone of the Fund's strategy is the Detailed Credit Analysis, which is multi-layered. First a comprehensive fundamental evaluation of the company is undertaken, followed by analysis of the terms and structure of its debt and equity securities relative to its business risk, leading to a valuation of the investment opportunity. Capital Preservation focuses on the downside protection of the underlying positions and looks through mark-to-market volatility in favour of expected long-term returns. Active Portfolio Management combines the idiosyncratic opportunistic lens through which the portfolio is managed, with the integration of fundamental and relative value analysis given that market conditions and companies' credit quality continually change.

The Manager intends to utilise the knowledge and expertise of its team to tactically invest in a focused investment set of high-quality companies wherever the Manager sees value. GCOF's high conviction strategy seeks to balance fundamental and relative value opportunities across asset classes and take advantage of opportunistic investments as they arise, without bias to a specific asset class or seniority.

Figure 1. Relative Cumulative Performance

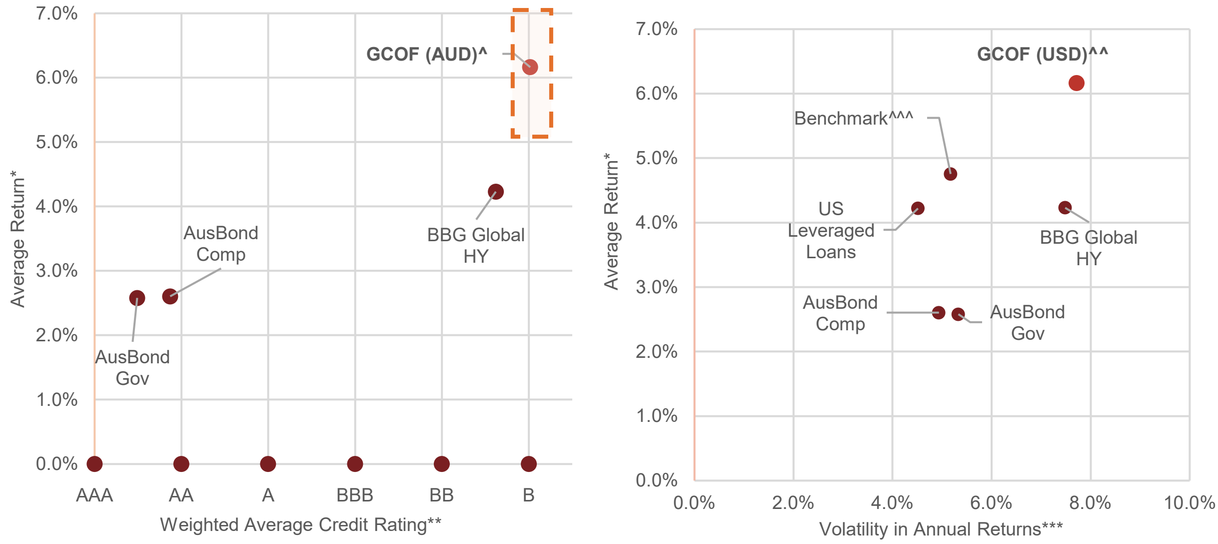


*Source: BondAdviser, KKR, Bloomberg. As at 30 June 2022. * GCOF (USD) calculated from net monthly returns. ** Benchmark is 50% LTSA and 50% BAML HY Master II.*

The US dollar denominated GCOF fund has shown to outperform against comparable indices since 2017, besting its benchmark, high yield indices as well as the AusBond Credit index over the time frame back to 2017. The Fund is expected to have largely the same composition, albeit **the Fund may invest in discounted units of the KKR Credit Income Fund (ASX: KKC)**, which in turn invests in KKR's European Direct Lending (EDL) strategy (as well as GCOF USD). This will result in the composition of GCOF (AUD) deviating from its counterpart; albeit it will likely only be a small deviation, given (1) the Fund can only allocate 20% to opportunistic investments, such as distressed credit, direct lending and investment into KKC shares, which implies a maximum 20% allocation to KKC, and (2) EDL makes up approximately 25% of KKC as at 31 March 2022.

The Manager's ability to tap KKR's large team of ~180 credit investment professionals, with sector and credit focused analysts (rather than a team of generalists), best allows for the Fund to identify, accurately value, and capture idiosyncratic investment opportunities as they arise. It is this portfolio construction and active management that differentiates GCOF from some of its peers. The Manager seeks to construct a portfolio of **60-80 core positions with strong conviction** behind each investment, while passive funds seek to replicate an index with a significantly larger number of holdings.

Figure 2. Estimated Risk-Adjusted Comparison^

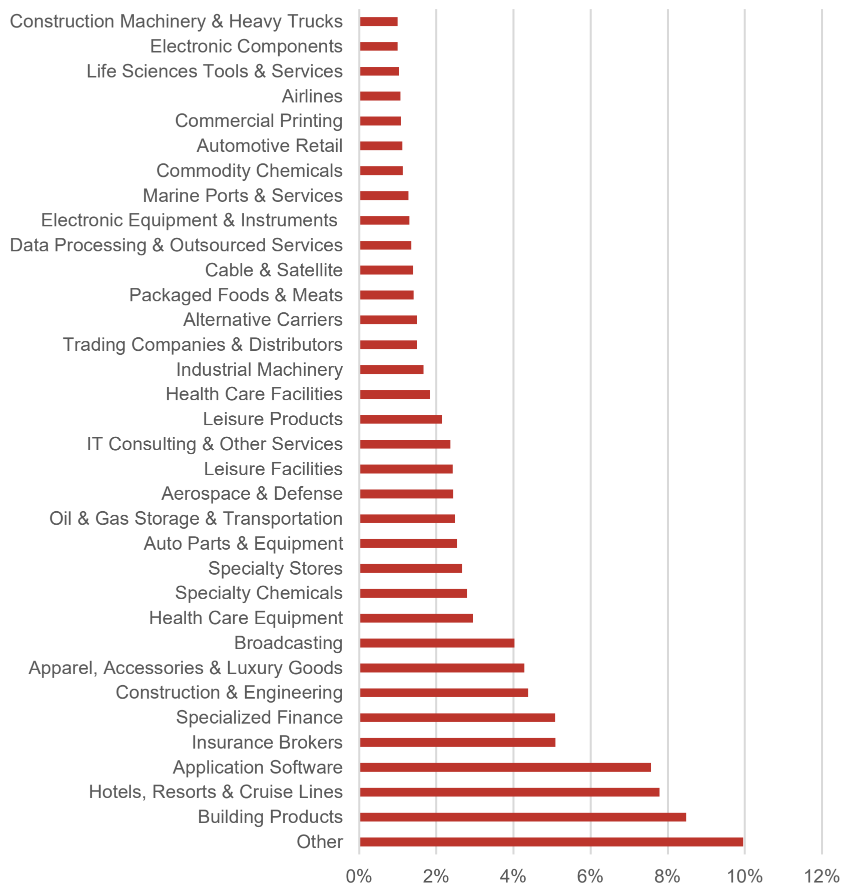


*Source: BondAdviser, KKR, Bloomberg. As at 30 June 2022. ^ GCOF (AUD) assumes the same returns as GCOF (USD) and is calculated from net monthly returns. * Average 5y returns calculated by annualizing monthly returns.** Credit ratings based on public ratings.*** BondAdviser estimate based upon target return and underlying portfolio. Data as at 30 June 2022. ^^ Volatility is calculated based on the 5y standard deviation of annualised monthly returns. ^^^ Benchmark is 50% LTSA and 50% BAML HY Master II.*

On a risk-adjusted basis, GCOF (USD) has provided strong after fee returns per unit of volatility against its benchmark and all other indices listed in Figure 2. Though not absolutely identical to the Fund given that GCOF AUD will require hedging and could be investing into discounted units of KKC (therefore causing a minor misalignment to its USD counterpart), GCOF AUD will likely follow suit in its risk-return profile.

The underlying portfolio is well diversified across a suite of sectors. Given the level of expertise of the KKR Credit team, as well as the sector-based focus of its analysts, we have confidence in the Manager's ability to identify attractive investment opportunities in its sectors of expertise.

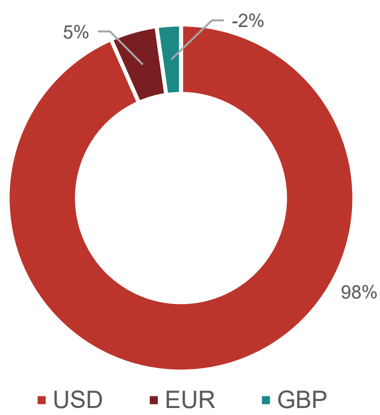
Figure 3. Portfolio Sub-Industry Breakdown*



*Source: BondAdviser, KKR. *Excludes cash and cash equivalents.*

On a sub-industry basis, the underlying portfolio spans over 50 categories. The largest sub-industry concentration is building products, with an 8.47% allocation. We note that allocations on a sub-industry basis are likely to change considering exposure is often dependent on where the Manager sees attractive value.

