

KKR

LEVERAGED

CREDIT

V *for*
Volatility

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QUARTERLY REVIEW | Q1 2020

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V for Volatility

CHRISTOPHER A. SHELDON

TAL REBACK & KRIS NOVELL

We began 2020 recognizing that the persistence of 2019 market trends -- the zealous year for yield, spread compression, and continued lack of supply and the deepening bifurcation between high quality and storied credits were poised for a shakeup. Nobody could have foreseen the tragic global pandemic that has now changed the world we once knew forever.

Let us first say, we are all facing an absolutely unprecedented crisis with the emergence and continued spread of COVID-19. This is a significant and grave public health issue that has now evolved into a global market and financial disruption. It has catalyzed lightning speed government responses as we have seen with the historic \$2 trillion fiscal stimulus package, The CARES Act, approved by the Senate on March 25th.

This pandemic has truly rocked the markets in a way we have not seen since the Great Financial Crisis ("GFC"). The sudden halting of our movement and business activities has created a ghost that is looming through our economy, daily routines, and for a large array of companies -- uncertain future revenue streams.

While we still cannot fully quantify the depths of the financial aftershocks that will inevitably reverberate through our economy and the consumer, we believe strongly that now is not the time to fear the market's volatility and wrath. Instead, it is a time to be prudent and take opportunities to reposition, lean into dislocated opportunities, and position for the most upside possible.

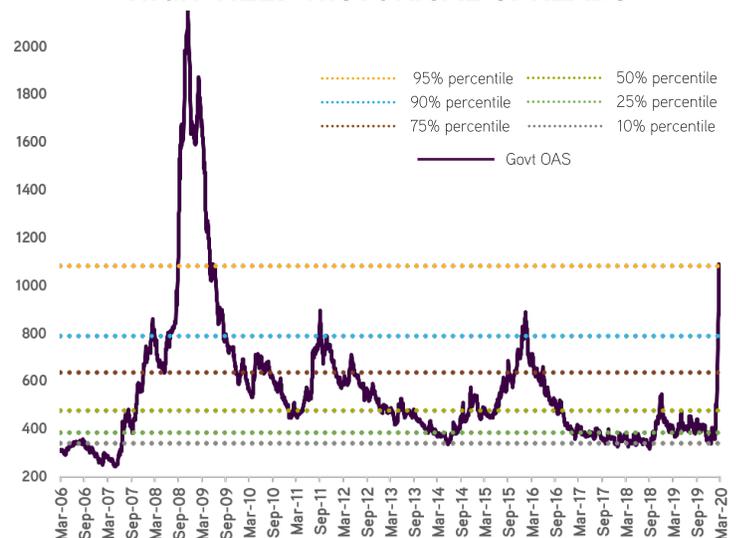
We do not think this is the second GFC, but rather, a very unfortunate series of events that have shocked the financial system and will now continue to test investors' stamina as well as the credit health of many issuers

who may have had the luxury of floating in, what we call, a market purgatory during an 11 year bull run.

It was only one quarter ago when we were discussing a record number repricings and refinancings in the credit markets -- squeezing spread down to record tight. In a complete reversal in March we hit the widest high yield spread levels in over a decade, +1,000bps, and now worry that there might be a record number of restructurings.

There is no doubt that the velocity and severity of this market sell off has caused enormous whiplash for all investors, and as vicious as it has been on the way down, history has taught us that the snapbacks can be equally fast and furious. We know this market is not a forgiving one, but as we navigate this global crisis together, we will find attractive opportunities to invest in good companies with strong fundamentals and sustainable cash flows at discounted prices.

HIGH YIELD HISTORICAL SPREADS



Source: KKR Credit Analysis and ICE BofAML as of 3/31/20

“ There is the instability due to the characteristic of human nature that a large proportion of our positive activities depend on spontaneous optimism rather than mathematical expectations, whether moral or hedonistic or economic...”

ANIMAL SPIRITS

John Maynard Keynes used the phrase animal spirits to describe the instincts and behavior (often identified with fear and greed) of the market in his 1936 work *The General Theory of Employment, Interest and Money*. We saw the many shades of market behavior in Q1 and when we think about the credit markets today, we are actually seeing a lot of the trends we have previously highlighted just in an exacerbated fashion:

The credit markets have been sending investors signals for some time, with key themes evolving over the course of 2019 and earlier

No Mercy

Unrelenting punishment on storied credits and COVID-19 adjacent sectors

High Quality Line Up

A robust appetite for high quality highly rated credits that are low loan to value ("LTV"), many of which were trading at discounts, and represented a very compelling pull to par opportunity creating an attractive risk-adjusted reward on short-term time basis

Shadow Players

Issuers who may have already been over levered are now facing the music on their ability to service and pay back their debt loads. Everything works in a growth environment but what happens when that growth stops?

