

KKR Income Opportunities Fund  
Form N-CSR  
December 23, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number (811-22543)

KKR Income Opportunities Fund  
(Exact name of registrant as specified in charter)

555 California Street, 50th Floor

San Francisco, CA  
(Address of principal executive offices)

94101  
(Zip code)

Nicole J. Macarchuk, Esq.

KKR Asset Management LLC

555 California Street, 50th Floor

San Francisco, CA 94101  
(Name and address of agent for service)

Registrant's telephone number, including area code: (415) 315-3620

Date of fiscal year end: October 31, 2015

Date of reporting period: October 31, 2015

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**Item 1. Reports to Stockholders.**

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**KKR**

**KKR Income Opportunities Fund**

Annual Report

October 31, 2015

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Income Opportunities Fund

October 31, 2015

**Table of Contents**

Management Discussion of Fund Performance	1
Performance Information	6
Schedule of Investments	7
Statement of Assets and Liabilities	14
Statement of Operations	15
Statements of Changes in Net Assets	16
Statement of Cash Flows	17
Financial Highlights	18
Notes to Financial Statements	19
Report of Independent Registered Public Accounting Firm	30
Trustees and Officers	31
Dividend Reinvestment Plan	33
Additional Information	35
Approval of Investment Advisory Agreement	36
Privacy Notice	38

The KKR Income Opportunities Fund (the Fund) files its complete schedule of portfolio holdings with the Securities and Exchange Commission (the Commission) for the first and third quarters of each fiscal year on Form N-Q within sixty days after the end of the period. The Fund's Form N-Q is available on the Commission's website at <http://www.sec.gov>, and may be reviewed and copied at the Commission's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities, as well as information relating to how a Fund voted proxies relating to portfolio securities during the most recent period ended June 30 will be available (i) without charge, upon request, by calling 855-330-3927; and (ii) on the Commission's website at <http://www.sec.gov>.

**INFORMATION ABOUT THE FUND'S TRUSTEES**

The Statement of Additional Information (SAI) includes additional information about the Fund's Trustees and is available without charge, upon request, by calling 855-330-3927. Furthermore, you can obtain the SAI on the SEC's web site at [www.sec.gov](http://www.sec.gov) or the Fund's website at [www.kkrfunds.com](http://www.kkrfunds.com).

**Management Discussion of Fund Performance**

Looking Back on the Markets – November 1, 2014 to October 31, 2015

*Key Investing Themes*

2015-to-date, there were three themes central to positioning the KIO portfolio:

- 1) **Fundamentals**: It is a constructive environment for credit investing with positive and stable cash generation in most sectors, low interest rates and a benign default outlook (outside of certain sectors such as Energy and Basic Industries which we are significantly underweight).
  
- 2) **Credit Tailwind**: Demand for credit remains strong and coupon generation is broadly in line with net issuance, creating a potential supply and demand imbalance with any inflows into spread assets.
  
- 3) **Exacerbated Volatility**: With growth of credit mutual fund and ETFs, but an 80% drop in broker-dealer inventories since 2008, we believe the propensity for volatility is and will be high.

As we have progressed into the second half of 2015, we believe concerns over Greece, China, Emerging Markets, the price of Oil and Fed action cause investors to discount numbers 1 and 2 above, bringing number 3 to the fore.

We continue to believe that the current macroeconomic environment is constructive for credit as demonstrated by strong cash flow generation in our portfolio companies and significant deleveraging from borrowers. From a security selection perspective, KKR Credit only seeks to invest where we believe to have a differentiated view. In January 2015, energy yields touched 900bps, prompting many funds to increase exposure at that time. However, KKR Credit felt it had no distinct view on the oil price its correlated impact on energy spreads, so we sought to underweight our energy position. We will continue to monitor this sector and intend to invest in energy companies only where we have a strong view on the credit quality of the company. We believe it is this fundamental, bottom-up due diligence that truly differentiates our team's approach to managing KIO.