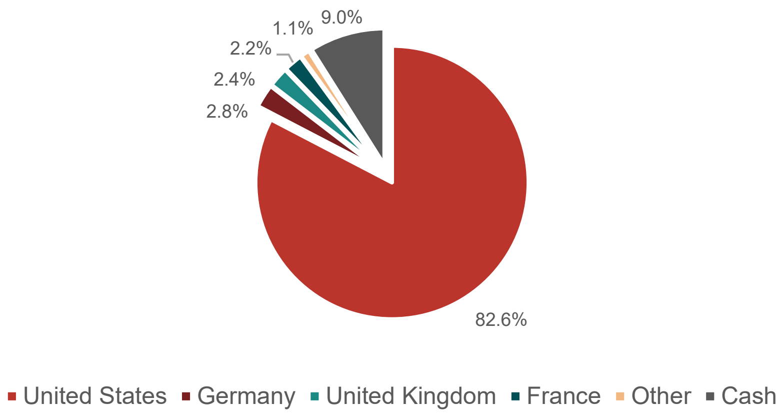
Figure 4. Currency Allocation



Source: BondAdviser, KKR.

Although the majority of the portfolio is expected to be invested in USD-denominated securities, with a minor exposure to the Euro, the Manager intends to hedge foreign currency exposure back to AUD. The Manager has also stated that whilst it does engage in derivative use for hedging purposes (both to hedge currency exposures as well as the potential for hedging sensitivity to interest rate risk), it does not intend to utilise derivatives for speculative purposes. When required, we also expect some use of derivatives to manage portfolio duration back to the desired level. KKR has established trading relationships with ~80 counterparties which alleviates concern the Manager would be unable to execute on derivatives positions if liquidity dried up – this is particularly important in the case of FX hedging counterparties.

Figure 5. Portfolio Diversification by Geography

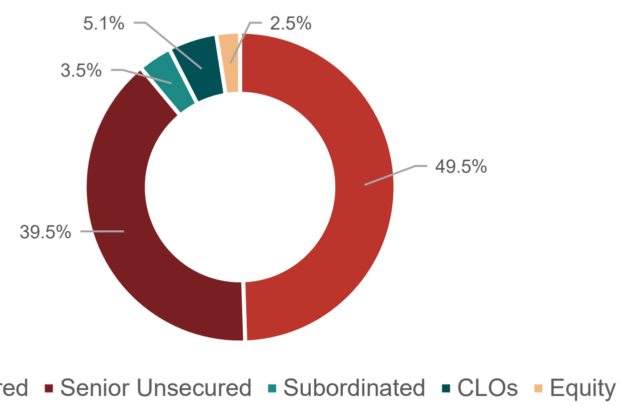


Source: BondAdviser, KKR.

The Fund is expected to be primarily allocated to senior ranking positions in the capital structure of its portfolio companies. Though the credit rating is indicative of the risk of default across securities, the seniority composition of the portfolio should be understood by investors as it provides insight into the rate of recovery across the portfolio in the event of default, as is well detailed in *Quantitative Analysis*.

Senior secured securities provide investors with capital protection in the event of default; investors are protected by seniority in the capital structure and also hold a residual claim to the security. As a result, for the instance whereby an issuer defaults, the expected losses on senior secured instruments are far less than securities that are subordinated with unsecured claims on the investment, as lower ranking positions in the capital absorb losses ahead of senior liens and commitments.

Figure 6. Portfolio Seniority Breakdown*



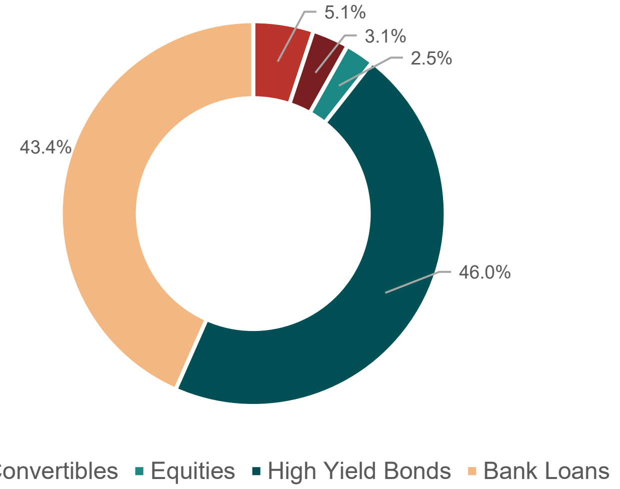
*Source: BondAdviser, KKR. *Excludes cash and cash equivalents. Weighted by market value.*

The Fund also has the capacity to hold asset-backed securities, namely Collateralised Loan Obligations (CLOs). These are structured credit investments, whereby the Fund provides financing that is secured by pools of assets.

These structured credit investments are split up into tranches by seniority and are allocated a credit rating which reflects their expected rate of recovery. GCOF is expected to invest in the more junior tranches, which are unsecured and therefore may have large losses in the event of default. This exposure is small and accordingly provides compensation in higher yields for the increased probability of capital loss in default scenarios.

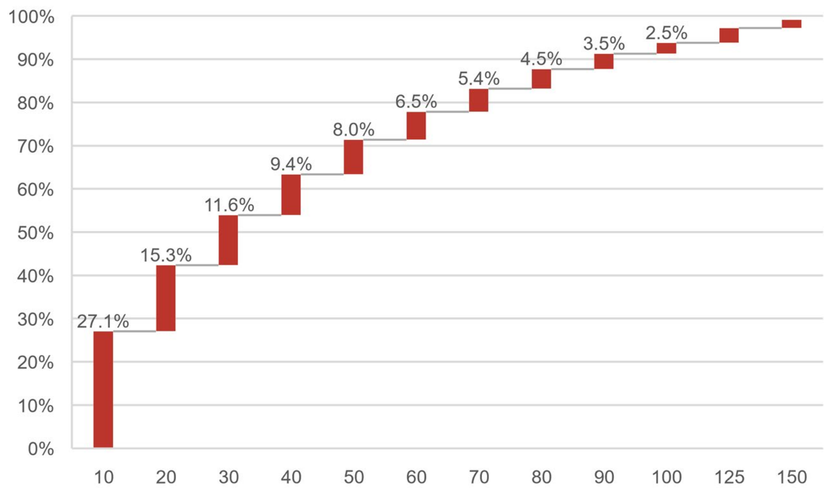
As part of its broad mandate, the Fund also has the ability to take on extra risk via equities exposure. Such exposure would be more likely be from a default or derived from a convertible position rather than buying equity investments. Again, we expect this to be a minority holding which could provide a higher return to the Fund, for what is a higher risk.

Figure 7. Security Classification Breakdown*



*Source: BondAdviser, KKR. * Excludes cash and cash equivalents. Weighted by market value.*

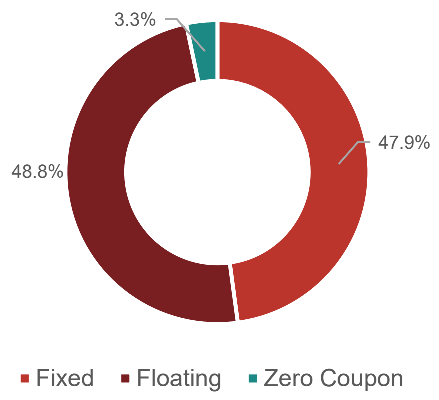
Figure 8. Portfolio Issuer Concentration



*Source: BondAdviser, KKR. As at 31 May 2022. * Excludes cash and cash equivalents.*

The Manager expects the portfolio to consist of 60-80 core positions. Whilst higher diversification across the number of issuers is preferable from a credit perspective given the negatively skewed return profile of debt investments, the portfolio's positions are carefully selected and monitored by KKR's highly diligent credit team. GCOF utilises a conviction-based strategy, focusing on a core number of lower-risk borrowers rather than being priced by markets, across sectors in which it is highly informed.