Judgment Day

Rating agencies will continue to be hyper proactive on downgrades, which will create a CLO technical rebalancing and increased pressure in the leveraged loan market

Perceived Quality

Don't always judge a credit by its rating. A growing and fragile BBB market could catalyze a tsunami for the high yield index if and when downgraded

The Fed Flex

An amplified 2018 replay of the Powell Pivot with rates now at near zero and historic federal stimulus programs shifting risk tolerance across the credit spectrum

Shifting Risk Incentives

Vehicles like Mutual Funds, ETFs, CLOs, and Insurance capital will have less flexibility to play offense in volatile markets as they need to balance risk parameters and structural constraints. We believe this will create more dispersion and opportunity sets.

Illiquidity & Gap Risk Cocktail

With thinning liquidity in the credit market – exacerbated gap risk ensues due to widening bid/ask spreads

At the end of 2019, we discussed our belief in the importance of a weatherproof portfolio that can endure the erosion of a severe storm but also be positioned for the spring. Even though spring may come a little later now, we still believe weatherproofing is key for the long term investor. At the end of last year, we also emphasized portfolio construction that could arm against a deep drawdown while also sustaining income given the price appreciation run up in 2019. We acknowledge the reality that few were adequately prepared for the enormity and velocity of this deep market sell-off. We knew winter was upon us, but this storm came in with a burst of lightning and no warning requiring turbo charged waterproof alpha protecting snow boots that most portfolios didn't have.

The year started with the market firing on all cylinders: Dow Jones Industrial Average ("DJIA") nearly closing at ~30k (29,551)¹ on February 12, the S&P at record highs 3,386¹ on February 19, and a gleeful risk-on mode carrying momentum from Q4 2019 – all to come to a screeching standstill followed by a drastic turn on February 21st. In just over a month's time, to name a few

out of many new milestones, we experienced the fastest and sharpest market drop ever seen in history with the S&P and DJIA falling to their lows for the quarter on March 23rd declining -30% and -37%² respectively; the Fed cut rates twice ultimately down to zero; WTI crude suffer its greatest drop since the Gulf War; spreads enter distressed territory for the first time since the GFC with high yield and loans widening out +1,000bps; and a massive asset liability mismatch materializing in the market, exerting severe liquidity pressure that resulted in mass forced selling. All of which gave rise to a very panicked and uncertain market that continues to seek shelter in the storm. Let's wind back the clock and take a tour through the newest chapter of history.

“...can only be taken as the result of animal spirits—a spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities

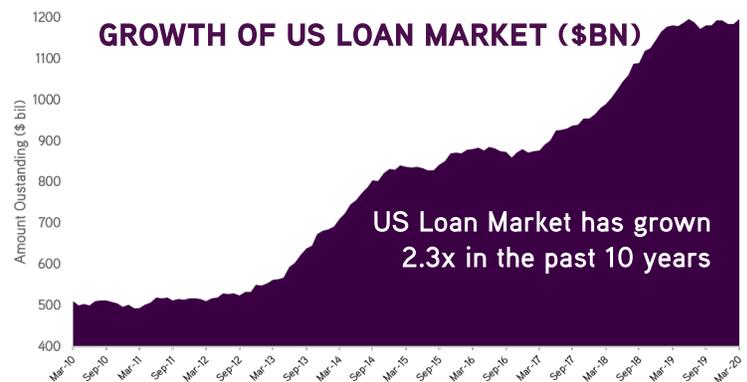
JOHN MAYNARD KEYNES

Q FOR QUALITY

Alongside the greatest economic expansion in U.S. history, the leveraged loan market also evolved to double in size and liquidity from \$594.2 billion in 2008 to \$1.19³ trillion today to become a key player in the capital markets. At the onset of the market sell off at the end of February, we saw that the initial decline of the loan market was not as dramatic as it was in high yield given the fact that the loan market is less exposed to energy. However, over the course of March, we began to see the cracks extend within credit and our previous concern about increased credit risk in loans come to a head. We also began to see the bid/ask spreads in loans widen dramatically, averaging ~400bps⁴ compared to the three year average of 150bps⁵, which created even more hurdles for repositioning in the tradable credit market. This pricing opacity created challenges during the March volatility and further contributed to the growing gap risk across the credit spectrum.



