

KKR Credit Advisors (Ireland) Unlimited Company
Regulation 2017/565 Disclosure
2018

KKR Credit Advisors (Ireland) Unlimited Company – Disclosure pursuant to Article 65(6) of Commission Delegated Regulation 2017/565

KKR Credit Advisors (Ireland) Unlimited Company (“KKR CAI” or “the Firm”) is a discretionary portfolio manager to various collateralised loan obligation vehicles (CLO), separately managed accounts (SMA) and open ended credit funds. KKR CAI transmits orders to an affiliate KKR Credit Advisors (EMEA) LLP (“KCA EMEA LLP”) for execution in the market. KCA EMEA LLP does not perform portfolio management activities and only executes orders on behalf of KKR CAI and other KKR affiliates. Prior to KCA EMEA LLP undertaking European trading activity for KKR CAI and other KKR affiliates, KKR Credit Advisors (UK) LLP (“KCA UK LLP”) performed a similar role for the KKR group. Responsibility for European trading activity transferred from KCA UK LLP to KCA EMEA LLP in September 2017. KCA UK LLP no longer performs regulated activities and has ceased being regulated by the FCA.

The Firm closely monitors the execution of trades by the firms with which it places orders, including the relevance of various execution factors. The most common execution factor for bond trades is price – this is consistent with our expectations for liquid traded instruments and in accordance with our policy. The second most common execution factor is availability of the instrument in the market. This is consistent with our expectations and Best Execution policy. Not all bonds are traded in a liquid manner and therefore, in accordance with the Firm’s Best Execution policy, the firms with which the Firm places orders may execute trades with a counterparty when alternative counterparty prices are not available. The Firm tracks execution factors for all trades and reviews these factors on a frequent basis. During the course of 2017 we have observed that the execution factors used by traders are consistent with the Firm’s Best Execution policy.

The Firm does not execute transactions directly in the market with third parties. There are no commissions, fees, discounts, rebates or non-monetary benefits paid or received between KKR CAI and KCA EMEA LLP. The costs of operating the relationship are borne by the KKR management companies.

The Firm participates in the annual review of the KKR approved counterparty list to ensure that the approved counterparty list is reflective of commercial and regulatory expectations for the underlying clients. During 2017 KKR CAI participated in the broad review of the counterparty list to ensure that all approved counterparties were in a position to facilitate the effective discharge of its regulatory responsibilities. Following this review the Firm has selectively approved counterparties for the purchase/sale of certain financial instruments in reflection of the MiFID 2 requirements. The Firm is also actively considering using new trading counterparties and mechanisms, to ensure that it can obtain the best possible outcome for its clients.

All of the Firms' clients are categorised as professional under MiFID. There are no clients classified as retail or eligible clients. All professional clients are treated the same with respect to portfolio management, execution and allocation of trades.

The following table shows proportion of volume traded and proportion of orders executed for bonds traded by KKR CAI. Given that these trades were undertaken by an affiliated group entity, we believe that they are all categorised as indirect execution and therefore the entities listed are only those that executed orders on behalf of the Firm during 2017. The Firm has transmitted orders in relation to equity, ABS and currency derivative asset classes. However, the number of trades in each asset class was less than one per business day on average in 2017. We believe that it would not be meaningful or representative of our order execution arrangements to disclose similar detail for this low volume of trades. The Firm does not consider the classification of orders as "passive", "aggressive" or "directed" to be relevant to its OTC bond trading activity. The relevant columns in the table below are therefore left blank.

Class of Instrument	Bonds				
Notification if <1 average trade per business day in the previous year	N				
Top 5 venues ranked in terms of volume (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
KKR Credit Advisors (UK) LLP (LEI: 549300H8POFO6QN OTX63)	63%	65%	-	-	-
KKR Credit Advisors (EMEA) LLP (LEI: 213800A2CO7HLWP NXJ89)	37%	35%	-	-	-

KKR Credit Advisors (Ireland)

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