



/ KKR GLOBAL CREDIT OPPORTUNITIES FUND (AUD)
CLASS C | ARSN 661 241 532 | APIR CHN4364AU

Product Disclosure Statement

DATED: 4 November 2022

RESPONSIBLE ENTITY

Channel Investment Management Limited
ABN 22 163 234 240 AFSL 439 007

MANAGER

KKR Australia Investment Management Pty Ltd
ABN 42 146 164 454 AFSL 420 085

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IMPORTANT NOTICES

OFFER

KKR Global Credit Opportunities Fund (AUD) (ARSN 661 241 532) ("**Fund**") is an Australian registered managed investment scheme structured as a unit trust, which has been registered with the Australian Securities and Investments Commission ("**ASIC**").

This document is a product disclosure statement ("**PDS**") for the purposes of Part 7.9 of the *Corporations Act 2001 (Cth)* ("**Corporations Act**") and has been issued by Channel Investment Management Limited (ACN 163 234 240, AFSL 439 007) ("**Responsible Entity**") as responsible entity of the Fund in respect of the offer as described in this PDS ("**Offer**"). The Offer contained in this PDS is an invitation to acquire ordinary **Class C** units (each a "**Unit**") in the Fund.

This PDS applies to Class C Units. It is proposed that three class of Units in the Fund will be issued. These classes of units have, and any further classes of units we may offer in the future may have, different rights and restrictions (including in relation to fees and costs) and different classes of units will be offered via a separate PDS. We treat all investors within a class of units equally and investors in different classes fairly.

RESPONSIBLE ENTITY

The Responsible Entity is the responsible entity of the Fund. Unless otherwise stated, references to "the Board" in this PDS are references to the board of directors of the Responsible Entity.

The Responsible Entity has entered into an Investment Management Agreement with KKR Australia Investment Management Pty Ltd (ABN 42 146 164 454, AFSL 420 085) ("**Manager**") authorising the Manager to provide investment management and other services to the Fund, pursuant to the terms of the Investment Management Agreement. See Section 8.1 of this PDS for further information on the Investment Management Agreement.

KKR CAPSTONE, SENIOR ADVISORS, EXECUTIVE ADVISORS, INDUSTRY ADVISORS AND KKR ADVISORS

References in this PDS to "KKR Capstone" or "Capstone" are to all or any of KKR Capstone Americas LLC, KKR Capstone EMEA LLP, KKR Capstone EMEA (International) LLP, KKR Capstone Asia Limited, and their affiliates, which employ operating professionals dedicated to supporting KKR deal teams and portfolio companies. Kohlberg Kravis Roberts & Co. L.P. ("**KKR**"), the Manager's parent, acquired KKR Capstone effective January 1, 2020. References to operating executives, operating experts or operating consultants are to such employees of KKR Capstone.

In this PDS, views and other statements regarding the impact of initiatives in which KKR Capstone has been involved are based on KKR Capstone's internal analysis and information provided by the applicable portfolio company or other such issuer. Such views and statements are based on estimates regarding the impact of such initiatives that have not been verified by a third party and are not based on any established standards or protocols. They can also reflect the influence of external factors, such as macroeconomic or industry trends, that are unrelated to the initiative presented.

References to "Senior Advisors" and "Industry Advisors" and "Executive Advisors" refer to certain third-party consultants who provide, among other things, additional operational and strategic insights into KKR's investments. While they are not employees of KKR, Senior Advisors and Industry Advisors may serve on the boards of portfolio companies, assist KKR in evaluating individual investment opportunities, and support the operations of KKR portfolio companies. Fees and expenses of Senior Advisors, Industry Advisors and Executive Advisors could be allocated to the Fund and to the KKR Credit Income Fund ("**KKC**") to the extent such services relate to their respective investment strategy or to their investments or potential investments, and such fees will not be credited against any other fees paid or payable by the Fund. References to "KKR Advisors" are to individuals who were formerly employees of KKR and are engaged as consultants by KKR. Compensation of KKR Advisors will not be borne by the Fund or KKC, however, KKR Advisors are permitted to serve on the boards of portfolio companies and any fees paid to KKR Advisors by portfolio companies will not be credited against any other fees paid or payable by the Fund.

NOTE TO APPLICANTS

This PDS is important and requires your attention. It should be read in its entirety prior to deciding whether to acquire Units.

The information in this PDS is general information only, it is not personal financial product advice and does not take into account your investment objectives, financial situation or particular needs. This PDS should not be construed as financial, taxation, legal or other advice. Before making an investment decision, you should obtain professional advice tailored to your personal circumstances.

There are risks associated with an investment in the Fund. Some of the risks that should be considered by prospective Unitholders are set out in Section 5. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your financial adviser, accountant or other professional adviser before deciding whether to acquire Units.

Except as required by law, and only to the extent required, no person named in this PDS warrants or guarantees the Fund's performance, the repayment of capital, or any return on investment made pursuant to this PDS.

No person is authorised by the Responsible Entity or the Manager to give any information or make any representation in connection with the Offer that is not contained in this PDS. Any information or representation not contained in this PDS may not be relied on as having been authorised by the Responsible Entity, the Board or any other person in connection with the Offer.

INDIRECT INVESTORS

If you are an indirect investor gaining access to the Fund through a Investor Directed Portfolio Service, IDPS-like scheme or a nominee or custody services (collectively known as master funds or wrap accounts) ("**IDPS**"), your IDPS operator will invest for you and have the rights of an investor in the Fund.

Certain provisions of this PDS and the Fund's constitution are not relevant to indirect investors. You should direct any inquiries to your IDPS operator.

INTERNATIONAL OFFER RESTRICTIONS

This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Units in any jurisdiction outside Australia. Despite the above, in limited circumstances, the offer in this PDS may be made in New Zealand to, and can only be accepted by, persons in New Zealand who are 'wholesale investors' under clause 3(2) or 3(3)(a) of Schedule 1 of the Financial Markets Condition Act 2013 ('FMCA') or who are otherwise not required to receive disclosure under Part 3 of the FMCA. Those persons not familiar with the provisions of the FMCA, or who require further assistance and/or information, should consult their professional adviser.

The distribution of this PDS outside Australia may be restricted by law. Persons who come into possession of this PDS outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This PDS does not constitute an offer to sell, or a solicitation of an offer to buy, or an invitation to subscribe for or buy Units in the United States or to any U.S. person, and is not available to persons in the United States or to U.S. persons. The Units have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended ("**U.S. Securities Act**") and may not be offered or sold in the U.S. or to, or for, the account of any U.S. person. Each Applicant will be taken to have represented and warranted to the Responsible Entity that such Applicant is not a U.S. person and is not acting on account of a U.S. person. Each person applying for Units in the Offer shall by virtue of such application be deemed to represent that they are not in a jurisdiction which does not permit the making of an offer or invitation as detailed in this PDS and are not acting for the account or benefit of a person within such jurisdiction.

Neither of the Responsible Entity, the Manager nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

FORWARD-LOOKING STATEMENTS

This PDS contains forward-looking statements concerning the Fund's business, operations, financial performance and condition as well as the Responsible Entity's and the Manager's plans, objectives and expectations for the Fund's business, operations, financial performance and condition. Any statements contained in this PDS that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by

words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about the Fund's investments, and the Responsible Entity's and the Manager's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Responsible Entity's and the Manager's control. As a result, any or all of the forward-looking statements in this PDS may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 5.

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements.

These forward-looking statements speak only as at the date of this PDS. Unless required by law, the Responsible Entity does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise.

CONTINUOUS DISCLOSURE

The Fund may, in the future, be a disclosing entity as defined by the Corporations Act.

If the Fund becomes a disclosing entity, it will be subject to regular reporting and disclosure obligations. Investors will have a right to obtain a copy, free of charge, of any of the following documents:

- the most recent annual financial report lodged with ASIC;
- any half yearly financial report lodged with ASIC after the lodgement of that annual financial report but before the date of this PDS; and
- any continuous disclosure notices given by the Fund after the lodgement of that annual financial report but before the date of this PDS.

Copies of these documents lodged with ASIC can also be obtained from ASIC. All continuous disclosure information issued after the date of this PDS is available at www.kkrgcof.com.au, in accordance with ASIC's good practice guidance on website disclosure. The Responsible Entity recommends that you obtain and review such information before you invest.

COOLING-OFF RIGHTS

If you are a Retail Applicant who invests directly in the Fund, you are entitled to a 14-day cooling-off period during which you may change your mind about your investment. During that time, you may exercise your cooling-off rights by requesting your money be returned.

No cooling-off period applies if you are an Institutional Applicant.

The cooling-off period begins from the earlier of the time when you receive confirmation of the issue of Units to you or the fifth business day after the Units are issued to you.

The amount repaid will be adjusted for any transaction costs and any increase or decrease in the value of your investment.

This may result in you receiving back less than you originally invested.

You may have capital gain/loss tax implications if you happen to receive more or less back than you originally invested. You should consult your own professional tax adviser regarding the consequences of exercising your cooling-off rights.

If you wish to cancel your investment during the cooling-off period, you need to inform the Responsible Entity in writing of your intention to exercise this right before the end of the cooling-off period (and before exercising any rights or powers you have in respect of your investment in the Fund).

If you invest indirectly via an IDPS, the above cooling-off period does not apply to you, and you need to contact your IDPS operator for any cooling-off rights you may have in relation to your investment.

RIGHTS AND OBLIGATIONS ATTACHED TO THE UNITS

Details of the rights and obligations attached to each Unit are set out in Section 8.3 and in the Constitution, a copy of which may be obtained by contacting Channel Client Services (see details below) between 8:30am to 5:30pm (Sydney time), Monday to Friday.

OBTAINING A COPY OF THIS PDS

This PDS will be made available in electronic form on the following website: www.kkrgcof.com.au. The information on www.kkrgcof.com.au does not form part of this PDS.

The Offer constituted by this PDS in electronic form is available only to persons receiving this PDS in electronic form within Australia and New Zealand (in limited circumstances outlined above). Persons who access the electronic version of this PDS should ensure that they download and read the entire PDS. If unsure about the completeness of this PDS received electronically, or a print out of it, you should contact Channel Client Services (see details below).

Australian residents and certain New Zealand investors (as outlined above) may obtain a paper copy of this PDS free of charge by contacting Channel Client Services on 1800 940 599 (within Australia) or +617 3009 7650 (outside Australia) between 8:30am to 5:30pm (Sydney time), Monday to Friday.

APPLICATION FORM

Applications may only be made on either a printed copy of the Application Form attached to, or accompanying, this PDS, or via the electronic Application Form, available at www.kkrgcof.com.au. The Responsible Entity is entitled to refuse Applications for the Units under this PDS.

WEBSITE

Any references to documents included on the Fund or Responsible Entity or Manager's website are provided for convenience only, and none of the documents or other information on the Fund's website or the Responsible Entity's website or the Manager's website, or any other website referred to in this PDS, is incorporated in this PDS by reference.

UPDATED INFORMATION

Information in this PDS may need to be updated from time to time. **Any updated information that is considered not materially adverse to investors will be made available on the Fund's website: www.kkrgcof.com.au. A paper copy of the updated information will be provided, or an electronic copy made available, free of charge to any investor who requests a copy by contacting Channel Client Services (see details above) between 8.30am and 5.30pm (Sydney time), Monday to Friday.**

In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary PDS to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

DEFINITIONS AND TIME

A glossary of industry words, terms and abbreviations which are used in this PDS are explained in Section 11. Other defined terms and abbreviations used in this PDS are explained in Section 12.

All references to time in this PDS refer to Sydney time unless stated otherwise.

PHOTOGRAPHS AND DIAGRAMS

Photographs and diagrams used in this PDS that do not have descriptions are for illustrative purposes only and should not be interpreted to mean that any person in them endorses this PDS or its contents or that the assets shown in them are owned by the Fund.

Diagrams used in this PDS are illustrative only and may not be drawn to scale. All data contained in charts, graphs and tables is based on information available as at the date of this PDS unless otherwise stated.

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1 KEY FUND INFORMATION

This table contains a summary of the key features of the Fund and should be read in conjunction with the more detailed information appearing elsewhere in this PDS. In deciding whether to apply for Units under the Offer, you should read this PDS carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisers.

FUND FEATURE	SUMMARY	SECTION
Responsible Entity	Channel Investment Management Limited	Section 4
Manager	KKR Australia Investment Management Pty Ltd	Section 2
Investment Adviser	KKR Credit Advisors (US) LLC	Section 2
Custodian	Citibank, N.A.	Section 8.4
Administrator	Apex Group Ltd	Section 8.5
Investment Objective	The Fund's investment objective is to provide Unitholders with an income stream as well as to achieve attractive long-term capital appreciation over a full market cycle by providing investors with exposure to underlying credit investments that are diversified by number of investments and across geographies and asset classes. These investments will typically have a high-income component. There is no guarantee that the Fund will achieve its investment objective.	Section 3.1
Investment Strategy	The Fund aims to invest opportunistically in a diversified portfolio of primarily loans, bonds, notes (fixed and floating rate) and other debt securities and related financial instruments, including traded senior secured bank loans and high yield bonds. The Fund may also invest in discounted units of KKC, which is an ASX listed managed investment scheme managed by the Manager and the Investment Adviser. The Fund has the ability to invest in both performing and stressed investments across the ratings spectrum. There is no intention for the Fund to utilise Derivatives for speculative purposes, however the Fund may use Derivatives to seek to mitigate the Fund's exposure to foreign currencies and interest rate risks.	Section 3
Distributions	Monthly, following the ramp-up period. ¹ You can elect to either have your distributions automatically reinvested or paid directly into a nominated Australian financial institution account. If no election is made, your distributions will be automatically reinvested.	Section 3
Minimum suggested time frame for investment	The minimum suggested time frame for investment in the Fund is three to five years.	
Minimum initial investment	There is a minimum initial investment amount for direct investors of \$100,000. There is no minimum initial investment amount for indirect investors via an IDPS.	Section 7

¹ There may be no distributions paid during the ramp-up period. The expected time frame for the ramp-up period is three to four months but will ultimately depend on market conditions.