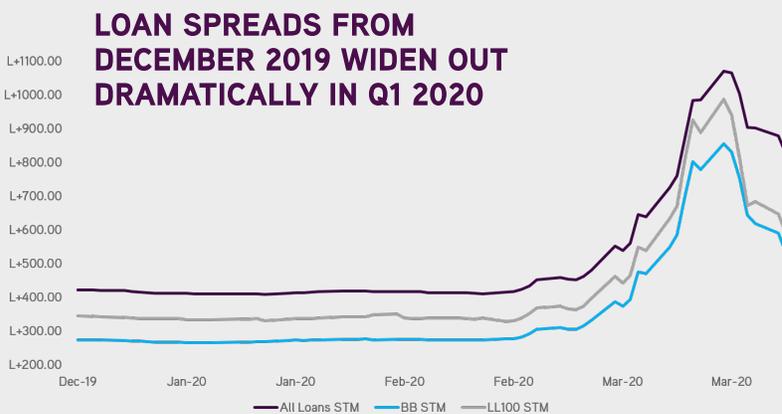
Source: KKR Credit Analysis and S&P LCD as of 3/31/20



Source: KKR Credit Analysis and S&P LCD as of 3/31/20

Since 2008, the leveraged loan market grown from \$594.2 billion to \$1.19 trillion today

As price discovery ensued in the market, so did the pressure on credit ratings. In March alone we saw, 114⁶ issuers downgraded and the S&P/LSTA Leveraged Loan Index decline by 12.37%⁷, which was the second steepest monthly decline in the 23 year history of the Index. March also brought the largest daily loan decline on record occurring on March 18th at -3.74%.⁸ There are only four instances on record where daily losses exceed -3%⁹, all of which occurred in March 2020. Prior to COVID-19, the top three largest loan losses occurred during the GFC.



Source: KKR Credit Analysis and S&P LCD as of 3/31/20

RETURNS AS OF 3/31/20

	MTD	3/23/20 TO 3/31/20	YTD
US High Yield	-11.76%	+9.36%	-13.12%
High Yield BB	-9.27%	+9.60%	-10.23%
High Yield B	-12.55%	+9.61%	-14.09%
High Yield CCC	-2.20%	+7.35%	-22.43%
US Loans	-12.37%	+8.79%	-13.05%
Lev Loan 100	-8.30%	+15.95%	-9.88%
Loans BB	-9.86%	+12.70%	-10.88%

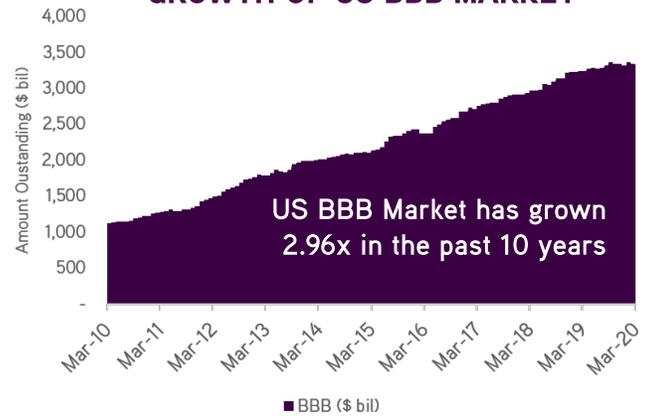
At its widest, BB spreads quadrupled to where it started in 2020

Source: KKR Credit Analysis, S&P LCD and ICE BofAML as of 3/31/20

We believe this network effect, similar to what we saw in Q3 2019, will result in extended gap risk in the market. At the moment, we have seen the downgrade ripple effect solely at the collateral level, but we could see CLO tranche downgrades increase if the rating agencies continue their aggressive posturing on individual loans. This would be most impactful to the lower mezzanine tranches. This potential dynamic, given the size of the CLO buyer in the market, does give us some caution on the loan market technical, but we do believe as the market continues to reposition there will be an assortment of opportunities, some of which are already here particularly those who have been downgraded.

This phenomenon brings our attention to the expansion of BBB issuers within the Investment Grade (“IG”) market. The IG market has grown by 2.3x¹² in the last ten years and BBBs account for ~50%¹³ of the IG index. Similar to the loan technical forming with CLOs and CCC downgrades, the expansion of BBB debt in the market, leads to an increased probability for a technical headwind to be generated should that debt get downgraded one notch into high yield. In fact, we are currently at 2009 levels in terms of notional debt outstanding downgraded this year which stands at \$150bn.¹⁴ Current projections estimate that global fallen angels could reach \$640bn by the end of the year with US companies accounting for ~75% of the downgrades.¹⁵ Contrary to the BBB expansion, the high yield index has actually increased its credit quality with the growth of BB assets post GFC. What does this all mean? If we see a surge in downgrades from investment grade to high yield, a flood of new questionable debt will permeate the high yield space providing another opportunity for the reassessment of that credit risk.