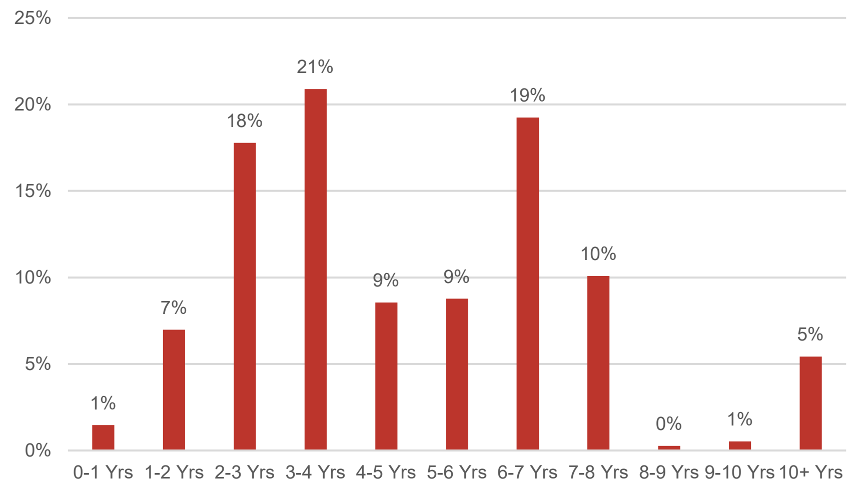
Figure 9. Portfolio Fixed/Floating Exposure*



*Source: BondAdviser, KKR. * Excludes cash and cash equivalents. Weighted by market value.*

The split between fixed and floating is expected to be roughly half, and exposures to zero-coupon securities will be through equity and equity-like securities. The Fund does not have a particular portfolio interest duration target, though the **interest duration is expected to range between 2-5 years**. In our opinion, it is now making sense to tilt portfolio exposure into fixed-rate exposure now that yields have risen, as there is no longer a need to reach for yield through higher credit spreads associated with riskier (in terms of credit quality) securities – albeit we recognise this strategy is relative value based, rather than carry, roll and hold based.

Figure 10. Portfolio Asset Maturity Breakdown



Source: BondAdviser, KKR.

Positive Risk Factors

Scale and Experience. KKR is one of the largest managers of traded credit globally. This Fund which will now be in an AUD-hedged and unlisted format has a 15-year track record with its key investment team members from inception still present. The Fund has the ability to draw on KKR's global liquid credit platform that boasts ~180 credit investment professionals covering ~1,600 issuers and managing US$178 billion as at 30 June 2022.

Broad Opportunity Set. GCOF's investment mandate is unrestricted by credit risk, capital structure positioning, sector, or interest rate exposure. This provides access to a greater investment opportunity set than a single sector or constrained risk strategy.

Distressed and Special Situations Avoidance. The Manager is confident in its ability to source enough mispriced high conviction trades to avoid distressed and overly complex situations. This is a current view predicated on economic uncertainty and we do note that stressed situation investments have previously been a feature of the Fund.

High Conviction. The Manager's utilisation of its sector-specialised credit analysts to identify idiosyncratic, mispriced investment opportunities across its coverage universe allows for the Fund to generate alpha through security selection versus that of a passive index.

Performance Track Record. KKR's Opportunistic Credit Strategy has a 15-year track record with annualised gross returns of 10.1% through the cycle (including downturns during the GFC, COVID, and the rate cycle of 2022). This is far in excess of GCOF's targeted 5-7% p.a. return. This track record speaks to only one of the strategies implemented by KKR's Credit Platform which was incepted in 2004.

Negative Risk Factors

Credit Risk. The Fund will be sub-investment grade on average, this means the empirical likelihood of default in the portfolio is higher. Deterioration in credit quality of underlying investments is a key risk that could result in a material decline in the NAV. This is especially pertinent noting the Fund does not have restrictions on exposure to speculative investments which are typically more susceptible to such weakening.

Liquidity Risk. Investment in units of GCOF have limited liquidity and redemptions are solely at the discretion of the Responsible Entity. In particular circumstances the Responsible Entity may also suspend consideration of redemption requests.

Interest Rates. Credit portfolios are exposed to adverse price changes caused by higher interest rates, albeit more so for fixed rate bond exposures. This risk can be mitigated by investment into FRN bonds and loans as well as active risk management through derivatives.

Adverse Selection. The credit research team at KKR aims to identify mispriced opportunities, meaning they are effectively aiming to oppose the opinion of all other market participants and invest on the basis that everyone else is wrong. Such contrarian attitude has the potential to work against KKR should its analysis be misinformed.

Derivative Operational Risk. While no issues are expected and the Fund does not intend to speculate using derivatives, the use of complex financial assets and structures to manage interest rate and foreign exchange risks does create risk from an operational and counterparty perspective.

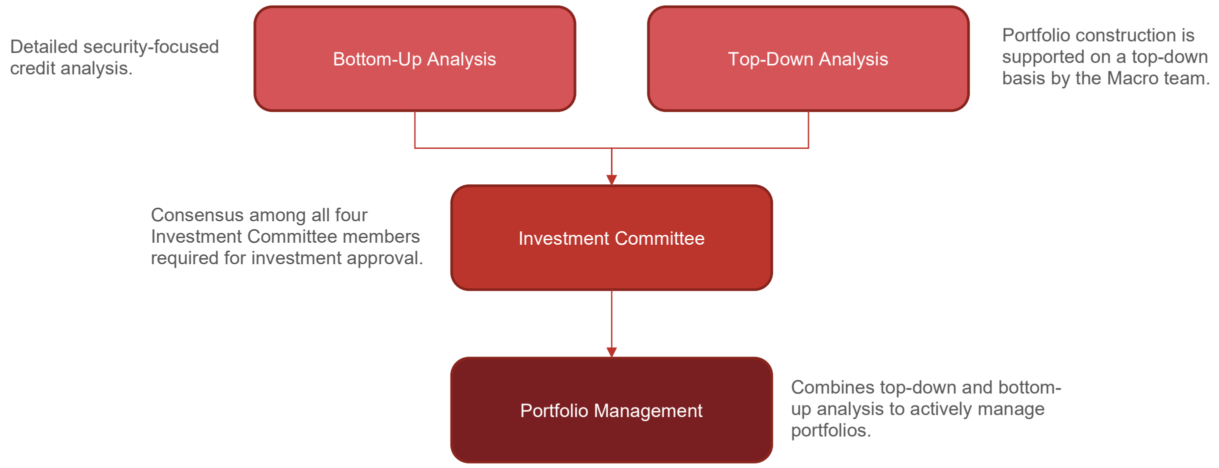
Construction and Investment Process

Each investment decision is based upon in-house fundamental credit research of individual issuers. KKR utilises both top-down and bottom-up analysis in its security selection, with the majority of GCOF's alpha generated through bottom-up security-based credit analysis. KKR analysts and portfolio managers regularly assess relative value opportunities across the spectrum of credit sub-asset classes. Further, each potential investment must undergo stress-test analysis to be eligible for approval for selection.

The Fund will be managed by KKR Australia Investment Management. Chris Sheldon leads as the primary portfolio manager for the Fund and is supported by several members of senior management. Portfolio managers Chris Sheldon, John Reed, Jeremiah Lane and Terry Ing are all also members of the Leveraged Credit Investment Committee that meets twice weekly with the ability to meet on an ad-hoc basis. Each investment decision made requires consensus among all members of the Investment Committee. As part of its research process, KKR also meets with company management when a deal is brought to market, and engages in regular meetings with management once invested.

In support of its investment decisions, KKR holds daily meetings to review news surrounding markets, new economic data, along with company and industry specific news. Each investment is rigorously screened through multiple IC meetings each week, sense checking the due diligence done, including the modelling of upside and a comprehensive downside scenario analysis. A considerable number of other leveraged credit meetings are conducted to discuss themes not limited to market and sectoral themes, risk management and potential trade ideas.