FUND FEATURE	SUMMARY	SECTION
Minimum additional investments	There is no minimum additional investment amount.	Section 7
Key benefits	The key benefits of investing in the Fund include: • KKR sourcing capabilities • Highly experienced KKR Credit team • Exposure to a diversified portfolio of credit investments	Section 3
Key risks	• Illiquid and long term investments: the Fund will invest in illiquid and long-term investments directly and indirectly through its investment in KKC. The Fund (or KKC or other investment vehicles in which the Fund may invest) may be prohibited or restricted from selling these investments for a period of time or it may otherwise be difficult to sell these investments at an advantageous time or price. • High yield investments risk: the Fund will invest in “higher-yielding” credit investments which have a higher risk of loss. • Credit risk: the borrower may fail to repay the principal, make interest payments or fulfil other financial obligations in full and/or on time in respect of any credit instrument invested in by the Fund and this may impact on the financial performance of the Fund. • Interest rate risk: changes in prevailing market interest rates could negatively affect the value of Fund investments. • Bankruptcy risk: investments of the Fund in borrowers involved in bankruptcy, restructuring or insolvency proceedings may result in the approval of actions that are contrary to the interests of the Fund or otherwise give rise to substantial costs for the Fund. • Market and economic risks: a change in general economic and market conditions could impair the profitability of Fund investments or result in losses. • Currency risk: for unhedged, non-Australian dollar investments of the Fund, adverse movements in the currencies of those investments relative to the Australian dollar could reduce their profitability or result in losses. • Liquidity risk relating to Units in the Fund: there is a risk that individual investors may not be able to redeem their Units for cash in any given month. • Operational risk: inadequacies with systems and procedures or the people operating them could lead to a problem with the Fund’s operation and result in a decrease in the value of Units or otherwise disadvantage the Fund. • Potential conflicts of interests of the Manager and its affiliates: the Manager and its affiliates, personnel and associates have multiple advisory, transactional, financial and other interests and relationships that may conflict with the interests of the Fund, and/or generate fees and other compensation and economic benefits for KKR. KKR also makes substantial investments for its own account, which may have an adverse impact on the Fund. • Potential conflicts of interests of the Responsible Entity: entities within the Channel Capital Pty Ltd Group (comprising Channel Capital Pty Ltd and its subsidiaries, including the Responsible Entity) may also act in various capacities (such as responsible entity, trustee and custodian) for other funds or accounts, which may conflict with the role the Responsible Entity plays with respect to the Fund.	Investors should read these risks together with the other risks described in Section 5

FUND FEATURE	SUMMARY	SECTION
Withdrawing from the Fund	On each Dealing Date, the Responsible Entity will consider all redemption requests received at least five Business Days prior to the Dealing Date. The Responsible Entity may, if it considers it appropriate, impose a limit on the number of redemption requests that it will accept on a particular Dealing Date. In these circumstances the Responsible Entity would accept a proportion of those redemption requests that it received by the Cut-Off Time at least five Business Days prior to the Dealing Date, up to the limit (e.g. 20% of the Fund's NAV) pro rata as between the Unitholders with outstanding redemption requests. The Responsible Entity may also suspend consideration of redemption requests or defer its obligations to pay redemption proceeds in certain circumstances. If the Fund is illiquid you may only withdraw from the Fund in accordance with a withdrawal offer made by the Responsible Entity. The Responsible Entity may refuse any redemption request and is not required to accept any redemption request.	Section 4.4
Fees	The Responsible Entity is entitled to a monthly Responsible Entity Fee of 0.1045% per annum (inclusive of GST, less RITC) of the NAV of the Fund. This fee is calculated and accrued monthly and payable monthly in arrears out of the Fund's assets. The Responsible Entity will also be entitled to reimbursement of expenses out of the Fund assets. The Manager will be entitled to a Management Fee of 0.9225% per annum (0.90% plus GST, less RITC) of the Fund's NAV relating to the Class C Units. This fee is calculated and accrued monthly and payable monthly in arrears.	Section 6

2 ABOUT KKR AND THE MANAGER

2.1 WHO IS KKR?

KKR is a leading global investment firm with over four decades of experience in investments, and a strong record of investment performance over the global economic cycles during that time.

Co-founded in 1976 by George Roberts and Henry Kravis together with Jerome Kohlberg, KKR has evolved from a U.S. focused private equity firm to a global financial services enterprise that invests across many alternative asset classes in addition to private equity, including leveraged and alternative credit, infrastructure, real estate, growth equity, impact, core, and energy.

KKR established its credit platform (KKR Credit) in 2004 to take advantage of the differentiated networks of capabilities within KKR in order to find and invest in the most attractive risk-adjusted ideas across the credit spectrum. KKR Credit portfolio managers invest across a company's capital structure in a variety of facilities and securities, depending on where the team found attractive risk/reward through its comprehensive diligence process.

2.2 WHO IS THE MANAGER?

KKR Australia Investment Management Pty Ltd is the manager of the Fund (the "**Manager**") and operates under an AFSL. It is a proprietary limited company incorporated in Australia and, as an indirect wholly owned subsidiary of KKR, is an affiliate of KKR Credit.

The Manager's primary role with respect to the Fund is to promote and manage the Fund and to provide certain financial services relating to the Fund's investments. The Responsible Entity has appointed the Manager as the investment manager of the Fund.

2.3 WHO IS THE RESPONSIBLE ENTITY?

The Responsible Entity of the Fund is Channel Investment Management Limited (the "**Responsible Entity**"). The Responsible Entity is responsible for the overall management of the Fund in accordance with its duties to Unitholders. While the Responsible Entity delegates investment management and administrative services to other entities including the Manager, it retains ultimate responsibility for these functions.

For more information about the Responsible Entity see Section 4.

2.4 WHO IS THE INVESTMENT ADVISER?

The Manager has appointed its affiliate, the Investment Adviser, to provide certain discretionary investment management services and provide other assistance to the Manager under the Sub-Advisory Agreement. The Investment Adviser is a part of KKR Credit. It is registered with the U.S. Securities and Exchange Commission.

2.5 THE INVESTMENT COMMITTEE

The Investment Strategy of the Fund is overseen by the Investment Committee which includes four senior Partners in the KKR Credit team, Chris Sheldon, Global Co-Head of Credit, Jeremiah Lane, Portfolio Manager, Head of U.S. Leveraged Credit and Co-Head of Research, Terry Ing, Co-Head of Research, and John Reed, Head of Trading for KKR Credit.

3 ABOUT THE INVESTMENT STRATEGY

3.1 INVESTMENT OBJECTIVE OF THE FUND

The Fund's investment objective is to provide Unitholders with an income stream, as well as to achieve attractive long-term capital appreciation, over a full market cycle by providing investors with exposure to underlying credit investments that are diversified by number of investments and across geographies and asset classes. These investments will typically have a high-income component.

The Fund aims to deliver an attractive distribution yield net of fees and expenses incurred by the Fund, paid monthly, following the ramp-up period. There may be no distributions paid during the ramp-up period. The expected time frame for the ramp up period is three to four months but will ultimately depend on market conditions.

3.2 WHAT ARE CREDIT INVESTMENTS?

A credit investment is a security or instrument representing a principal amount borrowed by a borrower and a commitment by the borrower to pay an agreed rate of interest on the amount borrowed over a set period of time and, when that period ends, to repay the principal amount in full. The interest on the debt may be paid during or at the end of the agreed period and may be either a floating rate or a fixed rate.

Credit investments come in a number of forms but generally provide greater certainty as to the income stream and return of capital, as compared to a share or similar equity investment. Within this asset class, different types of investments pay different interest rates or coupons. The interest rates or coupons will be determined by a number of factors including:

- Term: how long the principal amount may be outstanding.
- Capital structure: the priority of the loan, bond or other credit investment in the capital structure of the underlying borrower and whether the principal and interest amounts are secured against assets of the borrower, unsecured to other debt securities or instruments issued by the borrower.
- Credit assessment: the credit assessment of the borrower to ensure it will have the ability to meet principal and interest repayments.

3.3 WHAT ARE GLOBAL CREDIT MARKETS?

Holders of debt, such as institutional investors, purchase debt either from the issuer (primary market) or from another investor (secondary market). When purchasing credit in the secondary market, the purchaser will buy credit at a discount or premium to par-value, with the expectation that they will be repaid at par if they hold the credit to maturity. This is where the Manager believes that a market opportunity exists for the Fund.

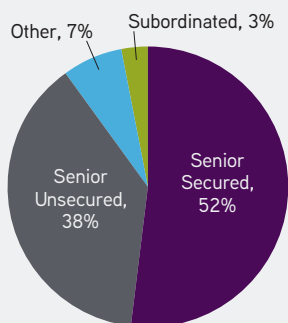
3.4 KKR CREDIT'S OPPORTUNISTIC CREDIT STRATEGY

The market opportunity across corporate credit is constantly changing, and the Manager believes that having a flexible strategy is the optimal way to take advantage of dynamic opportunities in the market. The Manager continues to see attractive opportunities in this market that span the credit realm.

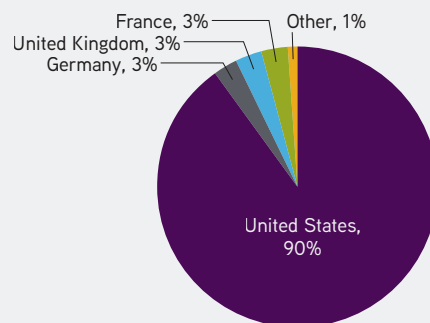
The Fund will invest in accordance with KKR Credit's Opportunistic Credit Strategy hedged back to Australian dollars.

The charts below show an example of the exposures of the strategy across senior versus subordinated debt and by geographical region.

SENIORITY COMPOSITION



GEOGRAPHICAL COMPOSITION



KKR CREDIT'S OPPORTUNISTIC STRATEGY IS BASED ON THE FOLLOWING PILLARS:

Detailed credit analysis

This is the cornerstone of the strategy and includes:

- business analysis, which involves a comprehensive fundamental evaluation of a company and includes historical and projected financial modelling
- capital structure analysis, which evaluates the terms and structure of a company's debt and equity securities relative to the company's business risk
- valuation analysis, which considers the enterprise value of a company in both the public and private markets
- robust research and data systems which provide real-time portfolio-level information.

Capital preservation

Focuses on long-term returns versus mark-to-market volatility where capital preservation is key. A key focus is understanding the risk and focusing on the necessary downside protection of the underlying positions.

Active portfolio management

Involves the continuous integration of fundamental and relative value analysis across capital structures and asset classes combined with opportunistic management of the portfolio. The Manager believes that active portfolio management will be an important component of the strategy because market conditions and companies' credit quality continually change.

The Manager believes the breadth of KKR's reach is a key differentiating factor compared to many large credit managers. KKR Credit has approximately 180 dedicated investment professionals focused on credit management. The Manager believes that having a large team with a specific focus allows KKR Credit to gain insights and recognise relative value quickly in the following ways:

- **Sector focus:** KKR Credit's analysts are aligned by industry instead of being organised as generalists, enabling them to better identify and price sector-specific risk.
- **Credit focus:** KKR Credit's investment professionals are charged with the responsibility of evaluating credit in their respective industries. As such, investigations are conducted across the capital structure of companies and across comparable companies in order to identify the most attractive risk-adjusted returns. KKR Credit's investment professionals employ a more holistic approach to the due diligence process, instead of focusing purely on specific assets.
- **Strong ability to understand relative value and risk:** KKR Credit's alignment by industry and focus on credit across the capital structure of companies encourages KKR Credit's investment professionals to develop a focus on identifying relative risk.

Overall, KKR Credit leverages the full resources of KKR including its private equity professionals, KKR Capstone² operating experts, KKR Capital Markets professionals, portfolio company management teams, the Senior Advisor³ network and KKR's Global Public Affairs division to source ideas for the KKR Credit platform.⁴ The Manager believes that few credit managers have this level of resources at their disposal.

The strong returns the Opportunistic Credit Strategy has generated since its inception are primarily driven by KKR's credit selection and conviction:

- **Credit Selection:** The Opportunistic Credit Strategy incorporates an investment philosophy which is based on detailed credit underwriting and rigorous financial analysis. Given that KKR has strong experience in credit and private equity underwriting, the investment approach was designed by KKR Credit to incorporate valuable characteristics of both. The Manager believes that this analytically intense process differentiates the level of credit work that KKR performs relative to peers.
- **Conviction:** It is the detailed credit selection noted above that allows differentiated portfolio construction. For example, unlike many credit managers that seek to invest to replicate an index (and therefore earn a return stream similar to that index), the Manager seeks to construct a portfolio of 60 to 80 core positions where the Manager believes the majority of the return will be generated.

3.5 TRANSPARENT REPORTING

KKR's clients represent an extremely important relationship to KKR, and an important part of KKR's mission is to become a good partner to those who fund KKR with their capital. The Manager believes KKR has the scale and resources available across its client service, finance, operations, and legal and compliance teams that will enable it to deliver a transparent experience and meet the Fund's reporting requirements.

Please refer to Section 4.6 for more information in relation to the Fund's regular reporting.

3.6 AUTHORISED INVESTMENTS AND INVESTMENT GUIDELINES

The Manager has agreed with the Responsible Entity under the Investment Management Agreement that it will only invest the Fund assets in certain investments. The Fund's investments are generally expected to comprise investments in debt or other securities across public and private companies, which may be privately negotiated, including, but not limited to:

- loans;
- bonds;
- rescue and debtor-in-possession financings;
- post-reorganisation and other equity;
- private equity;
- convertible securities;
- payment-in-kind loans;
- hybrid securities;
- litigation / trade claims;
- non-performing loan portfolios;
- convertible securities / structured equity;
- asset-backed securities; and
- exit loan facilities for companies emerging from Insolvency proceedings.

² Please see "Important Notices" at the beginning of this PDS for additional disclosure regarding KKR Capstone.

³ Senior Advisors, Industry Advisors, Executive Advisers, and KKR Advisors are engaged as consultants and are not employees of KKR. Please see the "Important Notices" Section of this PDS for additional information.

⁴ Participation of KKR Credit, KKR Capital Markets and KKR Capstone personnel, Senior Advisors, Executive Advisors, Industry Advisors and KKR Advisors in the Fund's investment activities is subject to applicable law and inside information barrier policies and procedures, which may limit the involvement of such personnel in certain circumstances and the ability of KKR investment teams to leverage such integration with KKR. Discussions with Senior Advisors, Industry Advisors, Executive Advisors and KKR Advisors and employees of KKR's managed portfolio companies are also subject to inside information barrier policies and procedures, which may restrict or limit discussions and/or collaborations with the KKR investment teams.

The Fund may also invest in discounted units of KKC or other investment vehicles.

3.7 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) CONSIDERATIONS

The Responsible Entity has appointed the Manager to promote and manage the Fund. The Manager is part of the KKR Group. KKR is a signatory to the Principles for Responsible Investment. KKR has codified its approach to responsible investment on its credit platforms. The approach and relevant tools are described in KKR’s Responsible Investment policy, which was published in May 2020 and is available at www.kkresg.com.

In selecting, retaining or realising an investment of the Fund, the Manager will generally take into account labour standards or environmental, social or ethical considerations. All investments of the Fund go through a rigorous due diligence process. An integral part of this due diligence can be the evaluation of the investment from an ESG management perspective. Where the Manager considers it relevant to the particular investment, the investment will be screened for critical ESG-related risks, followed by an evaluation of any material ESG issues. The investments of the Fund will be subject to evaluation or review from an ESG management perspective. The Manager does not apply a predetermined view as to what constitutes labour standards, environmental, social or ethical considerations and does not apply a predetermined method for determining the extent to which they are taken into account. Instead, the Manager considers these factors, as it becomes aware of them in the course of the due diligence process. As at the date of this PDS, engagement on ESG issues by the Manager is overseen by KKR’s Global Public Affairs team. External advisors also provide support as necessary.

3.8 LEVERAGE

The Fund will not use leverage as part of its investment approach or investment strategy. As at the date of this PDS, the Fund is not using leverage in any other way. However, in the future, the Fund may borrow to manage its liquidity, including through short term financing and to enable the Fund to meet its short term working capital requirements of the Fund, such as paying redemptions.

KKC may borrow on a temporary basis for cash management purposes, for example pending capital contributions by the Fund and other investors in KKC.

3.9 USE OF DERIVATIVES

The Manager intends to seek to mitigate certain risks associated with the Fund’s investment strategy, such as the Fund’s exposure to foreign currencies and the Manager may also seek to hedge sensitivity to interest rate risks. The Manager may use Derivatives as described below, to seek to hedge these risks, at the Manager’s sole discretion. There is no guarantee however that these risks will be successfully mitigated through the use of Derivatives.

There is no intention for the Fund to utilise Derivatives for speculative purposes.