GROWTH OF US BBB MARKET



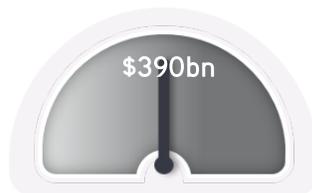
Source: KKR Credit Analysis and ICE BofAML as of 3/31/20



US notional debt outstanding downgraded in 2020¹⁴



US BBB debt vulnerable to fallen angel status¹⁵



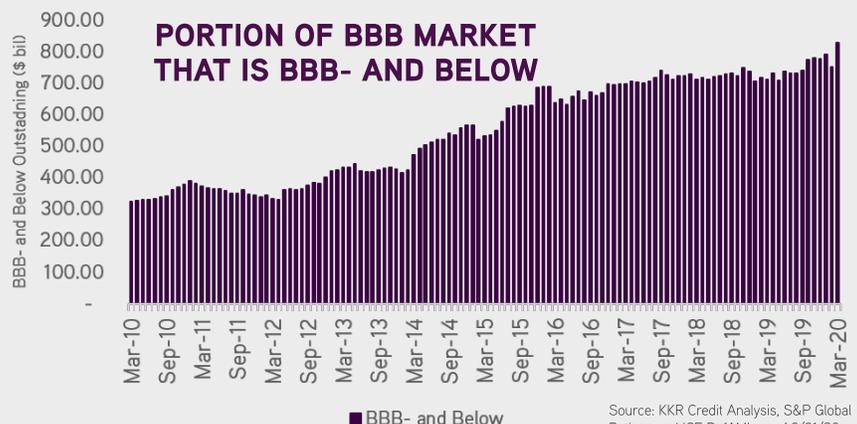
Speculated US debt to be subject to fallen angel downgrade



Size of the US BBB market as of Q1 2020

The high yield index has actually increased its credit quality with the growth of BB assets post the GFC

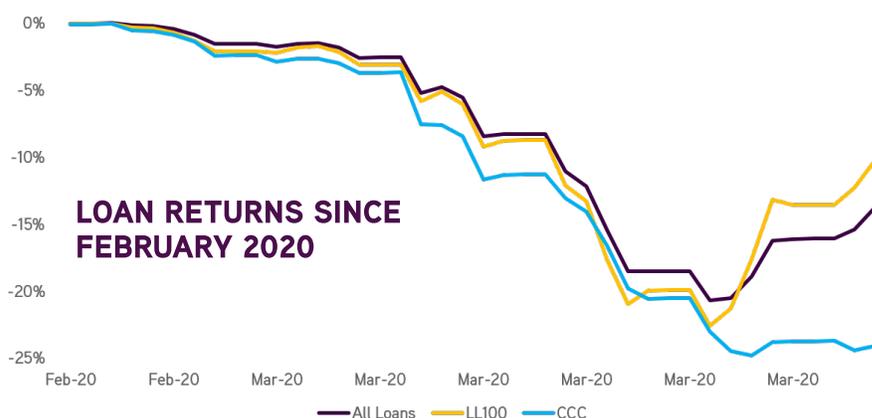
With the announcement of the Fed's ability to purchase high yield bonds that have downgraded post March 22nd, is there a chance for the technical fallen angel headwind in the bond market to become more muted?



Source: KKR Credit Analysis, S&P Global Ratings and ICE BofAML as of 3/31/20

With gap risk back on the rise and increased dispersion among sectors, our focus on new deployment in March within KKR Credit has been on quality with a capital Q. As the volatility increased across the month of March, we saw great companies, with strong fundamentals and large capital structures, who were appropriately wearing heavy duty rain parkas for the storm, abandoned. Why did that happen? The main reason was due to thinning liquidity. Approximately ~45%¹⁶ of the high yield market is consumed by daily liquidity vehicles who were seeing investors flee with heightened panic and uncertainty surrounding COVID-19, ultimately seeking liquidity at any dollar price. As liquidity slowly dissipated, investors found shelter in the only spot that could weather the storm – high quality companies. Although high quality companies with good balance sheets did see price depreciation, it was not as drastic as lower rated and or more levered companies – making them the only spot and highest price offer for the “here and now” liquidity seeker.

Large capital structures benefited the most from the market snapback in at the end of March



Source: KKR Credit Analysis, S&P LCD, and S&P LSTA LLI as of 3/31/20

In addition to daily liquidity vehicles creating waves in the market, we saw a considerable run on dollars catapult a violent swing in the foreign exchange (“FX”) markets. Sterling and Aussie dollars in particular were two of the hardest hit currencies. At one point, Sterling touched the lowest exchange rate in 35 years while Aussie Dollar was at a -35% annualized return for the year of 2020 (peaked at -60% annualized return on 3/19).¹⁷ The severity of this FX swing was the first domino to fall over in the race to liquidity. As the chasm between GBP-USD and AUD-USD exchange rates extended – foreign denominated accounts experienced heightened margin calls, uncertain cash balances, and the urgent need for liquidity. Unfortunately, this series of events also sent ripples through the credit market and created many forced sellers. At this point, sellers were exclusively bid side price takers. Ultimately, the massive policy intervention and announcement of the Fed’s swap lines helped ease the USD demand.