To summarize, we are witnessing volatile fund flows and believe some names are being oversold as a result. KIO, as a closed-end fund with permanent capital, is designed to take advantage of this volatility as well as the key trends we have outlined above, notably the increased propensity for asset price dislocation due to reduced dealer inventories and increased corporate activity and debt issuance. We remain focused on providing an attractive risk-adjusted return through investment in a diversified portfolio of fixed income securities.

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### *Credit Market Commentary*

The credit markets came under pressure in Q4 2014 as global growth concerns resurfaced. Many credit and event-driven hedge funds became forced sellers because of the sharp pullback in energy-related credits and equities. The sell-off intensified, particularly in mid-December, as crude oil prices plummeted further. Coming off this more volatile Q4 2014, price movement in the credit markets was more benign in Q1 2015. Stronger technicals and a surge of retail inflows bolstered demand and supported spreads in the leveraged credit market.

In Q2 2015, the window for opportunistic executions reopened amid a more buoyant market tone. With repricings again in play and dividend financing more accessible, leveraged loan volume increased and clearing yields tightened. (1) More recently, in Q3 2015, reducing oil prices, China and U.S. Federal Reserve Bank action have combined to weigh on investor sentiment. Prices have trended lower in the face of an eroding technical environment and choppy conditions across the capital markets.

### *Leveraged Loans*

Leveraged loan new-issue volume slumped to a three-year low in Q4 2014 amid a challenging market. Specifically, new-issue leveraged loan volume decreased to \$68.6bn in Q4 2014, down from \$133.1bn in Q3 2014.(2) Against this backdrop, the S&P LSTA Leveraged Loan Index returned -0.51% in Q4 2014 which was further exacerbated by continued retail outflows in the loan space.(2) Specifically, retail investors pulled an estimated \$14.4bn from leveraged loan mutual funds in Q4 2014, bringing YTD 2014 outflows in the loan space to a record estimated \$20.0bn.(2) The outflows were marginally offset by the CLO market. In Q4 2014, CLO issuance reached \$30.2bn, bringing YTD issuance to approximately \$124.0bn, up from \$83.0bn during FY2013.(2)

In Q1 2015, leveraged loan new-issue volume rose moderately to \$86.1bn while the S&P LSTA Leveraged Loan Index returned 2.12%, recouping the -0.51% observed in Q4 2014.(3) This positive return was supported by moderating loan outflows. Specifically, retail investors pulled \$5.0bn from leveraged loan mutual funds over the three month period ending March 31, 2015 versus \$14.4bn in Q4 2014.(4) These moderate outflows were offset by the CLO market which hit a record high in March 2015 with 31 new CLOs pricing for \$16.4bn, surpassing the previous record of \$16.1bn in July 2014.(4)

In Q2 2015, leveraged loan new-issue volume increased to \$135.1bn, driven primarily by leveraged loans issued for purposes of refinancing and dividend recapitalizations as corporates and sponsors alike took advantage of the open new issue market.(5) Against this backdrop, the S&P LSTA Leveraged Loan Index returned 0.69% in Q2 2015 after reaching a 2.5-year high in Q1 2015.(8) The performance of the S&P LSTA Leveraged Loan Index benefitted from improving technical conditions, most notably moderate loan outflows and continued strong CLO issuance. Retail investors pulled a mere \$0.1bn from leveraged loan mutual funds and US CLO issuance remained elevated in Q2 2015 with 76 new CLOs pricing for \$37.6bn.(6)

Amidst an environment of eroding technicals, leveraged loan new-issuance decreased to \$112.3bn in Q3 2015.(7) This decrease was attributable to not only the volatility in the broader market, but also a significant decline in the level of opportunistic issuance, specifically repricings. The S&P LSTA Leveraged Loan Index returned -1.35% in Q3 2015, marking the index's worst quarterly performance in four years.(7) On the fund flows front, retail investors withdrew \$5.6bn from leveraged loan mutual funds over the three month period ending September 30, 2015.(7) Furthermore, US CLO issuance fell in Q3 2015 down to \$17.0bn from \$28.5bn as risk-retention continues to loom on the horizon.(7)