3.9.1 Currency risk management

The Manager intends to hedge currency risk back to the base currency of the Fund, which is the Australian Dollar.

The decision to hedge to any particular basis (i.e. cost, face value or market value) is not fixed and can be subject to change based on the Manager’s assessment of risk. At a minimum, the Manager expects to re-evaluate its hedging strategy on a monthly basis to capture changes in the NAV of the Fund. Currency hedging may also occur within KKC.

KKR uses a customised currency management tool within its information technology systems. This system allows KKR to monitor foreign exchange exposures against derivatives and liability-based hedges at the currency, portfolio and asset levels. In executing new trades, KKR investment teams will use market data from Bloomberg, Thomson Reuters and quotes directly from dealers in evaluating the relative costs of hedging

foreign exchange across products, tenors and strategies. The relevant KKR investment team incorporates the impact of these hedging costs in their investment analysis and as a consideration in the relevant KKR investment committee approval process.

3.9.2 Interest rate risk management

The Manager may determine it is in the best interests of the Fund to manage the overall interest rate risk of the Fund by hedging with various interest rate Derivatives, such as interest rate futures, as deemed appropriate from time to time.

3.9.3 Types of Derivatives

Derivatives used by the Fund may be traded on centralised exchanges or over-the-counter via a broker-dealer.

3.9.4 Criteria for engaging Derivatives counterparties

KKR, the Manager, has established trading relationships with approximately 80 counterparties. The Manager has adopted policies and procedures for approving and monitoring counterparties. These policies are intended to assist in managing short-term financing, unsettled trades, business/competition and other economic risks associated with counterparties. KKR Credit Compliance, in coordination with Operations, reviews, approves and maintains appropriate documentation pertaining to counterparties requested by the Portfolio Managers or Traders.

The Manager has established procedures to ensure the engagement of counterparties is conducted in compliance with all applicable laws, rules and regulations. All agreements with such counterparties must be reviewed and approved in advance by KKR Counsel and/or external counsel, and Employees who engage service providers on behalf of KKR must conduct appropriate due diligence on these service providers and monitor compliance by them with the terms of their service agreements and their ability to perform the contracted services.

The responsible party for selecting, approving and monitoring counterparties depends upon the nature of the counterparty. In general, the Manager places great importance on service providers' experience, reputation in the marketplace, peer comparison, negative news reports and advanced business process support.

Service Level Agreements (SLAs) are in place with the Manager's main counterparties; namely those with whom the firm holds a large volume of business. Performance relative to SLAs is reviewed during monitoring visits.

Key Performance Indicators (KPIs) are in place for those perceived to be higher risk counterparties. Any issues or concerns are discussed with each counterparty individually and are monitored continually.

Additionally, the Compliance and Internal Audit departments participate in oversight processes depending upon the nature of counterparty including escalation and incident management, as appropriate.

See Section 5 for more information in relation to specific risks associated with engaging with Derivative counterparties.

3.10 NO SHORT SELLING

The Fund will not engage in short selling (i.e. selling investments which are not owned by the Fund at the point of sale). Short selling is also not permitted under the Fund's investment strategy. KKR does not currently engage in short selling and the Manager has no intention to do so.

3.11 CHANGES TO THE INVESTMENT STRATEGY

The Manager will implement the Investment Strategy of the Fund as described in this PDS. The Responsible Entity will post any changes to the Investment Strategy of the Fund on the Fund's website at www.kkrgcof.com.au.

3.12 SPECIFIC RISKS ASSOCIATED WITH THE INVESTMENT STRATEGY

Certain key risks associated with the Investment Strategy are set out in Section 5.

4 ABOUT THE FUND AND THE RESPONSIBLE ENTITY

4.1 FUND STRUCTURE

The Manager is an Australian proprietary limited company and is responsible for managing the Fund. The Fund is an Australian domiciled managed investment scheme structured as a unit trust and registered with ASIC.

The responsible entity of the Fund is Channel Investment Management Limited (“CIML”). CIML is a trustee and manager of a number of management investment schemes. **Channel Capital Pty Ltd** (ACN 162 591 568) provides investment management infrastructure and services across several asset classes and is the holding company of CIML.

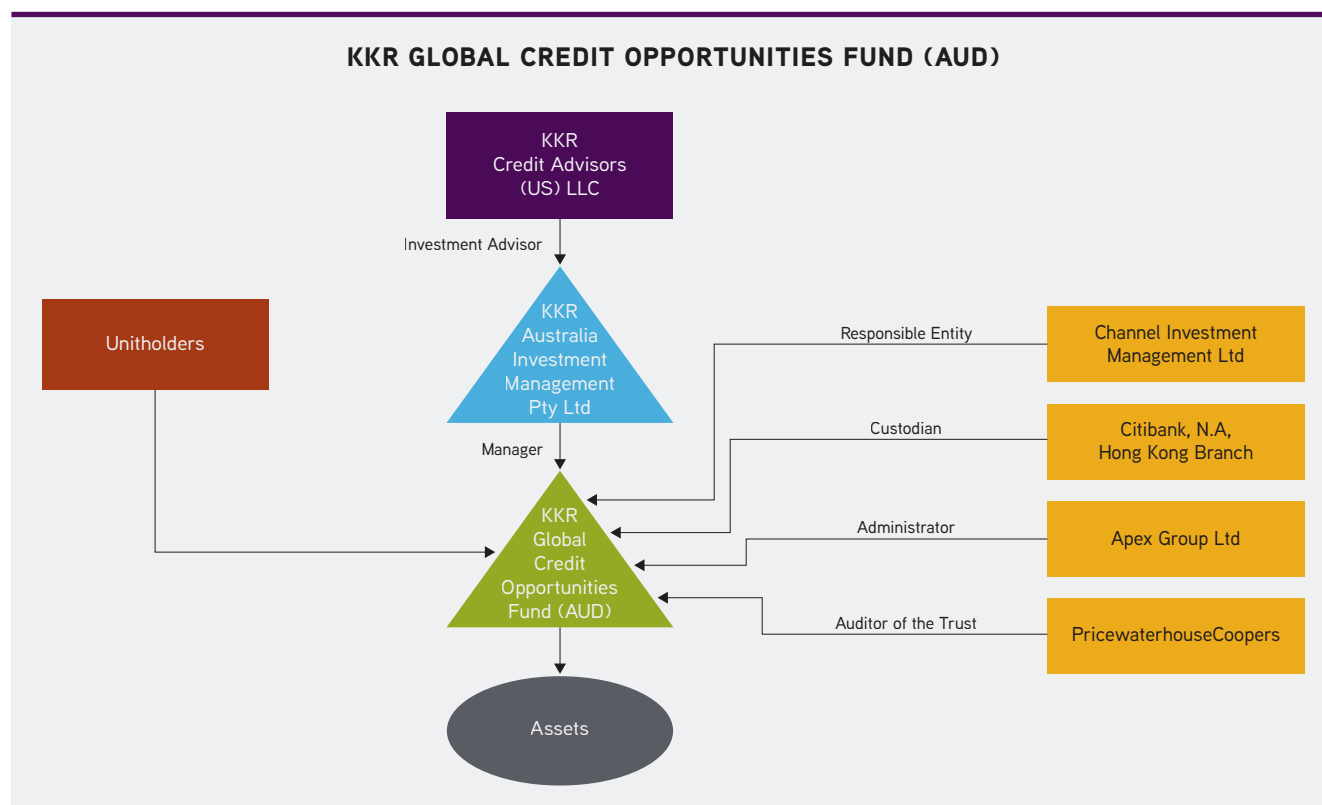
The Responsible Entity will issue Units to successful Applicants. In general, each Unit in the Fund represents a Unitholder’s interest in the Fund’s assets. However, a Unit does not give a Unitholder an interest in any particular asset of the Fund.

The Responsible Entity holds an AFSL issued by ASIC, which authorises it to operate the Fund.

The Responsible Entity has entered into service agreements with the service providers and will, with the assistance of the Manager, regularly monitor the performance of the service providers against the requirements set out in the relevant agreements.

The Manager has also engaged KKR Credit Advisors (US) LLC, a Delaware limited liability company as Investment Adviser under the Sub-Advisory Agreement. The Investment Adviser has been retained to provide certain discretionary investment management services and provide other assistance to the Manager in relation to the Fund. For further details on the Investment Adviser, refer to Section 2.4. For further details on the terms of the Sub-Advisory Agreement, refer to Section 8.2. The Manager and the Investment Adviser are related parties of each other due to being indirectly controlled by KKR.

A diagram depicting the structure of the Fund is set out below.



4.2 ROLE OF THE RESPONSIBLE ENTITY

The Responsible Entity is responsible for the overall management of the Fund in accordance with its duties to Unitholders. While the Responsible Entity has the power to delegate investment management and administrative services to other entities, it retains ultimate responsibility for these functions.

The Responsible Entity is bound by the Constitution and the Corporations Act. The Responsible Entity has lodged a compliance plan with ASIC which sets out the key measures which the Responsible Entity will apply to comply with the Constitution and the Corporations Act.

The investment structure is operated as summarised below:

- The Responsible Entity has entered into an Investment Management Agreement with the Manager with respect to the management of the Fund (see Section 8.1)).
- The Manager has established the Investment Committee, which is comprised of a number of KKR Credit and KKR personnel and will oversee the implementation of the Investment Strategy of the Fund as described in this PDS.
- The Manager has entered into the Sub-Advisory Agreement with the Investment Adviser to provide discretionary investment management services to the Manager in relation to the Fund (see Section 8.2).
- The Responsible Entity has appointed Citibank, N.A. to provide custodial services for the Fund.
- The Responsible Entity has appointed Apex to provide fund administration services.

The material agreements of the Fund are set out in Section 8.

The Responsible Entity has conducted due diligence on the Manager and Citibank, N.A. to ensure that these entities have appropriate processes and capability to carry out the Investment Strategy for the Fund. The Responsible Entity also has an ongoing review framework in place to review the investment process that the Manager has in place for the Fund.

4.3 REINVESTING DISTRIBUTIONS

The Responsible Entity intends to allow reinvestment of distributions, which will give Unitholders the right to re-invest distributions from the Fund in additional Units in the Fund. You can choose to elect to reinvest some or all of your distributions.

Unitholders electing to have their distributions paid in cash must nominate a bank account held in their own name with an Australian domiciled bank. Cash distributions will only be paid in Australian dollars to such an account. If you elect to reinvest your distribution, when a distribution is reinvested, Unitholders will be allocated Units in accordance with this PDS and the Fund's Constitution. Distribution reinvestment is generally effective the first Business Day after the date the distribution is paid. No buy/sell transaction cost will apply to distribution reinvestments.

The Responsible Entity also reserves the right to compulsorily reinvest distributions in certain circumstances. This includes, for example, where the Fund does not qualify as an 'attribution managed investment Fund' or AMIT, and the amount of cash available for distributions falls short of the distributable income that is determined to be distributed.

4.4 LIQUIDITY OF UNITS

An investment in Units in the Fund has limited or no liquidity and redemptions are solely in the discretion of the Responsible Entity. You may make a redemption request at any time while the Fund is liquid. On each Dealing Date the Responsible Entity will consider all redemption requests received at least five Business Days prior to the Dealing Date.

Where there are unexpected changes or sudden decreases in the value of the assets of the Fund or in other circumstances where the Responsible Entity considers it in the best interests of Unitholders to do so, the Responsible Entity may, if it considers it appropriate, impose a limit on the number of redemption requests that it will accept on a particular Dealing Date. In these circumstances the Responsible Entity would accept a

proportion of those redemption requests that it received by the Cut-Off Time at least 5 Business Days prior to the Dealing Date, up to the limit (e.g. 20% of the Fund's NAV) pro rata as between the Unitholders with outstanding redemption requests.

The Constitution permits 21 days from the time of redemption for payment to be made.

The Responsible Entity may also suspend consideration of redemption requests or defer its obligations to pay redemption proceeds where it is not possible or not in the best interests of the Unitholders for it to process redemption requests or make the payment due to one or more circumstances outside its control which could not have been reasonably foreseen at the relevant time, such as restricted, suspended or permanent cessation of trading or extreme price fluctuation or uncertainty in the market for an asset of the Fund.

The Fund could become illiquid under the Corporations Act. In these circumstances you may only withdraw from the Fund in accordance with a withdrawal offer made by the Responsible Entity in accordance with Corporations Act.

4.5 VALUATION OF THE FUND ASSETS

The Responsible Entity has engaged independent specialist fund administrator Apex Fund Services Pty Ltd ("**Administrator**") to determine the NAV and Unit price monthly. The Unit price for each class of unit is calculated monthly on the last calendar day of the month by dividing the NAV of the Fund's assets apportioned to each applicable unit class by the number of units on issue in that class.

The NAV is expected to be calculated by deducting from the total value of the assets of the Fund all liabilities, which includes declared but unpaid distributions, calculated in accordance with the Fund's Constitution and Australian Accounting Standards, based on market values of securities and other assets such as cash. NAV will vary as the market value of the Fund's assets rise or fall.

The Responsible Entity has a policy for unit pricing discretions it uses in relation to the Fund for the purposes of Class Order 13/657. The unit pricing policy and discretions exercised by the Responsible Entity are available free of charge on request.

The assets of the Fund will be valued using a framework for the valuation of financial instruments that is consistent with applicable accounting standards.

4.6 REPORTS TO UNITHOLDERS

The Responsible Entity will be required to report in accordance with the Corporations Act. The Responsible Entity intends to provide regular, accurate and timely disclosures through posting of such material on the Fund's website at www.kkrgcof.com.au. Copies of these and other documents lodged with ASIC may be obtained from ASIC if the Fund becomes a disclosing entity.

As an investor in the Fund you will receive:

- confirmation of your investments, withdrawals and switches;
- an annual tax statement;
- a periodic statement detailing the transactions during the period and the balance of your investment;
- a distribution statement, following each distribution; and
- the annual accounts for the Fund.

For taxation purposes, the Fund will report on a 30 June tax year end basis. A copy of the annual financial report for the Fund most recently lodged with ASIC can be obtained free of charge from the Responsible Entity upon request. If the Fund becomes a disclosing entity, the Responsible Entity will satisfy its continuous disclosure obligations for the Fund by publishing material information on the Fund's website (at www.kkrgcof.com.au). Accordingly, given the disclosure of material information will be made on our website, the Responsible Entity will not be required to lodge continuous disclosure notices for the Fund with ASIC. Investors should be aware that investments in corporate loans are private and confidential transactions and as such, individual investments may not be disclosed.

4.7 CORPORATE GOVERNANCE

The Responsible Entity has the responsibility of ensuring the Fund is properly managed so as to protect and enhance Unitholders' interests in a manner that is consistent with the Responsible Entity's responsibility to meet its obligations to all parties with which it interacts. To this end, the Responsible Entity has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and the nature of activities.

The Responsible Entity will review the corporate governance policies and structures that it has in place on an ongoing basis to ensure that these are appropriate for the size of the Fund and the nature of its activities, and that these policies and structures continue to meet the corporate governance standards to which the Responsible Entity is committed to.

4.8 FURTHER INFORMATION

Unitholders may obtain from the Responsible Entity on request and free of charge, a copy of the most recent annual report of the Fund (if any), this PDS, and, once the Fund has completed its first accounting period and financial statements have been prepared, a copy of the most recent financial statements and the auditor's report (if any). These documents may also be obtained electronically from www.kkrgcof.com.au. The Constitution can be made available only on request.