Figure 11. Investment Process

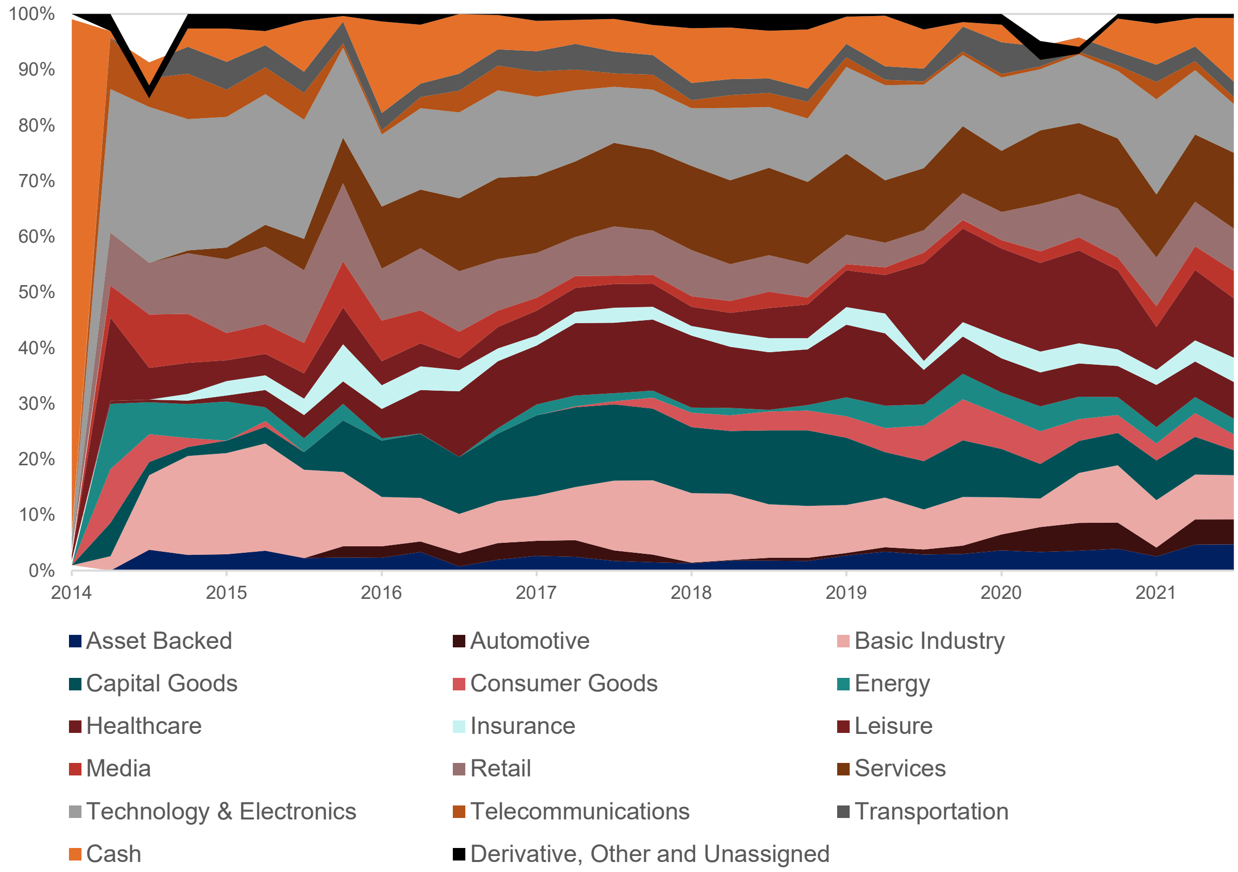


Source: BondAdviser, KKR.

The Fund will be actively managed, and focuses on intensive, bottom-up credit analysis, combined with research on a top-down basis from the macro team to help guide investment decisions across sectors. The analysis conducted by the KKR Credit team leverages the resources made available by KKR to effectively capture relative value across the capital structure.

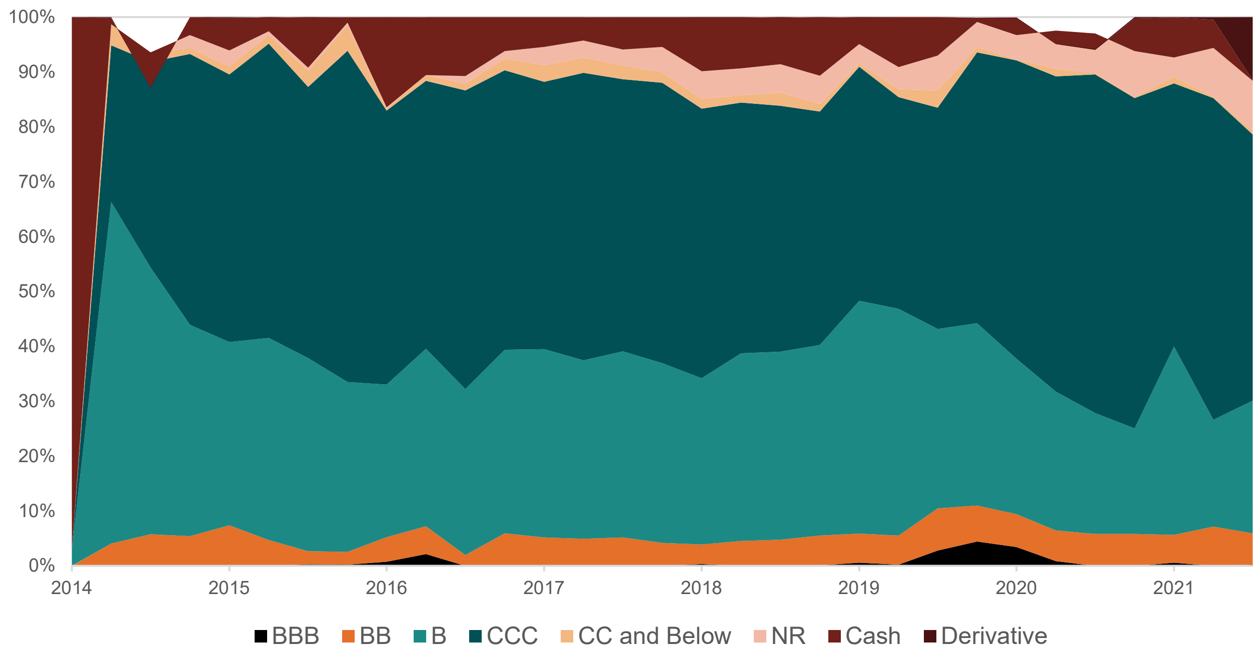
The Fund does not have any sector constraints or formal sector allocations (though as seen below in Figure 12, the Fund does monitor sector concentrations and has historically maintained broad diversification). Sector exposures are largely the result of finding value on a bottom-up security analysis, with support on a top-down basis from the macro team.

Figure 12. GCOF Sector Allocations Through Time



Source: BondAdviser, KKR. May not fill to 100% due to negative (short/borrowing) positions.

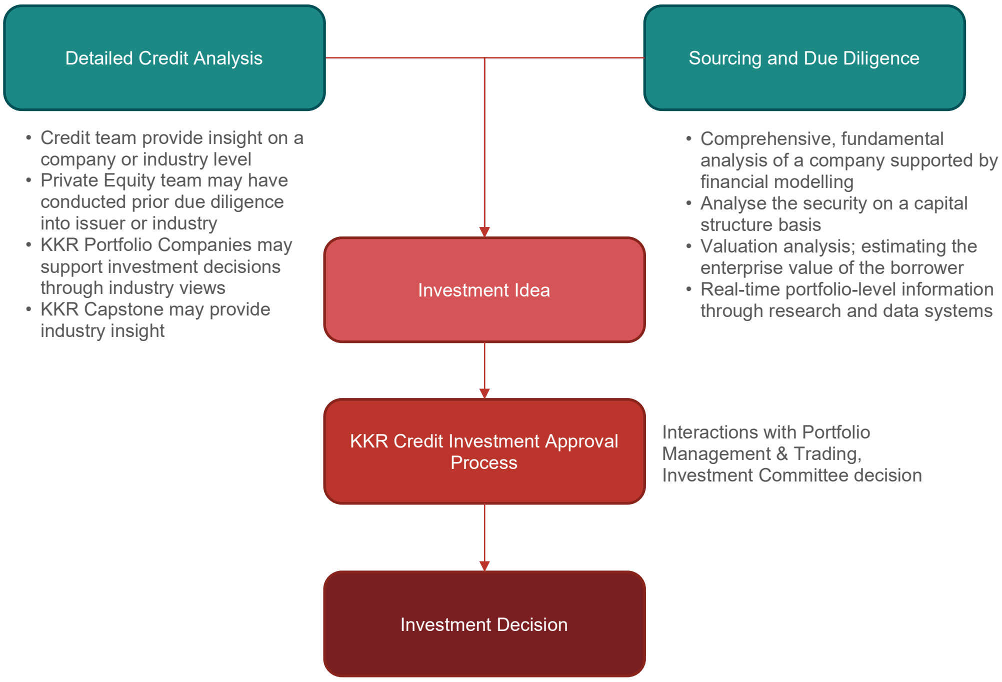
Figure 13. GCOF Rating Allocations Through Time



Source: BondAdviser, KKR. Credit rating based on KKR data. May not fill to 100% due to negative (short/borrowing) positions.

The broad mandate of the Fund allows GCOF to tactically allocate without bias to a particular sector, asset class or seniority, wherever it sees best value. Consequently, the portfolio construction is likely to vary over the course of a market cycle.

Figure 14. Investment Selection Process



Source: BondAdviser, KKR.

Environmental, Social and Governance (ESG)

While the Manager generally takes into account labour standards or environmental, social or ethical considerations as part of its due diligence process, there is no predetermined weight given to ESG considerations when evaluating an investment opportunity for the Fund, nor are there any restrictions on the industries the Fund may be exposed to.

Portfolio Risk Management

Our assessment of risk management considers credit, liquidity and operating risks along with currency and interest rate risk. We view effective risk management to be critical to success given the asymmetric nature of credit investments. As well as our qualitative assessment of risk, we simulate various scenarios to test the performance of the portfolio under different conditions in our *Quantitative Analysis* section.

Composed of several risk managers, KKR's Portfolio Construction and Quantitative Insights team works alongside KKR's Global Macro team, covering and assessing risks pertaining to markets, economies, currencies, and rates. The team provides Quarterly Portfolio Construction reports to Portfolio Management Committees, which comprise numerous portfolio risk analytics and recommendations surrounding portfolio positioning. KKR also has a risk technology platform – an automated system for standardised market risk reporting, providing various risk analytics that can be used in portfolio construction. In this way, the Manager effectively and actively assesses risks pertaining to the Fund.