### *High Yield Bonds*

The high yield market came under pressure in Q4 2014, posting the first negative outcome since 2011.(8) Specifically, the Bank of America Merrill Lynch High Yield index returned -1.07% in Q4 2014.(9) Additionally, the spread on the Bank of America Merrill Lynch High Yield index increased nearly 65 bps in Q4 2014, while yields rose approximately 50bp.(9) High yield issuance in Q4 2014 was relatively light at \$69.8bn.(8) Furthermore, high-yield mutual funds experienced \$6.9bn in withdrawals in December 2014, after experiencing \$5.6bn of inflows in the first two months of Q4 2014. (8)

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(1) Source: S&P LCD Leveraged Lending Review as of June 30, 2015.

(2) Source: S&P LCD Leveraged Lending Review as of December 31, 2014.

(3) Source: S&P LCD Quarterly Review as of March 31, 2015. S&P LCD Leveraged Loan Index Returns as of March 31, 2015.

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(4) Source: JP Morgan Leveraged Loan Market Monitor as of April 1, 2015.

(5) Source: S&P LCD Quarterly Review as of June 30, 2015.

(6) Source: JP Morgan Leveraged Loan Market Monitor as of July 1, 2015.

(7) Source: S&P LCD Quarterly Review as of September 30, 2015.

(8) Source: JP Morgan High Yield Market Monitor as of January 5, 2015.

(9) Source: Bank of America Merrill Markets Online as of December 31, 2014.



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After posting its first negative return since 2011 in Q4 2014, the high yield market rebounded in Q1 2015 fueled by renewed demand from retail investors. Specifically, the Bank of America Merrill Lynch High Yield index returned 2.55% in Q1 2015 while spreads and yields decreased over 20bp and 30bp, respectively, benefitting the new issue primary market.(10) Notably, high yield issuance in Q1 2015 rose to \$95.6bn, up approximately 37% from the level of issuance observed in Q4 2014.(11) On the fund flows front, following two consecutive monthly inflows to begin 2015, high-yield bond mutual funds experienced a modest outflow in March, bringing QTD inflows to \$10.1bn.(11)

After rebounding in Q1 2015, the high yield market came under pressure in the second half of Q2 2015, posting a slightly negative quarterly return. Specifically, the Bank of America Merrill Lynch High Yield Index returned -0.05% in Q2 2015 while spreads and yields increased approximately 20 and 30bp, respectively.(12) High yield issuance in Q2 2015 was flat quarter over quarter at \$95.6bn.(13) Furthermore, high-yield bond mutual funds experienced outflows in each month of Q2 2015, bringing total quarterly outflows to \$5.0bn.(13)

The pressure on the high yield market continued in Q3 2015 amidst broader market volatility. Specifically, the Bank of America Merrill Lynch High Yield Index returned -4.90% in Q3 2015 while spreads and yields increased approximately 160 and 130bp, respectively.(14) This underperformance was felt across all sectors, but most notably across energy, commodities and metals and mining. High yield issuance in Q3 2015 was \$39.8bn, marking a 4-year low.(15) Furthermore, high-yield bond mutual funds experienced a \$6.8bn outflow in Q3 2015, bringing YTD outflows to \$6.7bn through September 30, 2015. (16)