4.9 INDIRECT INVESTORS

An investment in the Fund through an IDPS does not entitle you to a direct interest in the Fund and you may be subject to different terms and conditions from those referred to in this PDS. When you invest via an IDPS, you are investing indirectly in the Fund and as such you do not become a Unitholder. The IDPS operator is the Unitholder and the term 'Unitholder' as used in this PDS refers to those entities. Some information in this PDS may be relevant only for direct investors. If you invest via an IDPS you will not receive reports or other documentation from the Responsible Entity or the Manager in respect of the Fund. Instead, these will be provided to you by your IDPS operator, who is the Unitholder. This includes information in relation to applications/withdrawals, cooling-off periods, processing times, distributions, fees and expenses and taxation. You should contact your IDPS operator for details on how to invest in or request a withdrawal from the Fund.

5 RISK FACTORS

You should be aware that an investment in the Fund involves material risks. You may lose all or a portion of the amount you invest in the Fund or you may receive distributions from the Fund or an overall return from your investment that are less than those targeted by the Fund. Returns from your investment in the Fund are also subject to volatility.

Each of the Fund's investments has associated risks. Neither the Responsible Entity nor the Manager will be able to control these risks and they do not guarantee the amount of any income or capital return from the Units, the performance of the Fund or the security of your investment. Past performance of any investment vehicle managed by the Manager or any of its affiliates is not a reliable indicator of future performance.

The following discussion of certain key risk factors does not purport to be an exhaustive list or a complete explanation of all the risks involved in an investment in the Fund or the Investment Strategy. You need to consider the level of risk that you are comfortable with. You are recommended to talk to an adviser about the risks involved in investing in the Fund, including its investment strategy.

You should carefully consider the key risks described below and all of the other information set out in this PDS before deciding to acquire Units. You are also recommended to review the Form ADV Part 2 of the Investment Adviser ("Form ADV Part 2") available at the following link: <https://www.adviserinfo.sec.gov/Firm/146629>.⁵

TYPE OF RISK	DESCRIPTION OF RISK
Risks relating to the Investment Strategy	
5.1 General Investment Strategy risks	All investing and trading activities risk the loss of capital. The success of the Investment Strategy will be affected by both general economic and market conditions, as well as by changes in laws, currency exchange controls and national and international political and socioeconomic circumstances. While the Manager and its affiliates attempt to moderate these risks, there can be no assurance that the direct and indirect investment and trading activities of the Fund will be successful or that investors will not suffer significant losses.
5.2 Illiquid and long term investments	Although not the primary focus of the Investment Strategy, the Fund will invest in illiquid and long-term investments directly and indirectly through its investment in KKC. In addition, the Fund (or KKC or any other investment vehicle in which the Fund invests) may be legally, contractually or otherwise prohibited or restricted from selling these investments for a period of time or it may otherwise be difficult to sell these investments at an advantageous time or price. Illiquidity may also result from the absence of an established market for certain investments. The realisable value of a highly illiquid investment at any given time may be less than its intrinsic value. There can be no assurance that the Fund will be able to sell such investments at a price that the Manager believes represents the value of the underlying assets or that otherwise does not reflect a market discount to such value. As a result, the Fund may be unable to realise its investment objectives in full by sale or other disposition at attractive prices.
5.3 High yield investments	The Fund will invest in "higher-yielding" credit investments which have a higher risk of loss. In most cases, such investments will be rated below "investment grade" or will be unrated. Borrowers of this type are considered to be at greater risk of not making their interest payments or principal repayments.

⁵ The Investment Adviser is registered with the U.S. Securities and Exchange Commission as an investment adviser. As such, it is required to file the Form ADV Part 2 with the U.S. Securities and Exchange Commission, which is publicly available to investors. The Form ADV Part 2 includes important information regarding the Investment Adviser and its affiliates and their business, risks associated with their primary investment strategies and potential conflicts that may arise as a result of their activities.

TYPE OF RISK	DESCRIPTION OF RISK
5.4 Credit investments	Credit investments may be secured, partially secured or unsecured and may have speculative characteristics. Changes in interest rates generally will cause the value of credit investments to vary inversely to such changes meaning that changes in prevailing market interest rates could negatively affect the value of such investments. In a changing interest rate environment, the Fund may not be able to manage this risk effectively. Credit investments with longer terms to maturity or duration are subject to greater volatility than investments in shorter-term obligations. The obligor of a credit investment may not be able or willing to pay interest or to repay principal when due in accordance with the terms of the associated agreement. An obligor's willingness to pay interest or to repay principal due in a timely manner may be affected by, among other factors, its cash flow. Commercial bank lenders may be able to contest payments to the holders of other debt obligations of the same obligor in the event of default under their commercial bank loan agreements.
5.5 Fixed income securities	Fixed income securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). An increase in interest rates will generally reduce the value of fixed-income securities, while a decline in interest rates will generally increase the value of fixed-income securities. Fixed income securities are also exposed to the risk that their or their issuers' credit ratings may be downgraded, which can cause a significant drop in the value of such securities. In the event of such downgrading, the value of the Fund may be adversely affected. The Fund may or may not be able to dispose of the credit instruments that are being downgraded.
5.6 Counterparty risk	A loss may occur if the other party to an investment contract entered into by the Fund, such as a derivatives counterparty or a custodian, defaults on their obligations under the contract. The performance of the Fund relies on the successful performance of the obligations under contracts with external parties with respect to the Fund and the products in which it invests. In the case of a counterparty default, the Fund may also be exposed to adverse market movements while the Fund sources replacement transactions. Further, the ability of the Fund to transact with multiple counterparties may increase the potential for losses to the Fund due to the lack of an independent evaluation of a counterparty's financial capabilities and the absence of a regulated market for facilitating the settlement of over-the-counter derivatives.
5.7 Bankruptcy proceedings	Investments of the Fund in borrowers involved in bankruptcy, restructuring or insolvency proceedings involve a number of significant risks. Many of the events within such proceedings can be adversarial and often beyond the control of creditors. While creditors may be afforded an opportunity to object to significant actions, there can be no assurance that bankruptcy, insolvency or other court proceedings will not result in the approval of actions that are contrary to the interests of the Fund, particularly in those jurisdictions which give a comparatively high priority to preserving the debtor company as a going concern, or to protecting the interests of either creditors with higher ranking claims in bankruptcy or of other stakeholders, such as employees. The duration of bankruptcy, restructuring or insolvency proceedings may also give rise to substantial costs for the Fund. During such processes, a company and its operations may further deteriorate.

TYPE OF RISK	DESCRIPTION OF RISK
5.8 Insufficient underlying security	Where the Fund is making investments in secured loans and other secured credit instruments, the Manager will generally seek to make investments that it believes are secured by specific collateral the value of which may initially exceed the principal amount of such investments, and which, if securing first priority liens, generally cannot be pledged as collateral, lent, or otherwise re-used by the borrower. There can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investments and such investments may be exposed to losses resulting from default and foreclosure. In the event of a foreclosure, the Fund may directly or indirectly assume ownership of the underlying collateral. There can be no assurance that such collateral could be readily liquidated or that the liquidation proceeds upon sale of any such collateral would satisfy the entire outstanding balance of principal and interest on the loan or other secured investments. Any costs or delays involved in the effectuation of a foreclosure on such collateral or in its liquidation could increase losses. While the Fund may target investing in borrowers and other issuers it believes are of high quality, these issuers could still present a high degree of business and credit risk as a result of a change in the competitive environment or market conditions.
5.9 Leverage risk	The principal, interest expense and other costs incurred in connection with any leverage incurred by the Fund may not be recovered by the income from and appreciation in its investments. For further detail see Section 3.8.
5.10 Early repayment	The investments of the Fund will have exposure to credit facilities with a range of maturity periods and which may be repaid prior to maturity. The degree to which borrowers prepay debt, whether as a contractual requirement or at their election, may be affected by general business conditions, market interest rates, the borrower's financial condition and competitive conditions among lenders. Prepayments are likely to be made during any period of declining interest rates. Such prepayments may result in the Fund receiving a lower than anticipated yield on such investments.
5.11 Projections and third-party reports	Projected operating results of a borrower, which may be a material factor of the Fund's assessment of an investment, will normally be based primarily on investment executive judgments or third-party advice and reports. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be achieved, and actual results may vary significantly from the projections.
5.12 Recharacterisation of investments	The placement of Fund representatives on the boards of companies or other issuers in which it has invested (and/or any equity interest of the Fund (or other KKR fund or account invested in such issuer)) may prevent the Fund from freely disposing of its credit investments and may subject it to additional liability or result in recharacterisation of its credit investments as equity. For example, in these circumstances, there may be a risk that the Fund will become a "public trading trust" from an Australian tax perspective and become taxed as if it were a company. The Manager intends to implement policies to ensure that these risks are appropriately managed and balanced.

TYPE OF RISK	DESCRIPTION OF RISK
5.13 Fraudulent conveyance, lender liability and equitable subordination	The Fund's investments may become subject to bankruptcy law and fraudulent transfer laws, which may vary from jurisdiction to jurisdiction, if the debt obligations relating to such investments were issued with the intent of hindering, delaying or defrauding creditors or, in certain circumstances, if the issuer receives less than reasonably equivalent value or fair consideration in return for issuing such debt obligations. If the debt is used for a buyout of shareholders, this risk is greater than if the debt proceeds are used for day-to-day operations or organic growth. If a court in the relevant jurisdiction were to find that the issuance of the debt obligations was a fraudulent transfer or conveyance, the court could void or otherwise refuse to recognise the payment obligations under the debt obligations or the collateral supporting such debt obligations, further subordinate the debt obligations or the liens supporting such obligations to other existing and future indebtedness of the issuer or require the Fund to repay any amounts received by it with respect to the debt obligations or collateral. In the event of a finding that a fraudulent transfer or conveyance occurred, the Fund may not receive any repayment on the debt obligations.
5.14 Participation interests	Where the Fund invests indirectly through acquiring participation interests in a loan and any related collateral the Fund only has the right to receive payments of principal and interest from the institution participating out the loan, and not directly from the obligor. The Fund will have limited consent rights to amendments of the underlying credit documents. Similarly, the Fund will not have any direct rights or recourse in the collateral, if any, securing such loans. The underlying borrower may retain the right to determine whether remedies provided for in the underlying credit documents will be exercised, or waived, without any prior consultation with, or consent by, the Fund. In the event that the Fund enters into such an indirect investment, there can be no assurance that the ability to realise a participation or derivative position will not be interrupted or impaired in the event of the bankruptcy or insolvency of any of the underlying borrower or the Fund's counterparty in such participation or derivative transaction.
Risks relating to the Fund	
5.15 Market and economic risks	The Fund and its investments may be materially affected by market, economic and political conditions globally and in the jurisdictions and sectors the Fund and the companies in which it invests in or operate in, including factors affecting interest rates, the availability of credit, currency exchange rates and trade barriers. The Investment Strategy and the availability of suitable investment opportunities depend in part on the continuation of certain trends and conditions observed in the credit markets, as well as the larger financial markets, and in some cases, improvements in such conditions, which is not assured. The development of fixed income markets following the GFC has caused significant dislocations, illiquidity and volatility in the loan and bond markets, as well as in the wider global financial markets which may adversely impact the Fund. Prolonged periods of adverse market conditions would have a further adverse impact on the availability of credit. Although financial markets have shown intermittent signs of improvement, global economic conditions remain tenuous. This may adversely impact the financial resources and credit quality of corporate and other borrowers in which the Fund invests and result in the inability of such borrowers to make principal and interest payments on, or refinance, outstanding debt when due. General fluctuations in the market prices of credit investments and interest rates may have a substantial negative impact on the Fund's investments and investment opportunities and accordingly may have a material adverse effect on the Fund's investment objectives and the rate of return on the Fund's investments. The ability of companies in which the Fund invests to refinance debt obligations, and for the Fund to realise its investments, will depend on the condition of public or private financing markets at the time of the proposed refinancing or other transaction.

TYPE OF RISK	DESCRIPTION OF RISK
5.16 Currency risk	The functional currency of the Fund is the Australian dollar. The Fund however may invest in investments denominated in a variety of currencies other than Australian dollars. For unhedged, non-Australian dollar investments of the Fund, adverse movements in the currencies of those investments relative to the Australian dollar, could reduce their profitability or result in losses which may adversely impact the value of the Fund. Currency markets can be extremely volatile and are subject to a range of unpredictable forces. Where currency risk is hedged, the hedge may not provide complete protection from adverse currency movements. While hedging transactions may reduce certain risks, such transactions themselves may also entail certain other risks and can also limit potential gains. Therefore, while the Fund may benefit from the use of these hedging techniques by the Fund, unanticipated changes in currency exchange rates, interest rates or the prices of the hedged investments may result in a poorer overall performance of the Fund's investments (and therefore indirectly the Fund) than if such transactions had not been entered into). The Manager intends to hedge against foreign exchange movement risk but may from time to time not be able to do so. For example, where a derivative hedge is not cost effective or not available.
5.17 Pricing risk	Units will be valued at a prescribed time at the end of each month. As a result of the Valuation Risk in relation to underlying assets and liabilities described at Section 5.18 or for another reason, there may be errors in pricing of units at any given point in time. Where an error occurs in relation to the valuation of assets or liabilities or the calculation of a unit price, the Responsible Entity is required to remediate in accordance with its unit pricing policy.
5.18 Valuation risk	The assets of the Fund are held directly. The Responsible Entity will typically rely on the Administrator for valuation of the Fund's assets and liabilities. The Fund may hold securities and other assets that will not have readily assessable market values. In such instances, the Administrator will determine the fair value of such securities and assets in its reasonable judgment based on various factors and may rely on internal pricing models, in accordance the Responsible Entity's valuation policies and procedures. Such valuations may vary from similar valuations performed by independent third-parties for similar types of securities or assets. The valuation of illiquid securities and other assets is inherently subjective and subject to increased risk that the information utilised to value such assets or to create the price models may be inaccurate or subject to other error. Due to a wide variety of market factors and the nature of certain securities and assets to be held by the Fund, there is no guarantee that the value determined by the Administrator will represent the value that will be realised by the Fund on the eventual realisation of an investment or that would be realised upon an immediate disposition of such investment. The value of the Fund's investment in KKC will be determined with reference to KKC's listed unit price on the ASX. The manager of KKC engages an independent administrator to provide independent valuation of its assets.