With this thick tornado swirling through the market, KKR Credit took the opportunity to lean into senior secured first lien loans within COVID-19 resistant sectors, for example telecommunications credits, that are highly

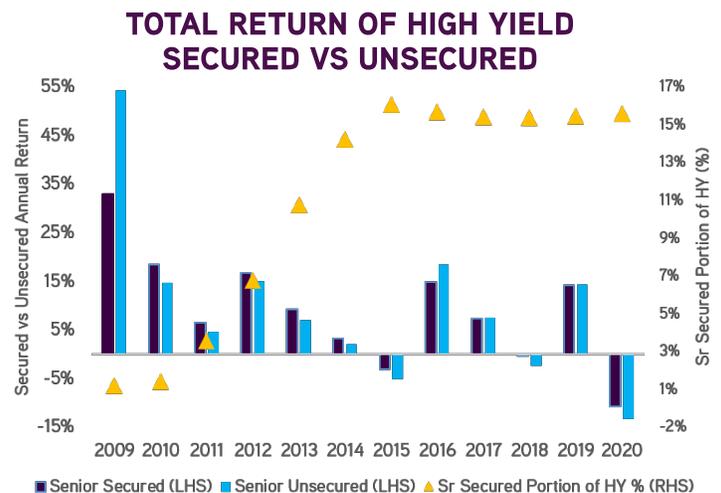
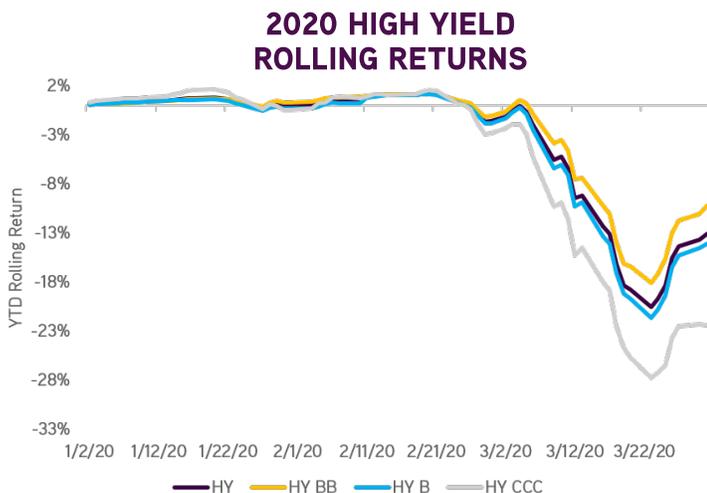
rated, have low LTV, and displayed strong credit health and cash flow longevity. With BB loan spreads widening out over $\sim 3.0\times$ ¹⁸ at the height from January 2020 levels, this high quality, BB basket of loans represented a great opportunity to scoop up overly punished credits that our Leveraged Credit platform has been following for years at a significant dollar discount. This basket of credits is well positioned for a pull to par yielding equity-like double-digit returns plus a coupon, assuming 12-18 month normalization.

In addition to the BB high quality trade we put on, we also deployed capital into high quality credits that had previously committed financing in place resulting in near-term repayment that were trading at attractive discounts. The ability to invest in credits where a near term pay down was secured enabled us to deploy capital into dislocation at a discount and provided us with the ability to recycle it back into the market on our own terms and timeline. As we saw in the last week of March, high quality credits within large liquid capital structures were the first group to snap back and rally into month end reiterating that there is appetite for risk – just very specific risk at this time.

O IS FOR OPPORTUNITY

With a large portion of the market incentivized not to lean into risk as a result of their structural constraints and investment parameters (ie: daily liquidity requirements, rating limitations, sector sensitivities), there is a road back into “No Man’s Land”. We are a true believer that the more agility an investor has the better the long term return will be. While there may be a short term technical that creates inefficiencies or even exuberance in this market, the pendulum always swings its way back to stability.

Secured debt yields have become more attractive than subordinated debt yields in certain capital structures given the unfavorable secured loan technical developing. As a result, we sought out companies with short maturities in COVID-19/OPEC adjacent sectors, for example a gas distributor, that present longer term investment opportunities with attractive risk-reward profiles. We saw secured bonds experienced 20+ point mark-to-market (“MTM”) declines during the March volatility but as a group continue to outperform unsecured bonds, reiterating our guidance on high quality credit. Over the last decade, the senior secured market has grown demonstrating its ability to be resilient in bouts of market volatility. This time around and in a mere 21 days, the high yield market moved from an option-adjusted spread (“OAS”) of 500bps¹⁹ above the U.S. 10 year treasury to a spread of 1,000bps, which is defined as distressed levels. The move from 500-1,000 bps during the GFC took 322 days to reach peak levels – that shows us how ferocious this move is compared to historical peaks.