While the majority of the Fund is valued by third parties, it is exposed to valuation risk as the Fund may invest in securities without readily observable market values. The Responsible Entity has engaged the Administrator to determine the fair value of these assets using internal pricing models in accordance with the Fund's Constitution and Australian Accounting Standards. Consequently, upon attempting to sell the illiquid securities, the fair value price determined by the Administrator may not be realisable.

As GCOF invests in thinly traded and illiquid alternative credit opportunities, the Responsible Entity has the ability to suspend the consideration of redemption requests where redemptions are not possible, or where the Responsible Entity believes it is not in the best interests of unitholders for the redemption requests to be processed. Whilst this is not a likely scenario, it is a risk investors must be aware of. The Manager is confident that it will have no issue in meeting redemptions as they are required. In this regard we further note the working capital facility can be utilised to support the payout of redemptions.

Whilst the Fund does expect to hold exposures across countries within Europe, the Manager intends to avoid exposure to emerging markets and geo-politically at-risk countries.

We also recognise operating risk is always present and consider this in our assessment of the Fund. KKR has an Operational Risk Committee with the purpose of monitoring and providing transparency into operational risks.

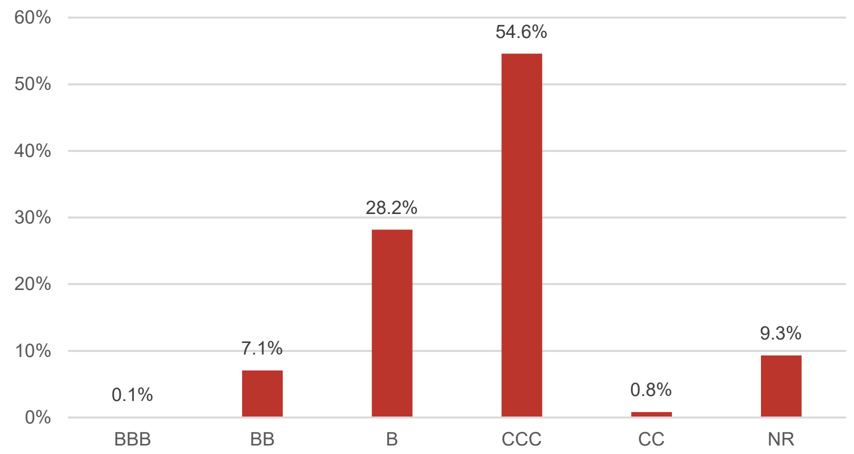
The Fund also has the capacity to invest up to 20% into opportunistic-type investments – which includes the aforementioned KKC. Despite GCOF being an unlisted fund, this exposure, although likely to be minor relative to the entire portfolio – exposes investors to unit price volatility of ASX LITs. This may lead to unfavourable impacts on the Fund, though the Manager intends to invest in units of KKC while it trades at discount, possibly capturing gains from mispricing of the listed income trust.

Credit Risk

Given the asymmetric nature of credit investments, capital preservation is an essential component to KKR Credit's strategy in managing investments. As part of its investment objective, the portfolio mix is weighted heavily towards below investment grade securities, with the **highest proportion by market value exclusive of cash being CCC, with a 54.6% exposure**. The Manager seeks to capture potential misallocation of credit ratings at the lower end of the credit rating spectrum by rating agencies through extensive due diligence. This inherently creates high levels of credit risk as the investment thesis is contingent on accurately assessing the risk of issuers priced by the market as being of the lowest performing credit quality.

GCOF intends to invest in a concentrated number of investments, employing a high conviction strategy across numerous sectors of which KKR Credit have extensive knowledge. Portfolio concentration accentuates credit risk as high single name exposure raises the value at risk for an individual default.

Figure 15. Portfolio – Credit Rating Exposure^



Source: BondAdviser, KKR. ^ Average credit rating based upon S&P and Moody's ratings. Weighted by market value and excludes cash.

Though the Fund is expected to be invested in relatively illiquid sub-investment grade securities, the underlying Fund holds a 51% exposure to senior secured instruments. These instruments provide protection in downside scenarios, as recovery rates are typically higher. That said, the underlying Fund is also expected to hold a 38% exposure to senior unsecured instruments, which may put the Fund at risk in downside scenarios as although they have a senior claim on residual assets, the claim is not backed by pledged and perfected collateral.

Investment into senior and secured instruments across a diverse range of sectors helps mitigate credit risk. Due to a sector agnostic portfolio construction, concerns of sectoral concentration also stand to increase the value at risk related to industry specific downturns.

As previously touched on, the Fund seeks to mitigate credit risk by leveraging the depth of knowledge and experience across the Firm and through diligence of other in-house teams. In doing so, the Manager seeks for inconsistencies between KKR's and third-party research and acts on contrarian views to all other market participants. This potentially exposes the Fund to increased credit risk as the Manager holds a more optimistic view on an issuer's credit profile than may be the reality.

Interest Rate Risk

The Fund also is exposed to interest rate risk, which may be managed through interest rate derivatives. Though interest rate risk is carefully monitored, there are no restrictions on duration levels of the Fund. The portfolio duration is expected to range between 2-5 years, though there is no strict duration limit. The Manager may choose to use derivatives to manage interest rate risks at its discretion.

Liquidity Risk

Liquidity risk comprises two elements: Fund Liquidity; and Portfolio Liquidity.

Fund Liquidity

GCOF will be an unlisted fund, and consequently, Fund liquidity will not be provided as frequently as an ASX-listed Fund which is traded intra-daily on the secondary market. Investors can make redemption requests whenever the Fund is liquid. The Fund manages redemptions on a monthly basis given five business days notice (though is subject to liquidity). As such, there is no form of daily liquidity provided by the Fund, and although this is not an uncommon feature in funds, it is a risk investors should be aware of.

However, if the Fund is deemed to be illiquid, redemptions may only be accepted in accordance with a withdrawal offer made by the Responsible Entity. The Responsible Entity may choose to limit the number of withdrawals under particular circumstances, which includes wherein there are sudden or unexpected falls in the value of assets held by the Fund.

GCOF may also borrow, to levels which are expected to be around 15% of the Fund's NAV (at the point in time the facility is entered into), through short term borrowings to manage redemptions if necessary.

Portfolio Liquidity

The Fund invests primarily in assets which are thinly traded or relatively illiquid, and have further indirect exposure to private, illiquid loans through investment in KKC. If the Fund chooses to exit such securities at times where the market is illiquid, it may be forced to sell at unfavourable prices. Though given the nature of the Fund is conviction based with a concentrated number of investments, we would not expect frequent moves in and out of illiquid positions unless necessary.

We would consider the liquidity risk to investors to be high when there is extreme distress (and subsequently illiquidity) in the market. As a result, the Fund may not be able to realise the intrinsic value of an illiquid investment if it chooses to exit its position in times of market distress.

The Fund may also be exposed to illiquidity within the underlying portfolio, through (1) the inability to dispose of certain assets for some length of time legally or contractually, (2) the holdings of certain securities with no established market.

Currency Risk

Given the Fund is AUD denominated that invests in foreign debt, structured and equity-like investments, there is exposure to currency risk which is intended to be hedged through the use of derivative instruments. The Manager does not intend to speculate on currency risk – only using derivative instruments solely for the purpose of hedging.

Though the Fund intends to hedge back to AUD, it may be exposed to some currency risk where a derivative hedge is either (1) not available, or (2) not cost effective. The Fund may at times hold unhedged investments, thereby exposing the Fund to currency risk. Where this is the case, deterioration in the value of the unhedged currency will result in unfavourable impacts on the value of the Fund.

KKR has multiple hedge counterparties, which will be favourable in minimising counterparty risk. The Fund also seeks to avoid companies that have material unhedged commodity risk.