TYPE OF RISK	DESCRIPTION OF RISK
5.19 Liquidity risk relating to Units in the Fund	Investments may be difficult or impossible to sell, either due to factors specific to that security, or to prevailing market conditions. Liquidity risk may mean that an asset is unable to be sold or the Fund's exposure is unable to be rebalanced within a timely period and at a fair price, potentially resulting in delays in withdrawal processing, or even suspension of withdrawals. If the Manager is required to process a large withdrawal or application, the exposure of the Fund to particular investments, sectors or asset classes may be altered significantly due to the security sales or purchases required. As there is no public trading market for Units in the Fund, redemption of Units by the Responsible Entity is likely to be the only way for you to dispose of Units in the Fund for money. The Responsible Entity retains a discretion to refuse any redemption requests and is not required to accept any redemption requests. Where there are unexpected changes or sudden decreases in the value of the assets of the Fund or in other circumstances where the Responsible Entity considers it in the best interests of Unitholders to do so, the Responsible Entity may, if it considers it appropriate, impose a limit on the number of redemption requests that it will accept on a particular Dealing Date. As a result of either of these factors, there is a risk that individual investors may not be able to redeem their units for cash in any given month. The inability to redeem Units at a particular point in time may result in financial loss to you, if the Units decrease in value before the Responsible Entity accepts your redemption request. The Responsible Entity may also suspend consideration of redemption requests or defer its obligations to pay redemption proceeds where it is not possible or not in the best interests of the Unitholders for it to process redemption requests or make the payment due to one or more circumstances outside its control which could not have been reasonably foreseen at the relevant time, such as restricted, suspended or permanent cessation of trading or extreme price fluctuation or uncertainty in the market for an asset of the Fund. The Fund could become illiquid under the Corporations Act. In these circumstances you may only withdraw from the Fund in accordance with a withdrawal offer made by the Responsible Entity in accordance with Corporations Act.
5.20 Operational risk	There is a risk that inadequacies with systems and procedures or the people operating them could lead to a problem with the Fund's operation and result in a decrease in the value of Units or otherwise disadvantage the Fund. These systems and procedures include, but are not limited to, those that identify and manage conflicts of interest. Operational risk is principally addressed through the Responsible Entity's risk management framework, which includes internal controls to mitigate the risk that relevant systems and procedures are not followed.
5.21 Legal and regulatory risk	Changes in legislation and other rules, case law and administrative guidance regarding these laws in domestic and foreign markets, including those dealing with taxation, accounting and investments, may adversely impact the Fund (and its underlying investments) or an investment in the Fund. Changes in political situations and changes to foreign and domestic tax positions can also impact the Fund's returns. In addition, if any of the Fund's regulatory approvals are cancelled or suspended, the Fund may be adversely affected.

TYPE OF RISK	DESCRIPTION OF RISK
5.22 Litigation risks	From time to time, the Responsible Entity may be involved in litigation. This litigation may include, but is not limited to, contractual claims. If a claim is pursued against the Responsible Entity, the litigation may adversely impact on the profits and financial performance of the Fund. Any claim, whether successful or not, may adversely impact on the Fund's Unit price and/or the return on your investment.
5.23 Service provider risk	The Responsible Entity of the Fund could be replaced, and the Manager and/or the Investment Adviser could change, any of which may adversely affect the Fund or the Portfolio.
5.24 No operating or performance history of the Fund	Although the Investment Committee has extensive experience analysing, investing in and managing the type of investments described in Section 3.1, the Fund is a newly formed entity with no financial, operating or performance history upon which to evaluate its likely performance. There is a risk that the investment objectives of the Fund will not be achieved.
5.25 Cyber risk	There is a risk of fraud, data loss, business disruption or damage to the information of the Fund or to investors' personal or private information as a result of a threat or failure to protect this information or data by the Manager, the Responsible Entity or other relevant parties. Damage or interruptions to information technology systems may cause losses by interfering with the processing of transactions, impeding or sabotaging trading by the Fund. The Fund may also directly or indirectly incur substantial costs as the result of a cybersecurity breach. Any such breach could also expose the Fund, the Manager, the Responsible Entity or their affiliates to civil liability as well as regulatory inquiry and/or action, which may adversely impact the Fund.
5.26 Climate change risk	The risk that some investments of the Fund may be adversely affected by climate change directly or as a result of the transition to a lower carbon economy.

TYPE OF RISK	DESCRIPTION OF RISK
Risks relating to conflicts of interest	
5.27 Potential conflicts of interest of the Responsible Entity and the Manager and its affiliates	The Responsible Entity, the Manager and third-party service providers of the Fund may, in the course of their business, have potential conflicts of interest which may not be managed effectively and may be detrimental to the Fund and its Unitholders. The Manager and its affiliates are part of KKR's global investment management firm, which includes among others, its private markets and capital markets businesses and KKR Credit. KKR has, and may in the future acquire, interests in other businesses. As a result of this broad range of KKR activities, the Manager and its affiliates, personnel and associates have multiple advisory, transactional, financial and other interests and relationships that conflict with the interests of the Fund, and/or that generate fees and other compensation and economic benefits for KKR. KKR's capital markets business and other KKR service providers may provide, for example, capital markets, loan servicing, aircraft leasing and other services to the Fund and borrowers in which the Fund invests and may provide or arrange loans and other financing for these borrowers. These service providers will receive fees, commissions and other payments for these activities. It is also possible that borrowers in which the Fund invests compete with, or provide services to, portfolio companies of other KKR funds, and vice versa, which may result indirectly in economic benefits to KKR or adverse consequences for the Fund. KKR and its affiliates manage a broad range of investment funds and accounts and KKR and its affiliates (which include an insurance business) also make substantial investments for their own account, which may have an adverse impact on the Fund, for example by reducing the amount of an investment opportunity that is allocated to the Fund (possibly to zero) or by acquiring a stake in another investment manager that competes with the Fund for investment opportunities. Investment decisions and actions taken on their behalf may have adverse consequences for the Fund, including in particular where they invest in the same borrowers as the Fund and their interests conflict. Entities within the Channel Group may also act in various capacities (such as responsible entity, trustee and custodian) for other funds or accounts, which may conflict with the role the Responsible Entity plays with respect to the Fund. The Manager and its affiliates and Channel Group have implemented policies and procedures to seek to identify and manage conflicts in a fair and equitable manner as described in Section 10.2. There is no guarantee however that any such conflicts will be resolved in a manner that will not have an adverse effect on the Fund and any KKR fund in which it invests.

6 FEES AND OTHER COSTS

6.1 CONSUMER ADVISORY WARNING

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission** (“ASIC”) website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

6.2 FEES AND OTHER COSTS

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

KKR GLOBAL CREDIT OPPORTUNITIES FUND (AUD) CLASS C		
TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Ongoing annual fees and costs⁶		
Management fees and costs <i>The fees and costs for managing your investment⁷</i>	1.07925% per annum of the NAV of the Fund <i>This includes:</i> Management fee of 0.9225% per annum of the NAV of the Fund Plus Recoverable Fund expenses of 0.15675% of the NAV of the Fund (which includes the Responsible Entity Fee).	The management fee is 0.9225% per annum (inclusive of GST, less RITC). The management fee is calculated in relation to the NAV of the Fund relating to Class C Units. This fee is calculated and accrued monthly. This cost is deducted from the assets of the Fund and is generally paid monthly in arrears. The deduction of the management fee is reflected in the Fund's unit price. The Responsible Entity is entitled to a monthly Responsible Entity Fee of 0.1045% ⁸ per annum (inclusive of GST, less RITC) of the NAV of the Fund. This fee is calculated and accrued monthly and payable monthly in arrears out of the Fund's assets. The Responsible Entity will apply an expense recovery cap of 0.15675% per annum (inclusive of GST, less RITC) of the NAV of the Fund, which includes the Responsible Entity Fee. Where actual expenses are less than 0.15675% per annum of the NAV of the Fund the Responsible Entity will charge the actual expenses incurred.
Performance fees <i>Amounts deducted from your investment in relation to the performance of the product</i>	Nil	Not applicable
Transaction costs <i>The costs incurred by the scheme when buying or selling assets</i>	Nil ⁹	Transaction costs generally arise as a result of applications and redemptions and when the value of the assets of the Fund are affected by the day-to-day trading of the Fund and are deducted from the assets of the Fund as and when incurred.
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)		
Establishment fee <i>The fee to open your investment</i>	Nil	Not applicable
Contribution fee <i>The fee on each amount contributed to your investment</i>	Nil	Not applicable

⁶ See Section 6.4 "Additional explanation of fees and other costs" for more details. In particular see "Management Costs" in Section 6.4.1.

⁷ These total amounts include the net amount of GST, as it is anticipated that the Fund may be able to recover at least 55% of the GST component of fees charged to it, whether under the reduced credit acquisition provisions of the GST Act or otherwise. See Section 9.6 ("GST") for more details.

⁸ Responsible Entity Fee is subject to a minimum annual fee of \$172,425.00 (inclusive of GST, less RITC).

⁹ The transaction costs disclosed in this fees and costs summary are estimated amounts and are shown net of any recovery received by the Fund from the buy/sell spread charged to transacting Unitholders. Please refer to the 'Additional explanation of fees and costs' in this PDS for further details.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Buy-sell spread <i>An amount deducted from your investment representing costs incurred in transactions by the scheme</i>	0.25% of the application amount on application and 0.25% of the withdrawal amount on withdrawal.	The buy-sell spread represents estimated transaction costs and is deducted from the application amount received from, or the withdrawal amount to be paid to, applicants and withdrawing Unitholders respectively at the time of the relevant application or withdrawal.
Withdrawal fee <i>The fee on each amount you take out of your investment</i>	Nil	Not applicable
Exit fee <i>The fee to close your investment</i>	Nil	Not applicable
Switching fee <i>The fee for changing investment options</i>	Nil	Not applicable

6.3 EXAMPLE OF ANNUAL FEES AND COSTS FOR THE FUND

This table gives an example of how the ongoing annual fees and costs for the Fund can affect your investment over a 1 year period. You should use this table to compare this product with other products offered by managed investment schemes.

EXAMPLE — KKR GLOBAL CREDIT OPPORTUNITIES FUND (AUD) CLASS C	BALANCE OF \$150,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR	
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management fees and costs	1.07925% per annum	And , for every \$150,000 you have invested in the Fund, you will be charged \$1,618.88 each year
PLUS Performance fees	Nil	And , you will be charged or have deducted from your investment \$0.00 in performance fees each year
PLUS Transaction costs	Nil	And , you will be charged or have deducted from your investment \$0.00 in transaction costs
EQUALS Cost of the KKR Global Credit Opportunities Fund (AUD)	If you had an investment of \$150,000 in the Fund at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: \$1,618.88*	
	What it costs you will depend on the fees you negotiate.	

* Additional fees may apply. A buy-sell spread may apply to investments into and withdrawals from the Fund, which is not taken into account in this example. Please refer to the 'Additional explanation of fees and costs' in this PDS for further details.

This calculation assumes that:

- The additional \$5,000 is contributed at the end of the year;
- The balance remains constant at \$150,000 throughout the year; and
- There are no unusual costs during the year.

This is an example for illustrative purposes only. The amount payable depends on the circumstances of each Unitholder.

6.4 ADDITIONAL EXPLANATION OF FEES AND COSTS

All fees and other costs payable out of the Fund's assets quoted in this Section 6 are, unless otherwise stated, quoted inclusive of GST less any reduced input tax credits claimable by the Fund.

6.4.1 Management costs

6.4.1.1 Fees

Management costs are expressed as a percentage of the Fund's NAV. The management costs of the Fund include the Management Fee, the Responsible Entity Fee, the Custodian's fee and the Administrator's fee. Any fees charged by the Investment Adviser to the Manager for discretionary investment management services and other assistance will be borne by the Manager, who will not be reimbursed for these fees out of the assets of the Fund.

6.4.1.2 Management Fee

This is the fee paid to the Manager for providing services under the IMA.

The Management Fee will be 0.9225% (0.90% plus GST, less RITC) per annum of the NAV of the Fund relating to Class C Units, calculated and accrued monthly and paid to the Manager monthly in arrears out of the Fund's assets.

KKC charges similar management fees to the Fund. KKC also charges a performance fee. However, the Management Fee payable by the Fund will be reduced by an amount equal to the Fund's allocation of these fees. As such, there will be no incremental management or performance fees charged to the Fund in respect of its investment through KKC.

6.4.1.3 Responsible Entity Fee

The Responsible Entity is entitled to a monthly Responsible Entity Fee of 0.1045% per annum (inclusive of GST, less RITC) of the NAV of the Fund¹⁰, paid out of the Fund's assets monthly for acting as responsible entity of the Fund. The Responsible Entity Fee for each month will be calculated as at the end of the month.

The Responsible Entity reserves the right to review the fees it is entitled to if there is any increase in capital requirements, or an increase in or new fees or levies charged by any regulatory or governmental bodies, in relation to its Australian financial services licence requirements as responsible entity of Fund (subject to the maximum permitted under the Constitution).

The Responsible Entity will give Unitholders at least 30 days' notice of any proposed change to the Management Fee or Responsible Entity Fee.

¹⁰ Subject to a minimum annual fee of \$172,425.00.

6.4.1.4 Recoverable Fund expenses

Expenses are incurred in operating and managing the Fund and are deducted from the assets of the Fund as and when they are incurred. These expenses normally include taxes, costs, charges and expenses incurred by the Manager or its Affiliates, custody and administration fees, and audit costs, stamp duties, taxes and bank fees, preparation of financial statements, accounting fees, tax returns, compliance costs and advisor fees.

The Responsible Entity has the right under the Constitution to recover abnormal or extraordinary expenses out of the assets of the Fund. Abnormal or extraordinary expenses are expected to occur infrequently and may include (without limitation), costs of litigation, costs to defend claims in relation to the Fund and termination and winding up costs.

The Responsible Entity will apply an expense recovery cap of 0.15675% per annum (inclusive of GST, less RITC) of the NAV of the Fund, which includes the Responsible Entity Fee. The Responsible Entity may, in its sole discretion, increase this expense recovery cap in accordance with the Constitution. Where actual expenses are less than 0.15675% per annum of the NAV of the Fund the Responsible Entity will charge the actual expenses incurred.

6.4.1.5 Indirect costs in respect of the KKR Credit Income Fund (KKC)

KKC charges similar management fees as the Fund. KKC also charges a performance fee. However, the Management Fee payable by the Fund will be reduced by an amount equal to the Fund's allocation of these fees. As such, there will be no incremental management or performance fees charged to the Fund in respect of its investment through KKC.

6.4.1.6 Manager will cover all Offer costs in respect of this Offer

The costs of the Offer are those which are necessary for the Offer and include, without limitation: registration fees, advertising, distribution, marketing and printing costs (including the costs incurred in connection with the Offer roadshow), legal, accounting and advisory fees, and any other applicable costs relating to the Offer.

Under the Constitution, the Responsible Entity is entitled to pay such costs of the Offer out of the Fund's assets. However, under the Investment Management Agreement, the Manager has agreed to pay for all establishment fees, costs and expenses of this Offer in full out of its own pocket.

6.4.1.7 What are the transactional and operational costs?

Transactional and operational costs include brokerage, buy sell spread, settlement costs, clearing costs, stamp duty custody transaction costs on investment transactions, as well as the transactional and operational costs associated with Derivatives. Such costs are deducted from the Fund from time to time as and when they are incurred, are additional costs to the Unitholders (where they have not already been recovered by the buy-sell spread charged by the Responsible Entity) and are reflected in the NAV per Unit.

It is estimated that the gross transactional and operational costs in respect of the 2022/2023 financial year will be 0.03% of the NAV of the Fund (inclusive of GST, less RITC). Please note, the estimate of transaction costs included in the "Fees and costs summary" at section 6.2 above is shown net of any recovery received by the Fund from the buy/sell spread charged to transacting Unitholders.

Actual transactional and operational costs may be more or less than the estimate.

6.4.2 Buy-sell spreads

A buy-sell spread is an amount deducted from the value of a Unitholder's application money or withdrawal proceeds that represents the estimated costs incurred in transactions by the Fund as a result of the application or withdrawal. The buy-sell spread as at the date of this PDS is 0.25% of the application amount on application and 0.25% of the withdrawal amount on withdrawal. The buy-sell spread cost to you is based on the transaction value. For example, if you made an application of \$150,000 into the Fund the buy-spread amount deducted from your application money would be \$375 ($\$150,000 \times 0.25\%$).