Source: KKR Credit Analysis and ICE BofAML as of 3/31/20

Source: KKR Credit Analysis and ICE BofAML as of 3/31/20

We are of the view that we will continue to see MTM volatility within the credit markets in the coming months, and that will offer an opportunity to build added convexity within the portfolio and the potential to generate double digit returns with carry, assuming a 2-3 year hold period. We are also focusing on credits that have strong asset coverage as we believe companies may need access to capital in the months to come and a strong collateral package is a key lifeline if there is continued stress. We continue to operate in a market that is full of unknowns as we wait to discover what the duration of this pandemic and shelter in place will ultimately be which is why we will continue to walk before we run in this market and why we will be investing in simplicity over complexity at this current time.

Historically, when US high yield OAS reaches 800bps, 2-Year Forward Returns have averaged ~21%

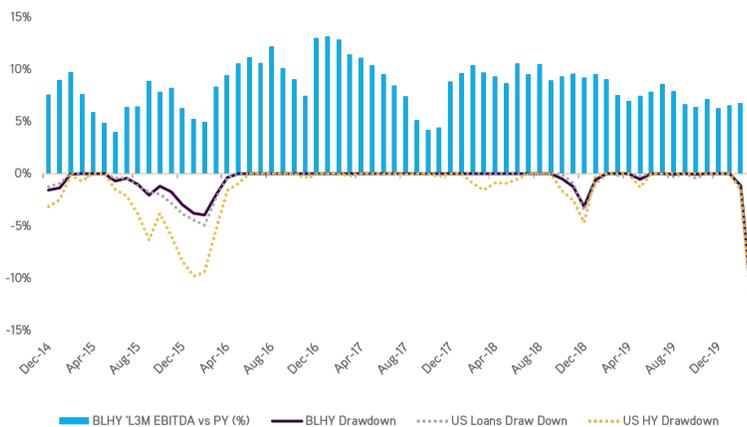
Source: KKR Credit Analysis and ICE BofAML for December 31, 1999 to 3/31/20

Presented for informational purposes only. Please see “Disclaimer” at the end of this presentation for additional information regarding, among other things, the calculation of performance, target returns and benchmark disclosures. Past performance is no guarantee of future results.

When we say simplicity, what we mean is that the restructurings, and complex capital structure workouts will come and there will be a more appropriate time to lean back into those investment opportunities as the market finds its footing. Until then, as we continue to live in a world of uncertainty – we will strive to seek out strong fundamentals and storm resistant capital structures.

We will continue to seek out simplicity and focus on strong fundamentals and capital structures

FUNDAMENTALS REMAIN STRONG IN DOWNTURNS



Source: KKR Credit Analysis, S&P LSTA LLI, ICE BofAML as of 3/31/20

F IS FOR FUNDAMENTALS AND C FOR COLLATERAL

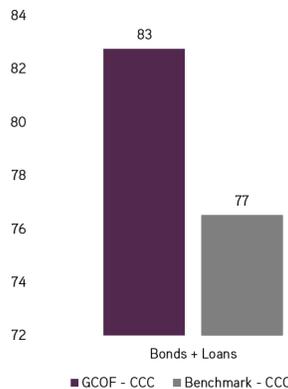
Portfolio construction is akin to a house blueprint. One needs a plan from the beginning, from the nails to the roof to craft a structure that is fit for any weather, or unforeseen event, even an earthquake. We just had an unforeseen event in the market, and the aftershocks will continue to roll in for some time until we get more clarity, data and a path to containment. If you take a look at our broader bank loan and high yield platform and measure the drawdown of the market against the credit fundamentals within the portfolios, you will see a very sound foundation – one that supports the house through the quake. Further, if we go lower down the risk curve and look at our CCC exposure, which is typically embedded in our Opportunistic Strategy, one will find that even our CCC credit bets withstand the storm in extreme market drawdowns. In Q1, our CCC’s outperformed the market’s blended CCCs by 5.5%.²⁰ This tells us that no matter the weather, our guiding principal is about keen security selection and meticulous portfolio construction.

CCC EXPOSURE IN THE OPPORTUNISTIC STRATEGY

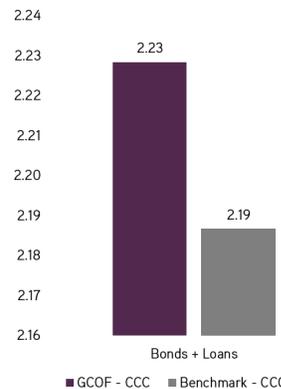
- Higher asset prices than benchmark CCCs
- Higher median interest coverage ratio playing to stronger credit fundamentals
- Lower spreads than benchmark CCCs

Source: KKR Credit Analysis, S&P LSTA LLI, ICE BofAML as of 3/31/20

GCOF CCC ASSETS ARE PRICED HIGHER THAN BENCHMARK CCC'S



...BUT HIGHER MEDIAN INTEREST COVERAGE RATIO



Although the market feels unstable right now there are still ways to preserve income and generate yield. We were not perfectly positioned going into this market sell-off but have found ways to reposition both defensively and opportunistically, though it has not been easy with the lack of liquidity in the market.