Fund Governance

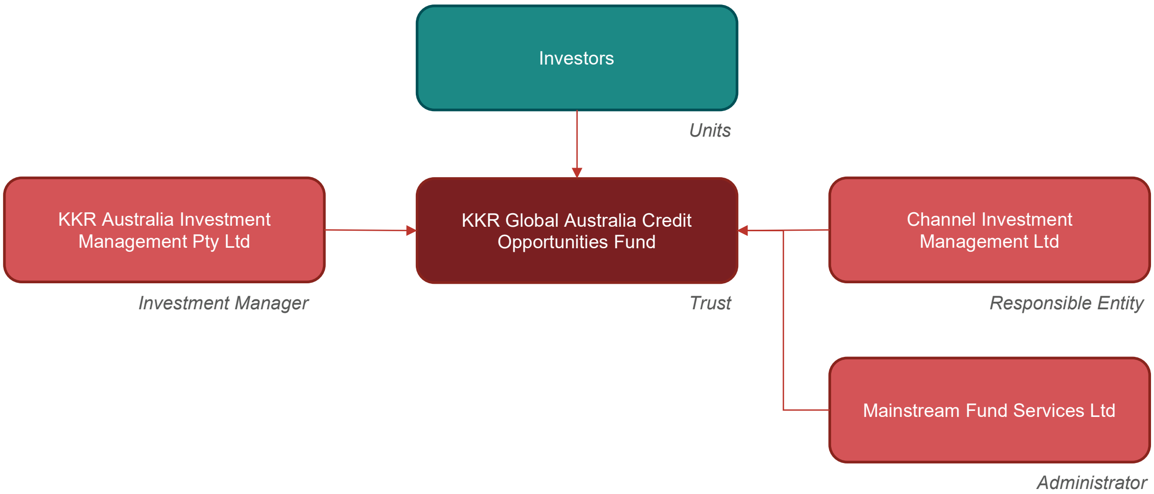
The KKR Global Credit Opportunities Fund (AUD) is expected to be an Australian-domiciled unlisted open-ended fund structured as a unit trust and has been registered with ASIC as a managed investment scheme (MIS).

Channel Investment Management Limited (CIML) is the Responsible Entity of the Fund. As the Responsible Entity of the Fund, CIML is responsible for the operation of the Fund, which includes issuance of Units, day-to-day operations, and the management of redemptions. As the Responsible Entity, CIML is legally responsible to Unitholders for the operation of the Fund. The RE is entitled to a fee of 0.1045% p.a. of the NAV of the Fund and is expected to be paid out of the Fund's assets monthly.

The Responsible Entity has appointed Citi to act as Custodian of the Fund, who is responsible for holding assets on behalf of the Fund. Deloitte Touche Tohmatsu has been selected as the Auditor of the Fund.

Mainstream has been appointed by the Responsible Entity as the Administrator of the Fund. As the Administrator of the Fund, Mainstream determines the NAV and unit price on a monthly basis. In accordance with the Fund's Constitution and Australian Accounting Standards, the NAV is expected to be calculated by subtracting the Fund's liabilities from the total value of its assets, which is inclusive declared but unpaid dividends.

Figure 16. Legal Structure of Investments

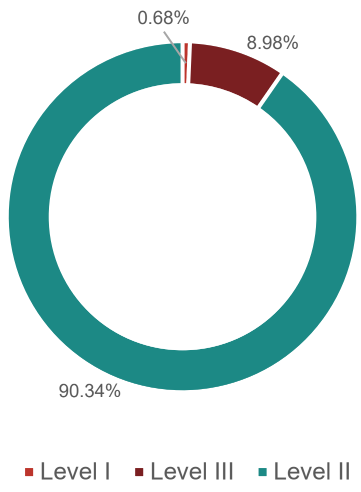


Source: BondAdviser, KKR.

The Fund intends to pay distributions on a monthly basis after the ramp-up period. During the ramp-up period (expected to be approximately three to four months, though contingent on market conditions), the Fund may not pay distributions.

The Fund will report on both an interim and annual basis, with the financial year ending 30 June. Both the half and full year financial reports are audited by Deloitte.

Figure 17. Portfolio – Fund Level Valuation Allocation



Source: BondAdviser, KKR.

The bulk of the portfolio is expected to be weighted towards assets with a Level II valuation (90%) – these are assets with observable prices, though do not qualify to be within the Level 1 category (for example, it is not traded on an exchange). 9% of the portfolio is allocated towards assets that are valued within the Level III category. These assets do not typically have observable prices and therefore are subjectively priced based upon valuation models, and therefore are at highest risk of misestimation of fair value. We note however that this is not a major concern considering the small exposure to Level III securities.

The Administrator will determine the fair value of the assets in its valuation using internal pricing models and will do so accordingly with the Responsible Entity's valuation policies and procedures. Having an external Administrator in Mainstream is best practice in preventing a conflict of interest type scenario in valuing illiquid securities.

There is risk of conflict of interest if the Fund is invested in a debt security within a company, while KKR's private equity team is invested in the equity of the same company. The interests of debt and equity investors are not necessarily well aligned – especially in distressed scenarios. Policies are set in place to limit conflict of interests between the two teams; KKR Credit may not be allowed to be an active investor in a portfolio company (which is defined as holding more than 20% of any debt tranche).

The Fund also has the ability to purchase units of KKC. In this case, the manager of KKC appoints an independent manager who is responsible for determining the value of the Fund's investment in units of KKC.

Quantitative Analysis

Our Quantitative Analysis is designed to test the underlying portfolio under a baseline and stressed scenario to give an indication of the performance of the underlying assets under normal and adverse conditions. This analysis is based upon historical jump to default (JTD) probabilities, as well as the recovery rates across security types.

To quantitatively evaluate the expected future performance of this investment strategy, we have adopted the CreditMetrics framework, which attempts to model credit migrations, including JTDs, that directly impact the valuation of the Fund. Based on historical and estimated fair value yield curves, we can revalue each individual holding for each derived credit rating, which is intended to simulate the likelihood and severity of deterioration in security values, as would be expected as part of the valuations process. The core of the analysis, however, is determined by the probabilities of a JTD and the ultimate recovery given default (loss given default, LGD). Our analysis places no limit on adverse credit migration to model a possible worst-case scenario for investors.

Our first scenario models the portfolio under a benign scenario, reflecting the JTD and mark-to-market losses experienced historically under normal economic conditions during 2018. The migration rates listed in Tables 1 and 2 are reflective of the probability of an issuer (Table 1) or securitised vehicle (Table 2) moving from its current credit rating over a one-year period. Although the investment horizon of the Fund is more than one year, limiting the migration outlook to one year aims to limit the uncertainty of input variables.

Table 1. Benign Bond Migration Rates* (2018)

FROM\TO	AAA	AA	A	BBB	BB	B	CCC	Default
AAA	**96.1%**	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AA	0.3%	**94.1%**	3.8%	0.4%	0.4%	0.4%	0.3%	0.3%
A	0.3%	3.8%	**89.9%**	4.2%	0.6%	0.5%	0.4%	0.4%
BBB	0.0%	0.0%	3.6%	**92.4%**	2.2%	0.4%	0.8%	0.5%
BB	0.0%	0.0%	0.2%	7.7%	**80.1%**	6.3%	3.0%	2.6%
B	0.0%	0.0%	0.3%	1.5%	6.8%	**79.2%**	7.9%	4.2%
CCC	0.0%	0.0%	0.4%	2.2%	2.3%	7.0%	**79.5%**	8.7%

Source: BondAdviser, Moody's.

Table 2. Benign Securitised Asset Migration Rates* (2018)

FROM\TO	AAA	AA	A	BBB	BB	B	CCC	Default
AAA	**99.8%**	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AA	8.3%	**90.7%**	0.8%	0.1%	0.0%	0.0%	0.0%	0.1%
A	2.0%	10.4%	**85.9%**	1.1%	0.3%	0.2%	0.0%	0.0%
BBB	0.7%	2.1%	8.1%	**86.7%**	1.9%	0.3%	0.1%	0.1%
BB	0.0%	0.4%	0.9%	7.1%	**87.9%**	2.9%	0.6%	0.2%
B	0.0%	0.1%	0.2%	0.9%	6.3%	**88.1%**	3.7%	0.8%
CCC	0.0%	0.0%	0.0%	0.0%	0.1%	9.1%	**85.3%**	5.4%

Source: BondAdviser, Moody's.
** Adjusted to account for withdrawn ratings.*

In the 2018 modelling, for each rating rank and for most of the portfolio, an instrument's credit rating is likely to remain static over the modelled timeframe, with some probability of an adverse movement. This highlights that credit ratings are negatively skewed, which is amplified for loans in our analysis, by explicitly eliminating any probability of a ratings increase, given for the infrequency that loans are revalued upwards of par. The basis here being that a loan would be refinanced should the credit quality of the borrower improve. Our analysis builds on the principles behind Merton's structural credit model to randomly generate a series of credit ratings in one year's time. This is based on stochastic principals and no Gaussian (normal distribution) assumptions are made. To focus on credit, asset returns are derived from coupon and fee income, credit rating migrations and loss given default. Impacts of duration and liquidity are explicitly ignored.

The majority of the portfolio have external credit ratings assigned by S&P and Moody's, and for the small number of securities without a public credit rating, we have assigned a proxy rating based upon US corporate yield curves. For equities, we assign a CCC rating to reflect the higher risk against credit instruments.

We simulate 10,000 outcomes (on an individual security basis which is aggregated for the portfolio) for each scenario, and each asset is assigned an end credit rating defined randomly by the migration probabilities. Mapping valuation changes, or loss given default, to these hypothetical states, allows us to derive a probability distribution of portfolio valuation. The revaluation overlay allows us to estimate (realised in a JTD event but otherwise unrealised) mark-to-market losses over a one-year horizon. The primary driver of our scenarios is contingent on credit migration probabilities and LGD rates.