The buy-sell spread can be altered or waived by the Responsible Entity at any time to reflect the actual or estimated transaction costs incurred by the Fund. No buy-sell transaction cost will apply to distribution reinvestments.

6.4.3 Can the fees change?

All fees in this PDS can change without the consent of the Unitholders. Reasons for a change may include changing economic conditions and changes in regulation. Fees may also change due to an increase in GST payable or a change to RITCs entitled to be claimed by the Fund. The Responsible Entity will give Unitholders at least 30 days' notice of any proposed change to the Management Fee or Responsible Entity Fee.

Any estimates of fees and costs in this PDS are based on information available as at the date of this PDS. As such, the actual fees and costs may differ and are subject to change from time to time.

The Constitution sets the maximum amount the Responsible Entity can charge for all fees. If the Responsible Entity wishes to raise fees above the amounts allowed for in the Constitution, the Responsible Entity would need to amend the Constitution in accordance with the Corporations Act and the relevant provisions in the Constitution.

The Responsible Entity may in its absolute and unfettered discretion waive, reduce, refund or defer any part of the fees and expenses that the Responsible Entity is entitled to receive under the Constitution.

6.4.4 Remuneration of financial advisers

The Responsible Entity does not intend to pay commissions to financial advisers in relation to an investor's investment in the Fund under this Offer. You may incur a fee for the advice provided to you by your financial adviser, but this does not represent a fee that the Responsible Entity has charged you for investing in the Fund and is not an amount paid out of the assets of the Fund. The Responsible Entity recommends that you check with your financial adviser if you will be charged a fee for the provision of their advice.

6.4.5 Tax

In addition to the fees and costs described in this Section 6, investors should also consider the government taxes and other duties that may apply to an investment in the Fund. See further information on taxation at Section 9.

7 DETAILS OF THE OFFER

7.1 WHAT IS THE OFFER?

7.1.1 The Offer

The Responsible Entity is offering Units in the Fund. The rights attaching to the Units are set out in the Constitution.

The Offer is open to investors who have a registered address in Australia and certain New Zealand investors (as outlined in 'Important Notices'). Investors can invest directly or indirectly via an IDPS.

The Responsible Entity is offering Units for subscription to raise approximately \$150 million on establishment of the Fund with a longer-term fund raising target in excess of \$1 billion.

If investing directly, you will be issued with Units. If investing indirectly via an IDPS, Units will be issued to the IDPS and you will not be entitled to exercise the rights and receive the benefits of a Unitholder.

7.1.2 Discretion under the Offer

The Responsible Entity reserves the right not to accept (wholly or in part) any application for any reason or without reason. If the Responsible Entity refuses to accept an application, any monies received from you will be returned to you without interest.

7.2 HOW DO I APPLY UNDER THE OFFER?

WHO IS ELIGIBLE TO PARTICIPATE IN THE OFFER?	
Who can apply for Units under the Offer?	The Offer is open to Retail Applicants and Institutional Applicants who have a registered address in Australia and certain New Zealand investors (as outlined in 'Important Notices'). The Responsible Entity reserves the right in its absolute discretion to reject any Application or to issue a lesser number of Units than that which is applied for under the Offer.
COMPLETING AND RETURNING YOUR APPLICATION UNDER THE OFFER	
Is there a minimum and maximum investment amount for each Application?	There is a minimum initial investment amount for direct investors of \$100,000. However, the RE has discretion to accept lower amounts. There is no minimum initial investment amount for indirect investors via IDPS. Refer to your IDPS operator's requirements. There is no minimum additional investment amount. There is no maximum amount that may be applied for under the Offer. The Responsible Entity reserves the right to aggregate any Applications under the Offer which it believes may be multiple Applications from the same person.

How do I apply under the Offer?	Please complete the Application Form that forms part of, is attached to, or accompanies this PDS or a printed copy of the Application Form attached to the electronic version of this PDS. The Application Form must be completed in accordance with the instructions on the reverse side of the Offer Application Form. Once the application form is complete, please send it to the following address: Apex Fund Services Pty Ltd GPO Box 4968 Sydney NSW 2001 Attention: Unit Registry If you need help completing the Application Form, contact Apex on 1300 133 451 or by email at registry@apexgroup.com. Indirect investors should invest through the method provided by the IDPS operator.
How to pay your Application Amount	The Application Amount must be provided by electronic funds transfer (EFT) paid to the Fund's application account and must be: • in Australian dollars; and • drawn on an Australian branch of a financial institution. Indirect investors should invest through the method provided by the IDPS operator.
FEES, COSTS AND TIMING FOR APPLICATIONS	
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Units under the Offer. Fees and costs charged to the Fund are described in Section 6.
What are the costs of the Offer and who is paying them?	The costs of the Offer are those which are necessary for the Offer and include, without limitation, the fees paid, registration, fees, advertising, distribution, marketing and printing costs (including the costs incurred in connection with the Offer roadshow), legal, accounting and advisory fees, and any other applicable costs. The Responsible Entity is entitled to pay fees and costs of the Offer under the Constitution. However, under the Investment Management Agreement, the Manager has agreed to pay for all the fees and costs of the Offer in full out of its own pocket. There will be no charge back, loan or other recovery mechanisms utilised to reimburse the Manager for the fees and costs of the Offer.
CONTACT	
Who do I contact if I have further queries?	If you have queries about investing under the Offer, you should contact your financial adviser, accountant or other professional adviser. If you have queries about how to apply under the Offer or would like additional copies of this PDS, please call Channel Client Services on 1800 940 599 (within Australia) and + 617 3009 7650 (outside Australia), between 8.30am and 5.30pm (Sydney time) Monday to Friday.

7.3 ACCEPTING APPLICATIONS

The Responsible Entity in their sole discretion reserve the right to reject any Application or issue a lesser number of Units than applied for. Application Amounts paid in respect of any rejected Application will be refunded. No interest will be paid on any Application Amounts refunded.

7.4 TAX IMPLICATIONS OF INVESTING IN THE FUND

The taxation consequences of any investment in the Units will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Fund.

A general overview of the Australian taxation implications of investing in the Fund are set out in Section 9 and are based on current tax law. The information in Section 9 is general information and is not personal advice or a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

7.5 OVERSEAS DISTRIBUTION

No action has been taken to register or qualify the offer of Units under this PDS, or to otherwise permit a public offering of Units, in any jurisdiction outside Australia (except for New Zealand, in limited circumstances as outlined in 'Important Notices').

7.5.1 Offer only made where lawful to do so

The distribution of this PDS in jurisdictions outside Australia may be restricted by law. This PDS does not constitute an offer in any place in which, or to whom, it would not be lawful to make such an offer. Persons into whose possession this document comes should inform themselves about and observe any restrictions on acquisition or distribution of this PDS. Any failure to comply with these restrictions may constitute a violation of securities laws.

7.5.2 United States

This PDS does not constitute an offer to sell, or a solicitation of an offer to buy, or an invitation to subscribe for or buy Units in the United States or to any U.S. person, and is not available to persons in the United States or to U.S. persons. The Units have not been, and will not be, registered under the U.S. Securities Act of 1933 and may not be offered or sold in the U.S. or to, or for, the account of any U.S. person. Each Applicant will be taken to have represented and warranted to the Responsible Entity that such Applicant is not a U.S. person and is not acting on account of a U.S. person.

8 MATERIAL CONTRACTS

The Responsible Entity considers that the material contracts described below are those which an investor would reasonably regard as material and which investors would reasonably expect to find described in this PDS for the purpose of making an informed assessment of an investment in the Fund under the Offer.

This Section contains a brief summary of the material contracts. As this Section is only a brief summary of the material agreements, it does not set out all rights and obligations under each material contract and these agreements will only be fully understood by reading the documents in full.

8.1 INVESTMENT MANAGEMENT AGREEMENT

The Responsible Entity has appointed the Manager to manage and invest the assets of the Fund pursuant to the terms of an Investment Management Agreement (“**IMA**”).

The Manager will keep the Trust under review and confer at regular intervals with the Responsible Entity regarding the investment and management of the Portfolio.

The other services provided by the Manager under the IMA include, but are not limited to:

- keeping proper books of account in relation to the Trust recording transactions by the Manager in relation to the Trust;
- providing information in relation to the Trust to assist the Responsible Entity or the Custodian with preparing reports required under relevant law as instructed by the Responsible Entity; and
- maintaining reasonable disaster recovery and business continuity procedures.

The IMA will continue until terminated by either party. The Responsible Entity may only terminate the Investment Management Agreement for cause. The Manager may terminate the Investment Management Agreement without cause at any time, subject to relevant law and upon providing six months’ notice. The Responsible Entity may retire at any time in accordance with the Constitution and relevant law. The Manager may request that the Responsible Entity retire. The Responsible Entity is required to retire as soon as reasonably practicable after being requested to do so by the Manager (or such longer period as agreed between the parties), provided that the Responsible Entity considers the retirement is appropriate having regard to its duties under the Constitution and relevant law, and that the retirement occurs in accordance with any procedures required by law.

8.2 SUB-ADVISORY AGREEMENT

The Manager has entered into the Sub-Advisory Agreement (“**SAA**”) with the Investment Adviser. Under the SAA, the Manager delegates its rights, powers, duties and obligations as Manager under the IMA and Constitution to the Investment Adviser.

The Investment Adviser will provide discretionary investment management services, such as strategic planning, identifying acquisitions, recommending strategies for executing investments and monitoring the performance of investments.

8.3 CONSTITUTION

The Fund is governed by the Corporations Act, general legal principles, and its Constitution. The terms and conditions of the Constitution are binding on each Unitholder (and all persons claiming through them). The Responsible Entity’s duties include:

- acting honestly and in the best interest of Unitholders;
- to exercise the degree of care, skill and diligence that a reasonable person would exercise if they were in the Responsible Entity’s position; and
- in relation to the Fund, to treat Unitholders of the same class equally and Unitholders of different classes fairly.

8.4 CUSTODY AGREEMENT

The Responsible Entity has entered into a Custody Agreement to appoint Citibank NA as the custodian of the Fund. The Custody Agreement provides that Citibank NA will:

- hold the assets of the Fund and any documents evidencing title to the assets on the terms and conditions of the Custody Agreement;
- ensure the assets of the Fund are clearly identified in its books and records as property of the Fund in such a way that enables the holding of the assets of the Fund to be audited;
- act honestly;
- take reasonable care based on the standards applying in the relevant markets for the assets held; and
- act in accordance with the Responsible Entity's proper instructions.

8.5 FUND ADMINISTRATION SERVICES AGREEMENT

Channel Capital, the parent company of the Responsible Entity, has also entered into a Fund Administration Services Agreement under which the Administrator provides fund and operational administrative services. The services include:

- unit registry;
- investment administration; and
- fund accounting.

9 TAXATION

9.1 AUSTRALIAN TAXATION CONSIDERATIONS

The following is a summary of the Australian tax consequences for Australian residents who subscribe for Units under this PDS. They may not be relevant for Unitholders who reside outside Australia or who are subject to special tax rules such as banks, superannuation funds, insurance companies, managed investment trusts, tax exempt organisations and dealers in securities.

This summary does not address all tax consequences of investing in the Units and, in particular, does not address the positions of Unitholders who:

- acquire their Units in the course of a business of trading or investing in securities, such as share traders, investment companies, banks or insurance companies, or who otherwise hold their Units on revenue account or as trading stock or for the purpose of profit making by sale;
- hold their units on behalf of other entities; and/or
- are subject to the “taxation of financial arrangements” rules in Division 230 of the Tax Act in respect of Units they acquire.

The tax consequences of your investment in the Units may differ depending upon your individual circumstances. You should consult your own professional tax adviser regarding the consequences of acquiring, holding or disposing of Units in light of your particular circumstances.

The disclosure is based on the provisions of the Tax Act, the GST Act and the relevant stamp duties legislation as at the date of this PDS. Australian taxation law is subject to change, sometimes with retrospective effect, which may have adverse taxation consequences for Unitholders. It is recommended that Unitholders seek their own professional advice, specific to their own circumstances, about the taxation implications of investing in the Fund.

9.2 ATTRIBUTION MANAGED INVESTMENT FUND RULES

The “Attribution Managed Investment Fund” (“**AMIT**”) provisions are an elective income tax regime for qualifying managed investment Funds that provides for a type of “flow-through” taxation treatment for Unitholders. The AMIT provisions are intended to provide greater certainty of tax treatment for beneficiaries of such Funds and simplicity of administration for trustees, when compared to the taxation rules that generally apply to Funds.

It is expected that the Fund will meet the eligibility requirements to qualify as an AMIT and, accordingly, the Responsible Entity intends to make an irrevocable election for the Fund to be an AMIT for the purposes of the Tax Act while the Fund continues to satisfy those eligibility requirements.

If the Fund ceases to qualify as an AMIT, the general taxation rules that apply to Funds will commence to apply to the Fund at that time. These general taxation rules are considered further below.

Provided the AMIT election is made by the Responsible Entity, the following will apply to the Fund for each relevant income year during which it is an AMIT:

(a) Fair and reasonable attribution

The Fund’s determined Fund components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. tax credits) will be attributed to Unitholders on a ‘fair and reasonable’ basis, having regard to their income and capital entitlements in accordance with the terms of the Constitution.

(b) ‘Unders’ or ‘Overs’ adjustments

‘Unders’ and ‘overs’ may arise where the Fund’s determined Fund components for a year are revised in a subsequent year (e.g. due to actual amounts differing from the estimates of income, gains/losses or expenses used to calculate amounts at year end). ‘Unders’ and ‘overs’ will generally be carried forward and adjusted in the year of discovery.

(c) Cost base adjustments

Where a distribution made by the Fund is less than (or more than) certain taxable components attributed to Unitholders, then the cost base of a Unitholder's Units may be increased (or decreased). Details of net annual tax cost base adjustments will be included on a Unitholder's annual tax statement, referred to as an 'AMIT Member Annual Statement' ("**AMMA**").

(d) Large redemptions

In certain circumstances, gains may be attributed to a specific Unitholder, for example, gains on disposal of assets to fund a large redemption being attributed to the redeeming Unitholder.

9.3 TAX TREATMENT OF AUSTRALIAN RESIDENT UNITHOLDERS**(a) Attributed income and other tax amounts**

The Responsible Entity will seek to allocate the Fund's determined Fund components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. tax credits) having regard to the number of Units held by Unitholders, Unitholders' entitlements to income and capital, and any cash distributions made to such Unitholders during the relevant period.

The Responsible Entity will seek, where possible, to align cash distributions with related allocated determined Fund components of assessable income. However, there may be times where it is not possible for the Responsible Entity to align distributions in this way, and the cash distributed by the Fund for a particular distribution period may fall short of the taxable income components that are attributed to investors for that distribution period.

This can occur for a number of reasons, for example, in instances where taxable income arises for the Fund as a result of foreign currency gains made on derivatives it has entered into for hedging purposes, or as a result of accruals taxation on its investments.

However, where the taxable income attributed to investors is greater than the amount distributed to investors, where the Fund is an AMIT, investors may be entitled to an increase in the cost base of their Units as a result of being taxed on more taxable income components than they are distributed. Any such cost base adjustment will be notified to investors in the year end tax statement (AMMA statement) that they receive (see below).