At the moment, we continue to stress test our credits' liquidity and fundamental financial health to arm against further downside and sustain income. On days where we have seen more market strength and liquidity, we have executed on swaps across our bank loan and high yield strategies. These swaps are longer term forward thinking investment plays where we are monetizing on trades and credits that have seen a healthy bid and snap back in the last week of the quarter and finding opportunities in credits that are still trading at deeper dollar discounts. In other instances, we have also performed trades where we swapped up the capital structure of a particular credit or peer credit, for example, exiting an unsecured to enter a secured position. We believe there will continue to be interesting relative value plays across structures and COVID-19 adjacent sectors.

Further, as we have discussed previously, dispersion has been brewing within the credit markets for some time. The bifurcation across sectors continues to deepen in this market and now we are also seeing a flood of issuers who had the luxury of time and a fairly stable market meet a sobering reality of servicing their debt loads. The COVID-19 economic impact is real and will be painful. It is highly likely that this will cause one of the sharpest recessions in US history, and it will take years to for the economy to normalize. Defaults will increase as the reality continues to set in and time passes. We expect the default wave to effect a vast number of businesses, many of which were healthy and sound pre-COVID.

As we write this letter, the Federal Reserve Bank ("FRB") has made yet another historic and extraordinary move to support the credit markets directly with the announcement on April 9th that it would implement an additional \$2.3 trillion in COVID-19 relief programs including Main Street Lending Program (MSLP), Primary Market Corporate Credit Facility ("PMCCF") and the Secondary Market Corporate Credit Facility ("SMCCF").²¹ The announcement came right after jobless claims rose by 6.6mm, bringing the total number of unemployment applicants to more than 16mm in the last three weeks. The MSLP will aim to

facilitate lending to small and medium sized businesses in the form of an unsecured term loan. The facility will provide up to \$600mm of loans, using \$75bn equity from the Treasury. The PMCCF and SMCCF are proposed to be Fed backed Special Purpose Vehicles ("SPVs") that will provide purchasing backstops and lending for eligible corporate debt. The combined size of the program will range up to \$750 billion.²²

THE FED'S LIQUIDITY RELIEF PROGRAM

Main Street Lending Program will have two facilities: 1) Can borrow the lesser of (i) \$25 million or (ii) up to a pro forma leverage ratio of 4.0x and 2) Can borrow the lesser of (i) \$150 million; (ii) 30% of the outstanding and committed but undrawn bank debt; or (iii) up to a pro forma leverage ratio of 6.0x

Primary Market Corporate Credit Facility will provide a funding backstop to the IG issuances by purchasing new issue bonds and making loans through a Treasury backed SPV.

Secondary Market Corporate Credit Facility will provide liquidity in the secondary market by purchasing eligible secondary market corporates issued by IG US companies and US listed ETFs that invest broadly in US IG.

Source: Federal Reserve Bank Board of Governors as of April 9, 2020

The eligibility of individual corporate bonds is defined as those rated BBB-/Baa3 as of March 22, 2020 and if subsequently downgraded then the rating must be at least BB-/Ba3 at the time of purchase by the facility.

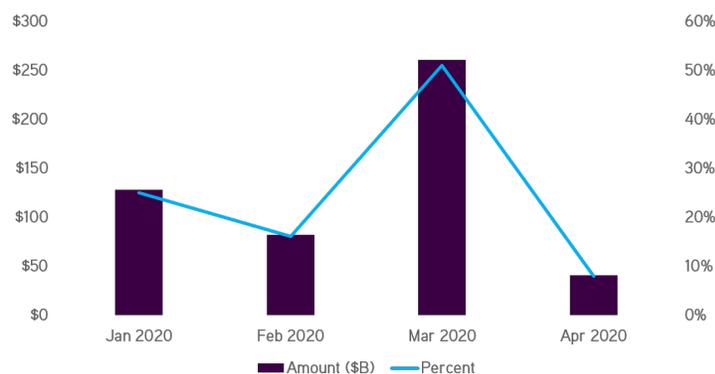
This gesture by the FRB will inject significant punching power into the credit markets in addition to opening up a new buyer for the fragile fallen angel population (most recently Ford Motor Co.) which we expect to grow in the coming quarters.