### The Market in Numbers

*For the period of November 1, 2014 – October 31, 2015*

- **Returns:** Over the 12 month period ending October 31, 2015, the high yield and leveraged loan markets returned -2.05%(17) and 0.48%(18) (as measured by the Bank of America Merrill Lynch High Yield Index and the S&P LSTA Leveraged Loan Index), respectively, while the US 10-year treasury and the Bank of America Merrill Lynch US Corporate Index returned 3.57%(17) and 0.96%(17), respectively.
- **Spreads:** The option adjusted spread on the Bank of America Merrill Lynch High Yield Index averaged approximately 517bp for the twelve month period ending October 31, 2015.(17) Similarly, the spread on the S&P LSTA Leveraged Loan Index averaged approximately 506bp for the twelve month period ending October 31, 2015.(18)
- **Volatility:** As measured by the VIX index, volatility was sitting at 14.0 as of November 1, 2014.(19) Over the last twelve months, the VIX increased to as high as 28.4 in August 2015, before settling at 15.1 as of October 31, 2015.(19)

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(10) Source: Bank of America Merrill Markets Online as of March 31, 2015.

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- (11) Source: JP Morgan High Yield Market Monitor as of April 1, 2015.
- (12) Source: Bank of America Merrill Markets Online as of June 30, 2015.
- (13) Source: JP Morgan High Yield Market Monitor as of July 1, 2015.
- (14) Source: Bank of America Merrill Markets Online as of September 30, 2015.
- (15) Source: S&P LCD Quarterly Review as of September 30, 2015.
- (16) Source: JP Morgan High Yield Market Monitor as of October 1, 2015.
- (17) Source: Bank of America Merrill Markets Online as of October 31, 2015.
- (18) Source: S&P LCD Discounted Spreads as of October 31, 2015.
- (19) Source: Bloomberg as of October 31, 2015.

Fund Performance

KKR Income Opportunities Fund ( KIO or, the Fund ) is a non-diversified closed-end fund that trades on the New York Stock Exchange under the symbol KIO . The Fund 's primary investment objective is to seek a high level of current income with a secondary objective of capital appreciation. The Fund seeks to achieve its investment objectives by employing a dynamic strategy of investing in a targeted portfolio of loans and fixed-income instruments (including derivatives) of U.S. and non-U.S. issuers and implementing hedging strategies in order to seek to achieve attractive risk-adjusted returns. Under normal market conditions, KIO will invest at least 80% of its Managed Assets in loans and fixed-income instruments or other instruments, including derivative instruments, with similar economic characteristics. The Fund expects to invest primarily in first-and second lien secured loans, unsecured loans and high-yield corporate debt instruments of varying maturities.

As of October 31, 2015, the Fund held 69.1% of its net assets in high-yield corporate debt, 61.5% of its net assets in first and second-lien leveraged loans, 4.9% of its net assets in common stock and 2.0% of its net assets in preferred stock. KIO 's investments represented obligations and equity interests in 68 companies diversified across 32 distinct industries. The top ten issuers represented 46.28% of the Fund 's net assets while the top five industry groups represented 61.43% of the Fund 's net assets. The Fund 's Securities and Exchange Commission 30-day yield was 9.88%.

For the period from July 25, 2013 (commencement of operations) to October 31, 2015, KIO outperformed the Bank of America Merrill Lynch High Yield Master II Index on a net and gross net asset value ( NAV ) basis and underperformed it on a market price basis. Over that period, the Fund had returns of 5.89% on a gross NAV basis, 3.42% on a net NAV basis and -4.18% on a market price basis. Over the same period, the Bank of America Merrill Lynch High Yield Master II Index returned 2.81%. For the year ended October 31, 2015, the Fund had returns of 1.33% on a gross NAV basis, -1.13% on a net NAV basis, and -6.50% on a market price basis, and the Bank of America Merrill Lynch High Yield Master II Index returned -2.05%. Since inception through October 31, 2015, the Fund traded at an average discount to NAV of -8.64%.(20) The Fund employed leverage during the period covered by this report.(21)

Business Updates

We thank you for your partnership and continued investment in KIO. We look forward to continued communications and will keep you apprised of the progress of KIO specifically and the leveraged finance market place generally. Fund information is available on our website at [kkrfunds.com/kio](http://kkrfunds.com/kio).

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(20) Source: Underlying data from IDC as of October 31, 2015.