(b) Non-assessable distribution payments

Under the AMIT provisions, a Unitholder's cost base in their Units is generally increased where amounts of assessable income are allocated to them and generally decreased where cash distribution entitlements are distributed to the Unitholder in respect of their Units, irrespective of whether the amounts distributed are classified as income or capital. As a result, if the Fund distributes more cash to investors than the taxable income distributed to them, Unitholders should expect a decrease in the cost base of their Units under the AMIT provisions. Likewise, if the Fund distributes less cash to investors than the taxable income distributed, Unitholders should expect an increase in the cost base of their units under the AMIT provisions (see above). The net annual tax cost base adjustment amount in respect of a Unit will be detailed in an AMMA tax statement, which will be sent annually to Unitholders after year-end.

(c) Fund losses

If the Fund makes a loss for income tax purposes, the Fund cannot distribute the tax loss to Unitholders. However, the tax loss may be carried forward by the Fund for offset against future taxable income of the Fund, subject to the operation of the Fund loss rules.

(d) Capital gains

Capital gains made by the Fund can be concessionally treated for certain types of Australian resident investors. However, given the expected investment portfolio of the Fund, it is not anticipated that significant capital gains will be made by the Fund.

(e) Foreign income

The Fund may derive foreign sourced income that might be subject to foreign tax. Australian resident Unitholders should include their share of both foreign income and the amount of any foreign tax withheld in their assessable income. In such circumstances, Unitholders may be entitled to a foreign income tax offset ("FITO") for the foreign tax paid, against the Australian tax payable on the foreign sourced income. FITO's that are not utilised cannot be carried forward to a future income year.

(f) Disposal of Units by Australian resident Unitholders

If an Australian resident Unitholder transfers their units in the Fund, or their Units are redeemed, this is likely to result in disposal of the Units for the Australian resident Unitholder for Capital Gains Tax ("CGT") purposes.

Where a Unitholder holds their units in the Fund on capital account, a capital gain or capital loss on the disposal may arise and each Unitholder should calculate their capital gain or loss according to their own particular facts and circumstances. In calculating the taxable amount of a capital gain, a discount of 50% for individuals and funds or 33.33% for complying Australian superannuation funds may be allowed where the units in the Fund have been held for 12 months or more (not including the date of acquisition or disposal). No CGT discount is available to corporate Unitholders.

Any capital losses arising from the disposal of the investment may be used to offset other capital gains the Unitholder may have derived but may not be used to offset ordinary income. Net capital losses may be carried forward for offset against capital gains of subsequent years, provided certain loss utilisation tests are satisfied.

The capital gain or loss which is made by an Australian resident Unitholder on the redemption of Units in the Fund should be calculated taking into account any taxable gains of the Fund which the Responsible Entity may attribute to Unitholders upon a significant redemption. Any such gains may decrease the capital gain (or increase the capital loss) made by the Unitholder on the redemption.

9.4 TAX TREATMENT OF AUSTRALIAN RESIDENT UNITHOLDERS IF GENERAL FUND TAX PROVISION APPLY

If the Fund ceases to qualify as an AMIT for any reason (e.g. because it ceases to be a "Managed Investment Fund" ("MIT")), the general taxation rules that apply to funds will commence to apply to the Fund at that time, unless the Fund is classified as a public trading trust (see Section 9.5 below). It is not expected that the general taxation rules applying to funds would materially change the way in which Unitholders would be taxed. The main differences in tax treatment are set out below.

(a) Income of the Fund

If the Fund ceases to be an AMIT, the terms of the Constitution state that Unitholders will be presently entitled to all of the income of the Fund for each financial year with the result that no taxation liability should accrue to the Responsible Entity. On that basis, the Fund should be treated as a "flow-through" Fund for income tax purposes.

Provided that the Fund is treated as a flow-through vehicle, Unitholders will be assessed on their shares of the net taxable income of the Fund, based on their proportionate shares of the distributable income of the Fund in each income year. Unitholders will be required to include their share of taxable income in their tax return.

(b) Non-assessable distribution payments

Where the Fund distributes an amount of cash to a Unitholder that exceeds the share of the Fund's taxable income that is included in the assessable income of the Unitholder for a relevant income year, the Unitholder's cost base for their Units will be reduced to the extent of that excess cash distribution. A capital gain will arise where such "tax-deferred distributions" exceed the cost base of the Units.

(c) Reinvested distributions

Under the general Fund tax provisions, as outlined above, Unitholders should be taxed based on the income to which they are presently entitled, irrespective of whether that present entitlement is paid in cash or reinvested in further Units.

Accordingly, Unitholders who reinvest their distributions in the Fund, or have their distributions compulsorily reinvested, will be taxed on that share of the income of the Fund for the year of income to which the distribution relates.

9.5 PUBLIC TRADING TRUST RULES

A unit trust is subject to tax at the corporate tax rate if it is classified as a 'public trading trust' under Division 6C of Part III of the Tax Act. A public trading trust cannot be an AMIT and is not a flow-through vehicle for tax purposes and is instead taxed like a company at the current corporate tax rate.

Based on the Fund's circumstances and its intended investments as disclosed in this PDS, the Responsible Entity and the Manager intend to administer the Fund and its investments such that the Fund should not be characterised as a public trading trust. However, Division 6C is applied on an annual basis and requires consideration of the activities of the Fund and any entities it controls throughout each relevant income year.

9.6 GST

The Fund will be registered for GST. The acquisition and disposal of Units in the Fund by Unitholders should not be subject to GST. Similarly, the distributions paid by the Fund should not be subject to GST. GST is payable on some ongoing expenses, however the Fund may be able to claim a RITC of at least 55% of the GST paid, depending on the precise nature of the expenses incurred.

9.7 DUTY

The Unitholders should confirm the duty consequences in relation to the issue, transfer or redemption of Units with their tax adviser.

9.8 TAX FILE NUMBER (TFN) AND AUSTRALIAN BUSINESS NUMBER (ABN)

The Fund will be an investment body covered by the TFN reporting rules and consequently, "TFN withholding tax" can apply to payments of distributions by the Fund, unless a Unitholder has quoted an Australian tax file number ("TFN"), an Australian Business Number ("ABN") (in certain circumstances) or proof of some other exception (as appropriate). It is not compulsory for a Unitholder to quote their TFN or ABN. However, where a Unitholder does not quote an ABN or TFN, or claim an exemption, the Responsible Entity will be required to withhold tax at the top marginal rate, plus levies (as at the date of this PDS, the top marginal rate, plus levies equates to a rate of 47%), on distributions of income to the Unitholder. The Unitholder may be able to claim a credit in their tax return for any TFN or ABN tax withheld. Collection of TFNs is permitted under taxation and privacy legislation.

9.9 U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT AND OECD COMMON REPORTING STANDARD

The Fund is a Financial Institution under the intergovernmental agreement entered into between the Australian and U.S. governments in relation to the United States of America Foreign Account Tax Compliance Act on 28 April 2014 ("IGA"). The Fund is also a Financial Institution under the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("CRS").

Prospective investors and Unitholders in the Fund will be subject to due diligence to ensure compliance with the IGA and Australian implementing legislation. Prospective investors will need to provide certain information and/or documentation when applying for Units, and existing Unitholders may need to provide certain information and/or documentation on request.

In accordance with the IGA, the CRS and Australian implementing legislation, information in respect of certain Unitholders and their Units will be reported to the Australian Taxation Office (“ATO”). Broadly, this includes information in respect of Unitholders who are:

- US citizens or residents,
- certain types of US entities, and
- certain types of non-US entities that are controlled by one or more US citizens or residents (pursuant to the IGA), or
- foreign resident individuals, certain types of foreign resident entities, and certain types of Australian entities that are controlled by one or more foreign residents (pursuant to the CRS).

If a Unitholder does not provide the required information and/or documentation upon request, information in respect of that Unitholder and its Units may be reported to the ATO. The ATO will share information reported to it by Financial Institutions (as defined in the IGA and CRS) with the U.S. Internal Revenue Service or tax authorities of jurisdictions that have signed a relevant CRS Competent Authority Agreement.

For further information in relation to how our due diligence and reporting obligations under the IGA and CRS may affect you, please consult your tax adviser.

9.10 ANNUAL INVESTMENT INCOME REPORT (AIIR)

The Responsible Entity is required to lodge annually an AIIR to the ATO containing Unitholder identity details and investment income paid to Unitholders for the relevant financial year.

10 ADDITIONAL INFORMATION

10.1 COMPLAINTS RESOLUTION

The Responsible Entity has established procedures for dealing with complaints. If a Unitholder has a complaint, they can contact the Responsible Entity by calling Channel Client Services on 1800 940 599 (within Australia) or +617 3009 7650 (outside Australia) Monday to Friday 8.30am and 5.30pm (Sydney time). The Responsible Entity will use reasonable endeavours to deal with and resolve the complaint within a reasonable time but in any case no later than 30 calendar days after receipt of the complaint.

If an investor is not satisfied with the outcome, the complaint can be referred to an independent external dispute resolution scheme. Complaints should be lodged with the Australian Financial Complaints Authority ('AFCA') at:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

Phone: 1800 931 678

Online: www.afca.org.au

Email: info@afca.org.au

Please include the Responsible Entity's AFCA membership number (34924) with your enquiry.

All investors, regardless of whether you hold Units in the Fund directly or hold Units indirectly via an IDPS, can access the Responsible Entity's complaints resolution process outlined above. If investing via an IDPS and your complaint concerns the operation of the IDPS then you should contact the IDPS operator directly.

10.2 RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

Other than as set out in this PDS, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Responsible Entity was, or is to be, a participant, and in which any related party of the Responsible Entity had or will have a direct or indirect material interest.

The Investment Management Agreement has been entered into on arm's length terms between the Responsible Entity and the Manager. The Responsible Entity and the Manager may be subject to conflicts of interest when performing their duties in relation to the Fund. Both the Responsible Entity and the Manager have conflicts of interest policies and procedures in place that are designed to appropriately manage these conflicts of interest that arise in relation to managing the Fund.

In addition, consistent with good corporate governance practices, the Investment Management Agreement for the Fund requires the Manager to issue an annual compliance attestation to the Responsible Entity.

The Manager and its affiliates are part of KKR's global investment management firm. KKR's global businesses primarily include its private markets and capital markets businesses and KKR Credit. As a result of this broad range of KKR activities, the Manager and its affiliates, personnel and associates do and, in the future, will have multiple advisory, transactional, financial and other interests and relationships that conflict with the interests of the Fund. Participation of KKR Credit, KKR Capital Markets and KKR Capstone personnel, Senior Advisors, Executive Advisors, Industry Advisors and KKR Advisors in the Fund's investment activities is subject to applicable law and inside information barrier policies and procedures, which may limit the involvement of such personnel in certain circumstances and the ability of KKR investment teams to leverage such integration with KKR. Discussions with Senior Advisors, Industry Advisors, Executive Advisors and KKR Advisors and employees of KKR's managed portfolio companies are also subject to inside information barrier policies and procedures, which may restrict or limit discussions and/or collaborations with the KKR investment teams.

The Manager and its affiliates are subject to a comprehensive compliance program which includes, among others, policies and procedures reasonably designed to address conflicts of interest that arise during the course of KKR's global business. This compliance program includes, among other policies, KKR's global Code of Ethics (the "Code"). The policies and procedures set forth in the Code recognise that the Manager and its affiliates

are in a position of trust and confidence with respect to KKR funds and managed accounts and have a duty to place the interests of their clients before those of their own or their employees and also include obligations to preserve the confidentiality of information obtained in the course of KKR's business and use such information properly and consistent with applicable law and regulations. In addition to the information barriers described above, the Manager and its affiliates have established electronic firewalls and other protocols and procedures designed to protect confidential information.

Material conflicts of interest that arise between the Manager and its affiliates and their clients (including the Fund and KKC), generally will be discussed and resolved on a case-by-case basis by senior management, including representatives of KKR Credit or will otherwise be managed in accordance with internal policies and procedures reviewed by senior management that address specific conflicts, including, by way of example, allocation policies that address conflicts of interest arising between multiple KKR funds and accounts investing in the same investments and cross transaction and principal transaction policies that address purchases and sales of investments between KKR funds and accounts and/or between KKR funds and accounts and any proprietary account of the Manager or its affiliates. Any such discussions and policies will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflict. To implement best practices in the application and monitoring of conflict resolution, KKR has created a Global Conflicts Committee. KKR's Global Conflicts Committee is responsible for analysing and addressing new or potential conflicts of interest that may arise in KKR's business, including conflicts relating to specific transactions and circumstances, including fees and other compensation earned by KKR entities (other than management or performance fees or similar amounts) in connection with the activities of KKR funds and accounts, as well as those implicit in the overall activities of KKR and its various businesses. In addition, KKR Credit has established policies and procedures for mitigating and managing possible conflicts of interest as they relate to business overseen by KKR Credit and, in particular, for elevating, evaluating and resolving such conflicts.

Investors should refer to Section 5.27 for more information in relation to the potential conflicts of interest between the Responsible Entity, the Manager and their affiliates.

The policies and procedures described in this Section 10.2 may change from time to time.

10.3 CONSENTS

Each of the parties listed in the table below:

- has consented in writing to and has not, before the lodgement of this PDS with ASIC, withdrawn its written consent to:
 - be named in this PDS in the form and context in which it is named;
 - (in the case of the Manager) to the extent that this PDS contains statements by the Manager or includes statements based on any statement of or information provided by the Manager, each such statement being included in this PDS in the form and context in which it appears;
- has not caused or authorised the issue of this PDS;
- has not made and does not purport to make:
 - any statement or representation in this PDS or any statement on which a statement in this PDS is based, other than with respect to its name and role (except, in the case of the Manager, to the extent of the statements included in this PDS with the Manager's consent as described above);
- to the maximum extent permitted by law, disclaims and takes no responsibility for:
 - any statements or material in, or omissions from any part of the PDS, other than with respect to its name and role (and, in the case of the Manager, the statements included in this PDS with the Manager consent as described above).

NAME	ROLE
KKR Australia Investment Management Pty Ltd	Manager
KKR Credit Advisors (US) LLC	Investment Adviser
King & Wood Mallesons	Australian Legal Adviser
Citibank, N.A., Hong Kong Branch	Custodian
Apex Fund Services Pty Ltd	Administrator
PricewaterhouseCoopers	Auditor of the Fund
Seed Partnerships Pty Ltd	Corporate Adviser to the Manager

10.4 LEGAL PROCEEDINGS

To the knowledge of the Directors, there is no material current, pending or threatened litigation with which the Responsible Entity, in its capacity as responsible entity, or the Fund is directly or indirectly involved.

10.5 ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING (“AML/CTF”)

The Anti-Money Laundering Act and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to the Responsible Entity (“**AML Requirements**”), regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The Anti-Money Laundering Act is enforced by the Australian Transaction Reports and Analysis Centre (“**AUSTRAC**”). In order to comply with the AML Requirements, the Responsible Entity is required to, among other things:

- verify an investor’s identity and the source of their Application Amount before providing services to them, and to re-identify them if they consider it necessary to do so; and
- where an investor supplies documentation relating to the verification of their identity, keep a record of this documentation for seven years.

The Responsible Entity and the Fund Administrator as its agent (collectively, the “**Entities**”) reserve the right to request such information as is necessary to verify the identity of an investor and the source of the payment. In the event of delay or failure by the investor to produce this information, the Entities may refuse to accept an Application and the Application Amounts relating to such Application or may suspend the payment of withdrawal proceeds if necessary to comply with AML Requirements applicable to them. Neither the Entities nor their delegates shall be liable to the investor for any loss suffered by the investor as a result of the rejection or delay of any subscription or payment of withdrawal proceeds.