Downward revaluations of an asset will directly impact the Fund. This decision can be subjective and binary which makes it difficult to model with respect to credit risk. Most high yield bonds and CLOs have public credit ratings, and the majority of loans are syndicated or club-like in nature. As a result, we revalue assets upon migration to all credit rating bands. This reflects respective valuation policies of the underlying Fund. We assume that loans do not face an upwards migration.

Table 3. Recovery Rate Inputs (Bonds and Loans)*

	1970 - 2019 Average	GFC Scenario	Benign Scenario
First Lien Loans	77%	70%	77%
Senior Secured^	59%	43%	60%
Senior Unsecured^	43%	27%	44%
Subordinated^^	32%	22%	33%
Equity**	10%	5%	15%

Source: BondAdviser, Moody's, S&P.
** Individual recovery rates will vary, based on a simulated random variable utilising a beta-distribution, using mean and variance parameterisation.*
*** Not empirically based, standardised across all BondAdviser QA testing as a punitive input. Constant standard deviation of 10% used for equity.*
^ Based on bond recoveries only.
^^ Based on bond and loan recoveries.

Table 4. Recovery Rate Inputs (RMBS and ABS)*

	Benign	GFC
AAA	42%	33%
AA	9%	6%
A	7%	10%
BBB	13%	4%
BB	13%	3%
B	16%	4%
CCC	15%	2%

Source: BondAdviser, Moody's, S&P.
** Individual recovery rates will vary, based on a simulated random variable utilising a beta-distribution, using mean and variance parameterisation.*

The orange (gross return) curves in Scenarios 1 and 2 illustrate the offsetting impact that interest payments have against credit migration losses. When an individual asset adversely jumps to default in any single scenario, we assume no interest payments are made. In evaluating a recovery value in a JTD event, we simulate a random variable utilising a beta-distribution. Distributions vary by seniority and are constructed using largely historical data (Tables 3 and 4).

Table 5. GFC Bond Migration Rates* (2009)

FROM\TO	AAA	AA	A	BBB	BB	B	CCC	Default
AAA	**64.9%**	35.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AA	0.5%	**71.6%**	23.3%	1.9%	0.9%	0.7%	0.7%	0.5%
A	0.6%	0.9%	**80.9%**	13.6%	1.2%	1.3%	0.7%	0.8%
BBB	0.0%	0.1%	1.3%	**87.8%**	6.5%	1.5%	1.3%	1.6%
BB	0.0%	0.0%	0.2%	4.8%	**72.5%**	14.3%	3.1%	5.1%
B	0.0%	0.0%	0.2%	1.0%	3.9%	**69.4%**	15.9%	9.7%
CCC	0.0%	0.0%	0.3%	1.4%	1.4%	9.0%	**52.2%**	35.8%

Source: BondAdviser, Moody's
** Adjusted to account for withdrawn ratings.*

In our modelling, we assume that all there are no undrawn committed facilities, and all funds are deployed. The resulting implication of this scenario is that there is no cash anchor impacting the returns of the modelled portfolio, which reduces both returns as well as losses incurred by the modelled portfolio.

Table 6. GFC Securitised Asset Migration Rates* (2009)

FROM\TO	AAA	AA	A	BBB	BB	B	CCC	Default
AAA	**73.9%**	7.2%	6.3%	5.3%	2.8%	1.7%	2.7%	0.0%
AA	1.0%	**55.5%**	7.3%	5.7%	4.8%	8.0%	11.6%	6.2%
A	0.3%	0.9%	**58.9%**	7.7%	4.8%	6.4%	8.2%	12.9%
BBB	0.1%	0.1%	0.8%	**55.4%**	5.5%	6.3%	5.8%	26.1%
BB	0.1%	0.0%	0.1%	0.7%	**54.7%**	3.8%	2.2%	38.6%
B	0.0%	0.0%	0.0%	0.1%	0.2%	**45.7%**	0.0%	54.0%
CCC	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	**0.0%**	99.9%

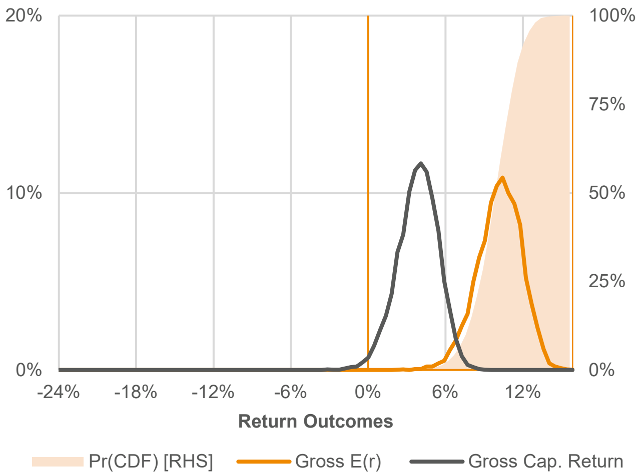
Source: BondAdviser, Moody's.

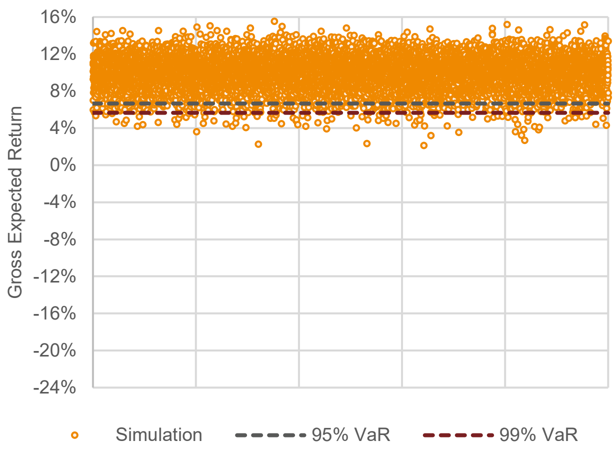
The underlying portfolio is well diversified across over 170 issuers and is in excess of 250 individual securities. Although there are larger concentrations amongst individual issuers in excess of 2% (with one issuer being over 4% of the market value of the portfolio), the average exposure across the portfolio is approximately half a percent. The result of this is a smooth distribution outcome in our simulations.

Scenario 1 models the baseline scenario, which reflects the set of modelled expected returns of the portfolio under normal economic conditions. Under the benign scenario, we input an 8.7% jump to default rate for CCC rated bonds and loans, contrasted with a 5.2% JTD for securitised bonds. The portfolio performs exceptionally well, with the minimum gross return being 2.15%, and no losses modelled throughout all simulations, as well as an average portfolio return across the 10,000 simulations being 9.95%.

The VaR (Value at Risk) is a risk management tool, which makes a probabilistic estimate of the chance the portfolio will achieve a certain return. Under Scenario 1, our modelling yields a gross 99% and 95% VaR of 5.65% and 6.65%, respectively. This is a sound performance under benign conditions and this is reflective of the elevated proportion of high yielding (sub-investment grade) credit, which typically provides greater upside than higher-grade securities under normal economic conditions.

Scenario 1. Benign Asset Assessment (2018 Data)





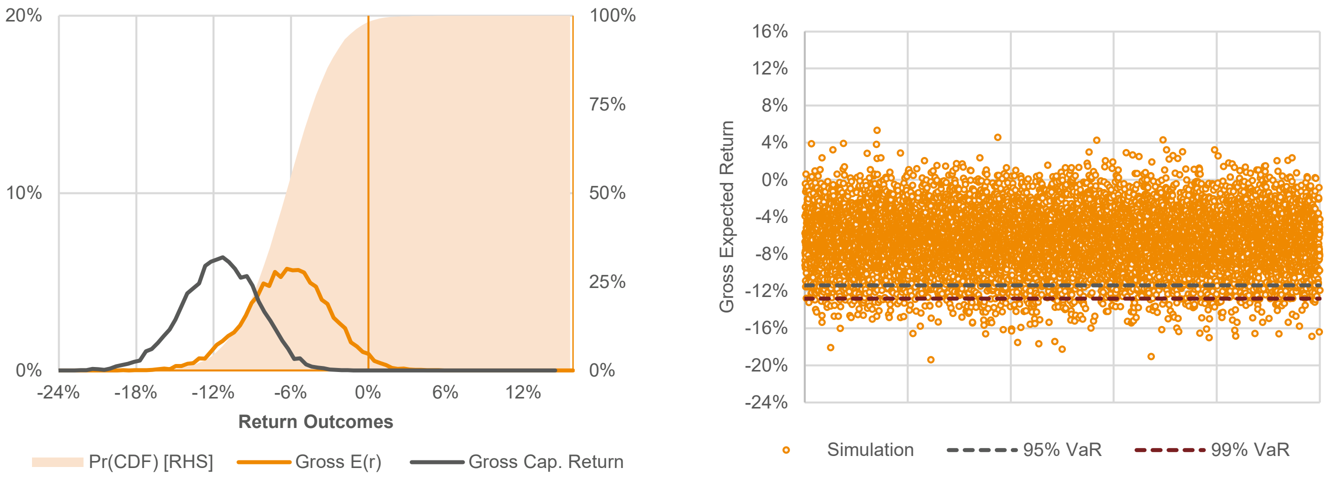
Source: BondAdviser Estimates. Excludes impact of management fees. Gross capital returns excludes the value of coupons/income and is only modelling impairment or loss given default, based on historical credit data from Moody's.