(21) For a discussion of the risks associated with the use of leverage and other risks, please see Risk Considerations, Note 3 to the financial statements.

**Disclosures**

*The Bank of America Merrill Lynch US Corporate Index is an unmanaged index comprised of U.S. dollar denomination investment grade corporate debt securities publicly issued in the U.S. domestic market with at least one year remaining term to final maturity.*

*The Bank of America Merrill Lynch High Yield Master II Index is a market-value weighted index of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Yankee bonds (debt of foreign issuers issued in the U.S. domestic market) are included in the Bank of America Merrill Lynch High Yield Master II Index provided that the issuer is domiciled in a country having investment grade foreign currency long-term debt rating. Qualifying bonds must have maturities of one year or more, a fixed coupon schedule and minimum outstanding of US\$100 million. In addition, issues having a credit rating lower than BBB3, but not in default, are also included.*

*The Chicago Board Options Exchange (CBOE) Volatility Index (VIX) reflects the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. The VIX reflects the market's estimate of future volatility, based on the weighted average of the implied volatilities for a wide range of strikes. The first and second month expirations are used until 8 days from expiration, then the second and third are used.*

*It is not possible to invest directly in an index.*

*Past performance is not an indication of future results. Returns represent past performance and reflect changes in share prices, the reinvestment of all dividends and capital gains, expense limitations and the effects of compounding. **The prospectus contains more complete information on the investment objectives, risks, charges and expenses of the investment company, which investors should read and consider carefully before investing.** The returns shown do not reflect taxes a shareholder would pay on distributions or redemptions. Total investment return and principal value of your investment will fluctuate, and your shares, when sold, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted. **An investment in the Fund involves risk, including the risk of loss of principal. For a discussion of the Fund's risks, see Risk Considerations, Note 3 to the financial statements.** Call 855-330-3927 or visit [www.kkrfunds.com/kio](http://www.kkrfunds.com/kio) for performance results current to the most recent calendar quarter-end.*

*Must be preceded or accompanied by a prospectus.*

*An imbalance in supply and demand in the income market may result in valuation uncertainties and greater volatility, less liquidity, widening credit spreads and a lack of price transparency in the market. Investments in income securities may be affected by changes in the creditworthiness of the issuer and are subject to the risk of non-payment of principal and interest. The value of income securities also may decline because of real or perceived concerns about the issuer's ability to make principal and interest payments. Borrowing to increase investments (leverage) will exaggerate the effect of any increase or decrease in the value of Fund investments. Investments rated below investment grade (typically referred to as junk) are generally subject to greater price volatility and illiquidity than higher rated investments. As interest rates rise, the value of certain income investments is likely to decline. Senior loans are subject to prepayment risk. Investments in foreign instruments or currencies can involve greater risk and volatility than U.S. investments because of adverse market economic, political, regulatory, geopolitical or other conditions. Changes in the value of investments entered for hedging purposes may not match those of the position being hedged. The Fund may engage in other investment practices that may involve additional risks.*



**Performance Information**

<b>Average Annual Total Returns Period Ended October 31, 2015</b>	<b>One Year</b>	<b>Since Inception (7/25/2013)</b>	<b>Value of \$10,000 10/31/2015</b>
KKR Income Opportunities Fund - Market Price Return	(6.50)%	(4.18)%	\$ 9,078
KKR Income Opportunities Fund - NAV Return	(1.13)%	3.42%	\$ 10,792
BofA Merrill Lynch High Yield Master II Index®	(2.05)%	2.81%	\$ 10,649