The Fed's liquidity programs and backstops have provided structural support in the credit markets which can be seen with the Primary IG market picking up in the last week of March and continuing to roll into the first week of April helping to thaw the credit markets. On March 31st, we saw \$13bn alone pricing and \$259.2bn in total March issuance which was a 46% increase from the previous 2016 record of \$177.7bn.²³

The first week of April saw 49 issuers pricing ~\$117.2bn across 97 tranches.²⁴ Gross new issue volume is on track to be ~66%²⁵ ahead of 2019's pace. One on hand – investors have a growing concern about the size of the BBB market and inevitable downgrades, while on the other hand we have seen a fury of corporate debt issuance – many of which have been rated BBB. We have seen notable and highly impacted COVID-19 companies tap the IG bond market for fresh debt: Carnival Cruises, CVS, FedEx, and Dollar General Stores to name a few.

There is nowhere to hide in this environment and there will continue to be a misinterpretation of risk taking in this market for some time. We believe it will be judicious to stay cautious going forward, but cautious doesn't always mean the senior part of the capital structure; it means good fundamentals, strong balance sheets, large capital structures, and access to hard assets. In certain situations it will make sense to step down into the unsecured piece. Every investment will have its own credit story in this market.

2020 INVESTMENT GRADE ISSUANCE



Source: KKR Credit Analysis and S&P LCD as of April 3, 2020

“Keep your face towards the sunshine,
and shadows will fall behind you.

WALT WHITMAN

TIME TO GET COMFORTABLE BEING UNCOMFORTABLE

The uncertainty will continue to follow the market and economy for the foreseeable future, and we believe this is the time to become comfortable being uncomfortable. We are encouraged that the market is pricing risk as it proves to us that even companies in the eye of the storm have access to capital. As investors, we should consider leaning into those opportunities and taking advantage across the seniority spectrum. While we have no doubt this event will change human behavior and we will all evolve to acclimate to a new normal, we also believe that the asset prices of quality credits and businesses will rebound ahead of the fundamentals and delivery of certainty. We will continue to be credit underwriters with deep conviction and focus on the opportunities that have an extended runway of liquidity and or strong collateral packages to provide us with extra downside protection and comfort while we step in during the persistent uncertainty.

As for the broader market, we know no one can ever call a true bottom and what we believe is most paramount now, and going forward, is proactively managing a portfolio's risk in conjunction with an ambiguous backdrop. It will take time for the economy to find its new equilibrium and we see that as a way to continue to fine tune our portfolio and reposition for spring. We won't always get it right but we have true conviction in our ability to be agile in this market and identify compelling opportunity sets as the market continues to evolve. As our Co-Founder George Roberts recently reminded us on a firm wide call, markets tend to be driven by fear and greed, and "we are in the fear part of this market."

At this time, KKR's key focus remains on the health and safety of our employees across the globe and across our portfolio companies. We have leveraged KKR's global network and scale to share data and information amongst our teams and investors. We are taking in real time data inputs across our businesses to process the market and the uncertainty.

As the data is constantly evolving – we are also constantly iterating with market and its developments to quantify and analyze in real time. We have connected immensely as a community to navigate these untraveled paths together while utilizing our global platform to provide financial, advisory, and operational support through our cross-platform model. We continue to work with companies across all of our strategies to ensure they are taking appropriate measures to protect employees and manage the impact of this crisis with respect to their business and operating models.

As we look ahead, we also look to the past and to history to guide us and inspire us that this too shall pass. As a firm we have 44 years of experience investing through market cycles, world events, and societal shifts. We must remember that the world has seen so many battles, has evolved so brilliantly, and it

is always together, as a – company – and team, that we can overcome any challenge together.

We want to thank our investors for their continued partnership, patience, and resilience throughout this time. As always, we welcome your feedback on our letter and are grateful for the opportunity to discuss these topics and the market with our readers.

We look forward to investing into dislocation and navigating this new world order together.



Christopher A. Sheldon

V FOR VOLATILITY

Be very wary of the
twenty first of February

The day we saw the
markets stall

They looked around and
then they found

A new lethal crown was
around us all

From that day on, we
continued to see

Many bouts of volatility

Become the new normal
which we now find

A market's dystopia that
is far from kind

Although the tempest is
now here

A weatherproof portfolio
need not have any fears

This uncertainty gives
rise to new opportunities

And those seeds we
will sow

To grow into a
blossoming portfolio we
hope to forever like
and know

Tal Reback

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4. KKR Credit Analysis, S&P LSTA LLI, and S&P LCD as of 3/31/20
5. KKR Credit Analysis, S&P LSTA LLI, and S&P LCD as of 3/31/20
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JP Morgan EMBI Global Diversified Index tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities, Brady bonds, loans, and eurobonds.

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KKR & Co. Inc.
9 West 57th Street
Suite 4200
New York, New York 10019
+1 (212) 750.8300
www.kkr.com



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