The Entities have implemented a number of measures and controls to ensure they comply with their obligations under the AML Requirements, including carefully identifying and monitoring investors. As a result of the implementation of these measures and controls:

- transactions may be delayed, blocked, frozen or refused where an Entity has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements;

- where transactions are delayed, blocked, frozen or refused the Entities are not liable for any loss investors suffer (including consequential loss) caused by reason of any action taken or not taken by them as contemplated above, or as a result of their compliance with the AML Requirements as they apply to the Fund; and
- the Responsible Entity or Citibank NA may from time to time require additional information from investors to assist it in this process.

The Entities have certain reporting obligations under the AML Requirements and are prevented from informing you that any such reporting has taken place. Where required by law, an entity may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC. The Entities are not liable for any loss an investor may suffer as a result of their compliance with the AML Requirements.

By applying for Units under the Offer, you confirm that the Application Amount paid by you has not been derived from activity undertaken in violation of AML Requirements or other unlawful or illegal activity.

10.6 PRIVACY

The Responsible Entity may collect personal information from you when you contact it and from any other relevant forms to be able to administer your investment and comply with any relevant laws, including the Privacy Act 1988 (Cth) and provide information to relevant government agencies in accordance with those laws. Tax, company and anti-money laundering law also require some of the information to be collected in connection with an application. In some cases, the Responsible Entity collects personal information from third parties including public sources, our related companies, referrers, brokers, agents, your adviser(s) and our service providers.

If you do not provide the Responsible Entity with your relevant personal information, the Responsible Entity may not be able to properly administer your investment (such as issuing you Units).

Privacy laws apply to the handling of personal information and the Responsible Entity will collect, use and disclose your personal information in accordance with its privacy policy, which includes details about the following matters:

- the kinds of personal information the Responsible Entity collects and holds;
- how the Responsible Entity collects and holds personal information;
- the purposes for which the Responsible Entity collects, holds, uses and discloses personal information;
- how you may access personal information that the Responsible Entity holds about you and seek correction of such information (note that exceptions apply in some circumstances);
- how you may complain about a breach of the Australian Privacy Principles (“APP”), or a registered APP code (if any) that binds the Responsible Entity, and how the Responsible Entity will deal with such a complaint; and
- whether the Responsible Entity is likely to disclose personal information to overseas recipients and, if so, the countries in which such recipients are likely to be located if it is practicable for the Responsible Entity to specify those countries.

Personal information is unlikely to be disclosed to any third parties overseas. The Responsible Entity may also be allowed or obliged to disclose information by law. If an investor has concerns about the completeness or accuracy of the information the Responsible Entity has about them or would like to access or amend their personal information held by the Responsible Entity, they can contact the Responsible Entity’s Privacy Officer at:

Attention: Privacy Officer
Channel Investment Management Limited
GPO Box 206
Brisbane, Queensland 4001

Phone: 1800 940 599

The privacy policy of the Responsible Entity is publicly available at its website www.channelcapital.com.au or you can obtain a copy free of charge by contacting the Responsible Entity.

The Manager may also collect, use and disclose your personal information, including personal information provided to the Manager by the Responsible Entity, for investor relations purposes in accordance with its privacy policy. A copy of the Manager's privacy policy is publicly available at www.kkrgcof.com.au.

If you are investing indirectly via an IDPS, the Responsible Entity and the Manager do not collect and hold your personal information in connection with your investment in the Fund. Please contact your IDPS operator for more information about their privacy policy.

10.7 GOVERNING LAW

This PDS and the contracts that arise from the acceptance of Applications under the Offer are governed by the laws applicable in Queensland, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Queensland, Australia.

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GLOSSARY OF INDUSTRY TERMS

bond	A type of debt security.
cash	Cash and short-term securities include cash, deposits and short-term bank bills. Cash traditionally produces a stable investment return (through the payment of interest).
convertible securities	Convertible securities are bonds, notes, preferred stock or other securities that can be converted into, or exchanged for, a specified amount of common stock or equity of the same or a different issuer within a particular period of time at a specified price or formula.
coupon	The interest payments a bondholder receives until maturity of the debt security.
corporate bond	A bond issued by a company, as distinct from a government bond.
credit investment	A debt security or derivative that has credit risk.
credit rating	For the purposes of a debt security, the rating assigned by a credit rating agency to represent the issuer's (borrower's) creditworthiness (its ability to make interest payments and repay the principal amount borrowed). Higher rated borrowers with an investment grade rating generally allow companies to reduce the interest rates (e.g. coupon amount) that they pay on their debt when compared with lower rated borrowers. Particular ratings have different meanings, based on the particular credit rating agency. In broad terms, a BB rated bond has a lower risk of non-payment compared to a B rated bond, which in turn has a lower risk of non-payment compared to a CCC rated bond (which is considered to be of low credit quality). Credit ratings are intended to be used by wholesale investors only and should not be relied on by retail investors when making a decision about investing in the Fund.
credit rating agency	Includes rating agencies that provide ratings in relation to corporate bonds, and include Moody's, S&P or Fitch.
credit/default risk	The risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation.
debt security	A financial instrument that is an obligation of its issuer (also referred to as the borrower) to make payments (generally, interest and, at the end of its term, principal) to the holder (also referred to as the creditor) of the instrument in return for the initial principal amount (i.e. loan) paid to the issuer by the holder for the debt security, e.g. a bond, loan or note. The terms of the instrument define the interest payment terms, maturity date for repayment of the principal and investor protections. Debt securities can be bought and sold between parties either over the counter or on an exchange. Examples of debt securities include government bonds, investment grade corporate bonds and non-investment grade corporate bonds (e.g. high yield bonds).
derivatives	Generally, a financial contract whose value depends upon, or is derived from, the value of an underlying asset, reference rate or index. Derivatives may relate to securities, bonds, interest rates, currencies or currency exchange rates, commodities, and related indexes. Examples include options contracts, futures contracts, options on futures contracts and swap agreements.
Fitch	Fitch Ratings Inc.
fixed income security	A debt security which makes interest payments based on a fixed rate that is set at the time of issuance. The market value of fixed income securities can be affected by changes in market interest rates.

full market cycle	A cycle is a broad term referring to trends or patterns that emerge during different market or business environments. More specifically, a full market cycle, as referred to in this PDS, is a period beginning with either the high or low point for a financial market followed by a corresponding low or high point, as the case may be, and then ending when the market next achieves or exceeds the initial high or low point.
GFC	Global Financial Crisis.
government bond	A bond issued by a government or government agency. It is a broad category of bonds, which includes sovereign bonds and subcomponents such as agency and “quasi-government” bonds, and local government bonds. The U.S., Japan and Europe have historically been the biggest issuers in the government bond market.
high yield bond	A non-investment grade corporate bond. Because of the higher risk of default, these bonds pay a higher yield than investment grade bonds.
hybrid securities	Hybrid securities are securities with both debt and equity-like characteristics.
interest rate risk	When market interest rates rise, the market value of fixed income securities (such as bonds) declines. Similarly, when market interest rates decline, the market value of fixed income securities increases.
investment grade	A credit rating of BBB-/Baa3 or better assigned by a credit rating agency. Higher rated borrowers with an investment grade rating generally allow companies to pay lower interest rates (e.g. coupon amount) on their debt when compared with lower rated borrowers.
issuer	The entity (i.e. borrower) issuing a debt security.
leverage	The use of borrowed money for investments.
litigation/trade claims	Litigation or trade claims are creditor claims held by creditors of debtors involved in bankruptcy proceedings.
maturity	The number of years left until a debt security repays its principal to the holder.
Moody's	Moody's Investors Service.
non-investment grade	A credit rating of below BBB-/Baa3 as assigned by a credit rating agency or unrated. Non-investment grade borrowers (e.g. issuers of high yield bonds) generally pay higher interest rates than higher rated borrowers.
payment-in-kind loans	Payment-in-kind loans make interest payments in bonds rather than cash for a period of time prior to maturity.
post-reorganisation equity	Post-reorganisation equity is equity issued after a company has emerged from bankruptcy proceedings.
private credit	Private credit fixed income securities typically include bilateral loans between a lender and a borrower and are not typically traded.
rescue and debtor-in-possession financings	Rescue and debtor-in-possession financings are financing to companies that are near to or in bankruptcy that supports their continued operation and emergence from bankruptcy or near bankruptcy.
risk-adjusted returns	A determination of the return from an investment relative to the risk assessed in making the investment.
S&P	Standard & Poor's Financial Services LLC.

sovereign bond	A bond issued and generally backed by a central government, e.g. U.S Treasuries.
stressed investment	An investment in a company that is in financial distressed.
structured equity	Structured equity are equity securities that are senior to common equity but are subordinated to debt securities of the same company.
structured credit investments	Structured credit investments are credit investments secured by pools of financial or other types of assets.
traded credit	Traded credit fixed income securities are typically debt securities or loans of larger companies and are syndicated to a group of lenders. As a result, they can be traded by syndicate members.
yield	The income returned on an investment, such as the interest received from holding a debt security or a dividend received from holding an equity security (e.g. share). The yield is usually expressed as an annual percentage rate based on the investment's cost, current market value or face value.

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DEFINED TERMS

Capitalised terms in this PDS have the meaning given below. There is also a list of further key industry terms used throughout this PDS in the Glossary of Industry Terms Section immediately prior to this glossary.

\$ or AUD	Australian dollars.
Administrator or Apex	Apex Fund Services Pty Ltd
AFSL	Australian financial services licence.
Applicant	A person who submits a valid Application Form and required Application Amount pursuant to this PDS.
Application	An application for Units under this PDS.
Application Amount	Subscription money submitted by Applicants under the Offer.
Application Form	The application form attached to or accompanying this PDS for investors to apply for Units under the Offer.
ASIC	The Australian Securities and Investments Commission.
ATO	The Australian Taxation Office.
Board	The board of directors of the Responsible Entity.
Business Day	A day (other than a Saturday or Sunday, or the day prior to Christmas Day) on which trading banks are open for general banking business in Sydney, and the New York Stock Exchange and banks in New York are open for business, and such other days as notified to Unitholders.
Citibank	Citibank, N.A., Hong Kong Branch
Channel Capital	Channel Capital Pty Ltd
Channel Group	Channel Capital Pty Ltd group of companies, comprising of Channel Capital Pty Ltd and its subsidiaries, including the Responsible Entity
Constitution	The constitution of the Fund.
Corporations Act	Corporations Act 2001 (Cth).
Dealing Date	Means the last calendar day of each month.
Directors	The directors (including any alternate directors) of the Responsible Entity.
Fund	KKR Global Credit Opportunities Fund (AUD) (ARSN 661 241 532).
Global Credit Opportunities Fund	KKR Global Credit Opportunities Master Fund L.P.
GST Act	A New Tax System (Goods and Services Tax) Act 1999 (Cth).
GST	The meaning given to that term in the GST Act.
Institutional Applicant	Means a wholesale client within as defined in the Corporations Act.

Investment Adviser	KKR Credit Advisors (US) LLC, an investment adviser registered with the U.S Securities and Exchange Commission.
Investment Committee	The team of investment professionals responsible for the investment and management of the Fund as described in Section 2.5.
Investment Management Agreement or IMA	The Investment Management Agreement between the Responsible Entity and the Manager appointing the Manager to manage the Fund, as summarised in Section 8.1.
Investment Strategy	The investment objectives, investment strategies, investment guidelines, permitted investments and elements of investment of the Fund as detailed in this PDS, in particular Sections 3 and 4.
IDPS	Investor Directed Portfolio Service, IDPS-like scheme or a nominee or custody services (collectively known as master funds or wrap accounts)
KKC or KKR Credit Income Fund	KKR Credit Income Fund (ARSN 634 082 107) - a managed investment scheme registered with ASIC and listed on the ASX that is managed by the Manager and the Investment Adviser.
KKR	Kohlberg Kravis Roberts & Co. L.P, together, where relevant to the context, with its subsidiaries and affiliates, including KKR Credit and the Manager, the Investment Adviser and any other KKR Credit manager.
KKR Credit	The KKR Credit group comprised of KKR Credit Advisors (US) LLC, KKR Alternative Investment Management and KKR Credit Advisors (EMEA) LLP.
KKR Group	KKR & Co. Inc. and its subsidiaries.
Management Fee	The management fee payable to the Manager in accordance with the Investment Management Agreement, as detailed in Section 6.
Manager	KKR Australia Investment Management Pty Ltd (ABN 42 146 164 454, AFSL 420 085).
NAV or Net Asset Value	As it relates to the Fund is equal to its assets, less liabilities.
NAV per Unit	Net Asset Value per Unit.
Offer	The offer by the Responsible Entity of Units under this PDS to issue Units.
Opportunistic Credit Strategy	The strategy by the same name of KKR Credit as explained in Section 3.
PDS	This product disclosure statement (including the electronic form of this PDS), and any supplementary or replacement PDS in relation to this document.
Responsible Entity or CIML	Channel Investment Management Limited.
Responsible Entity Fee	The fee payable to the Responsible Entity as described in Section 6.
Retail Applicant	An Applicant who is not an Institutional Applicant.
RITC	Reduced Input Tax Credit.

Sub-Advisory Agreement	The agreement between the Manager and the Investment Adviser under which the Investment Adviser is engaged by the Manager to provide certain discretionary investment management services and other assistance to the Manager in relation to the Fund.
Tax Act	The Income Tax Assessment Act 1936 (Cth), the Income Tax Assessment Act 1997 (Cth) and the Taxation Administration Act 1953 (Cth), as the context requires.
Unit	An ordinary fully paid unit in the Fund.
Unitholder	A registered holder of a Unit.
United States or U.S.	United States of America.
U.S. person	Means a “U.S. person” as defined in Rule 902 in Regulation S under the U.S. Securities Act.
U.S. Securities Act	U.S. Securities Act of 1933, as amended.

DIRECTORY

RESPONSIBLE ENTITY

Channel Investment Management Ltd

Level 19, Waterfront Place
1 Eagle Street
Brisbane QLD 4000

LEGAL ADVISER

King & Wood Mallesons

Level 61, Governor Philip Tower
1 Farrer Place
Sydney NSW 2000

MANAGER

KKR Australia Investment Management Pty Ltd

Level 39, Gateway Building
1 Macquarie Place
Sydney NSW 2000

CUSTODIAN

Citibank, N.A., Hong Kong Branch

50/F., Champion Tower, 3 Garden Road
Central, Hong Kong, Hong Kong

INVESTMENT ADVISER

KKR Credit Advisors (US) LLC

555 California Street, 50th Floor
San Francisco CA 94104

ADMINISTRATOR

Apex Fund Services Pty Ltd

Level 10/12 Shelley St
Sydney NSW 2000

CORPORATE ADVISER TO THE MANAGER

Seed Partnerships Pty Ltd

Level 32
225 George Street
Sydney NSW 2000

AUDITOR OF THE FUND

PricewaterhouseCoopers

480 Queen Street
Brisbane Qld 4000

How to contact us

Channel Client Services on 1800 940 599 (within Australia)
or +617 3009 7650 (outside Australia)
Monday to Friday 8.30am and 5.30pm (Sydney time)
Website: www.kkrgcof.com.au



KKR GLOBAL CREDIT OPPORTUNITIES FUND (AUD)

CONTACT INFORMATION

Channel Client Services on
1800 940 599 (within Australia)
or +617 3009 7650 (outside Australia)
Monday to Friday 8.30am to 5.30pm (Sydney time)

Website: www.kkrgcof.com.au