Under the distressed scenario, we model the portfolio under the same assumptions, though using migration and recovery rates during 2009, which was the worst year for global corporate default rates.

Tables 5 and 6 display the migration rates inputs used for bonds and loans and securitised assets during the GFC, respectively. The migration rates used of course are far harsher than the benign scenario; JTD rates used for CCC-rated bonds and loans is 35.8%, and 99.9% for CCC-rated securitised assets. Across both tables, the migration and recovery rates during the GFC are noticeably worse than the benign scenario.

Scenario 2 models the portfolio under stressed conditions. The impact is noticeably clear; the portfolio performs poorly due to higher holdings of unsecured, sub-investment grade securities. Under our modelling, 98.2% of the 10,000 simulations return a loss, with the 99% and 95% VaR being -12.81% and -11.38% respectively, and the average expected return is -6.49% p.a.

Scenario 2. Stressed Asset Assessment (2009 Data)



Source: BondAdviser Estimates. Excludes impact of management fees. Gross capital returns excludes the value of coupons/income and is only modelling impairment or loss given default, based on historical credit data from Moody's.

Across the two scenarios, it is evident that credit quality and loss-given default rates are the largest drivers to the modelling of the portfolio. The Fund holds a very high level of high yielding, unsecured sub-investment grade securities which perform well under benign conditions – but quite poorly under stressed conditions. As a result, the Fund provides the opportunity for greater yields under normal conditions.

We are aware and highlight the many deficiencies of our approach, not least that:

- It does not consider the additional protections implemented by KKR to mitigate credit migration or default risks. Nor does not consider the skill of KKR in security selection.
- Our modelling contains assumptions, several of which are subjective and have material output impacts.

The quantitative framework defines the forward-looking risk score for our overall product assessment of the Fund. This is consistent with the BondAdviser Fund Research Methodology and overlays an objective evaluation to our recommendation. On the basis of our analysis, **we assign the Fund a risk score of 'Very High'** or 'B'. This is in alignment with the weighted average credit rating of the indicative portfolio. We note that the risk score is at the limit of our comfort and further deterioration of credit quality would result in a downgrade to our risk score.

This risk assessment does not account for the expertise of KKR's selective due diligence in determining mis-allocated credit ratings by rating agencies, and models outcomes based on historic migration and recovery rates credit ratings. Additionally, although under default scenarios the Manager works with the borrower to restructure to facilitate the ultimate repayment of bond and loans, our modelling assumes assets are held to default.

Research Methodology

Overview

At BondAdviser, our focus is on delivering the highest quality data, research and insights so that investors can make intelligent decisions about the fixed income market. At the centre of our approach is a proprietary 5-pillar process for analysing fixed income funds in a rigorous and disciplined manner. Our approach results in a recommendation scale that investors can readily use to identify the most attractive investment opportunities.

Our ability to provide a clear and concise investment recommendation from the very diverse and unique fixed income portfolios and funds within our coverage universe is a key benefit of our research process. We simplify an otherwise complex procedure for investors into a simple, recognisable and consistent recommendation scale.

We use a bespoke combination of qualitative assessments and forward-looking quantitative analysis. In our experience, most other research is backwards looking, which naturally limits its usefulness. By combining our deep understanding of fixed income markets and their emergent trends with our extensive modelling and forecasting capabilities, we aim to solve this limitation and output meaningful, risk-adjusted prospective recommendations for investors.

Research Approach

BondAdviser has adopted a multi-pillar, risk-based approach to the assessment of funds. In our opinion, an investor's exposure to credit risk is not uniform and can be well mitigated by manager skill, experience and supporting governance structures. We identify 5 key pillars of credit risk mitigation and these then form sections of analysis in our reports:

- Investment Objectives, Strategy and Performance
- Portfolio Construction and Investment Process
- Liquidity, Operating & Financial Risk Management
- Governance, Asset Stewardship and Compliance
- Quantitative Analysis

Research Process

The initial screening of funds and assets is based on a globally recognised best practices approach to alternative assets as defined by the Alternative Investment Managers Association (AIMA) and risk management as identified by the International Organisation of Securities Commissions (IOSCO).

All assets and managers must meet minimum requirements as outlined in our initial due diligence questionnaires. Detailed interviews, operational checks, process documentation and data collection then follow. Each of these steps helps to ensure that our recommendations are consistent and are based on a comprehensive understanding of the key drivers of the underlying market segment and asset class(es), the investment manager and broader portfolio.

Classification

We broadly adhere with international and Australian accounting standards and global best practice in designating assets according to their place in the fair value hierarchy defined in International Financial Reporting Standard 13 (IFRS13) - Fair Value Measurement (Australian version – AASB 13). All assets designated as "Credit" fall under three categories based on market observability as outlined below:

- **Level 1 (Active Markets)** - assets that have quoted prices in active markets, providing the most reliable evidence of fair value. As a result, transactions for these assets can generally occur at this price as at the measurement date. Domestically, typical examples of Level 1 assets include Australian Government Commonwealth bonds, listed debt and hybrid instruments and RBA repo-eligible financial instruments.

• **Level 2 (Non-Active Markets)** - assets that have observable prices (directly or indirectly), not included within the Level 1 category (i.e. not quoted on an exchange). Assets referencing credit spreads and interest rates would qualify if the input is observable for the full tenor. This category generally encompasses credit markets which have limited secondary market activity such as corporate bonds, subordinated debt and syndicated loans.

• **Level 3 (Illiquid and Alternative Credit)** – assets that have mostly unobservable inputs and hence valuation models are used, driven in part by assumptions and expectations. There may be an independent overlay and a model risk adjustment to derive an exit (market) price. A limited secondary market is typical and these assets are often referred to as alternative credit. Examples of this segment include "structured" credits such as RMBS, CMBS, ABS and private debt investing.

Product Assessment

The BondAdviser Product Assessment is the culmination of our research process applied to our pillar-based research approach. We conclude whether a fund is screened-out, approved, recommended or highly recommended as broadly defined below:

• **Screened Out** – The fund does not (or no longer) satisfies our minimum criteria for research inclusion.

• **Approved** – Our research allows us to conclude that the fund manager, governance structure, policies and procedures appear to be sound and capable of managing the fund adequately to target its benchmark.

• **Recommended** – We have a reasonable expectation that the fund will achieve its target benchmark.

• **Highly Recommended** – We believe that superior skills, systems and processes mean that the fund has a high likelihood of meeting and probably exceeding its benchmark target. Note that we only issue Highly Recommended assessments after issuing multiple reports over an extended period of time.

Risk Score

Our Risk Score is aligned to the same methodology that is utilised in BondAdviser's single-instrument reports. It is not a credit rating and should not be used as such.

• AAA – Very Low

• AA – Low

• A – Lower Medium

• BBB – Upper Medium

• BB – High

• B – Very High

• CCC – Extreme

• D – Default (Fund Closed)

Our overall Risk Score is driven by the underlying credits of a fund coupled with our quantitative analysis. It is mutually exclusive to the Product Assessment. For example, it is possible for a fund to be Highly Recommended and have a risk score of CCC. This could occur where the fund invests in riskier credit assets but we are very confident of its capability to meet or exceed its benchmark target. Conversely, a fund comprising mostly of government bonds may hold a Risk Score of AAA but its governance processes, history and controls are not as strong as peers and warrant only an Approved assessment.

Important Information

BondAdviser has acted on information provided to it and our research is subject to change based on legal offering documents. This research is for informational purposes only. This information discusses general market activity, industry or sector trends, or other broad-based economic, market or political conditions and should not be construed as research or investment advice.

The content of this report is not intended to provide financial product advice and must not be relied upon or construed as such. The statements and/or recommendations contained in this report are our opinions only. We do not express any opinion on the future or expected value of any Security and do not explicitly or implicitly recommend or suggest an investment strategy of any kind.

This report has been prepared based on available data to which we have access. Neither the accuracy of that data nor the research methodology used to produce the report can be guaranteed or warranted. Some of the research used to create the content is based on past performance. Past performance is not an indicator of future performance. We have taken all reasonable steps to ensure that any opinion or recommendation contained in the report is based on reasonable grounds. The data generated by the research is based on methodology that has limitations; and some of the information in the reports is based on information from third parties.

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Report created on 8 September 2022.