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Schedule of Investments

	Par	Value
<b>HIGH YIELD SECURITIES - 69.1%</b>		
Air Freight & Logistics - 3.8%		
XPO Logistics, Inc.		
7.875%, 09/01/2019 (a)	5,317,000	\$ 5,350,231
6.500%, 06/15/2022 (a)	4,986,000	4,450,005
		9,800,236
Banks - 4.3%		
Novo Banco SA		
N/A, 02/19/2049 (a) (g) (i)	EUR 8,602,000	1,168,683
N/A, 02/27/2051 (a) (g) (i)	EUR 3,601,000	470,231
N/A, 04/09/2052 (g) (i)	EUR 246,000	31,158
SquareTwo Financial Corp.		
11.625%, 04/01/2017 (d) (e)	14,720,000	9,420,800
		11,090,872
Building Products - 4.6%		
Builders FirstSource, Inc.		
10.750%, 08/15/2023 (a)	2,678,000	2,765,035
New Enterprise Stone & Lime Co., Inc.		
13.000%, 03/15/2018 (c)	8,843,516	9,197,257
		11,962,292
Chemicals - 1.3%		
Univar, Inc.		
6.750%, 07/15/2023 (a)	3,500,000	3,465,000
Communications Equipment - 1.0%		
Riverbed Technology, Inc.		
8.875%, 03/01/2023 (a)	2,675,000	2,514,500
Construction Materials - 6.3%		
Cemex Materials LLC		
7.700%, 07/21/2025 (a)	13,760,000	14,207,200
Summit Materials Holdings LP		
10.500%, 01/31/2020	2,223,000	2,356,380
		16,563,580
Diversified Telecommunication Services - 1.1%		
Zayo Group LLC		
6.375%, 05/15/2025 (a)	2,917,000	2,953,463
Electric Utilities - 2.5%		
Dynegy, Inc.		
7.375%, 11/01/2022	3,077,000	3,095,708
7.625%, 11/01/2024	3,507,000	3,515,768
		6,611,476
Electronic Equipment, Instruments & Components - 3.6%		
Artesyn Technologies, Inc.		
9.750%, 10/15/2020 (a)	9,594,000	9,426,105

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	Par	Value
<b>HIGH YIELD SECURITIES - 69.1% (continued)</b>		
Food & Staples Retailing - 1.3%		
Brake Bros Ltd.		
7.125%, 12/15/2018 (a) (g)	GBP 2,166,000	\$ 3,459,363
Hotels, Restaurants & Leisure - 0.9%		
Eldorado Resorts, Inc.		
7.000%, 08/01/2023 (a)	2,239,000	2,266,987
Household Durables - 0.1%		
The Hillman Group, Inc.		
6.375%, 07/15/2022 (a)	354,000	330,105
Insurance - 1.8%		
Towergate		
8.750%, 04/02/2020 (a) (d) (e) (g)	GBP 3,310,813	4,716,536
IT Services - 0.8%		
iPayment Investors LP		
9.500%, 12/15/2019 (a) (d) (e)	2,068,148	2,135,363
Life Sciences Tools & Services - 0.4%		
Labcosynlab		
8.250%, 07/01/2023 (a) (g)	EUR 851,000	953,180
Machinery - 0.4%		
Nesco		
6.875%, 02/15/2021 (a)	1,594,000	1,147,680
Media - 10.9%		
Block Communications, Inc.		
7.250%, 02/01/2020 (a)	418,000	420,090
Cequel Communications Holdings LLC		
7.750%, 07/15/2025 (a)	7,151,000	6,882,837
Clear Channel Outdoor, Inc., Series B		
7.625%, 03/15/2020	5,597,000	5,806,888
Intelsat Jackson Holdings SA		
7.250%, 04/01/2019 (g)	3,872,000	3,639,680
5.500%, 08/01/2023 (g)	4,150,000	3,444,500
Virgin Media, Inc.		
5.250%, 01/15/2026 (a) (g)	8,202,000	8,202,000
		28,395,995
Metals & Mining - 1.9%		
Ryerson, Inc.		
9.000%, 10/15/2017	5,820,000	5,077,950
Oil, Gas & Consumable Fuels - 3.1%		
Bill Barrett Corp.		
7.000%, 10/15/2022	7,699,000	5,139,082
Hilcorp Energy I LP (Hilcorp Finance Co.)		
7.625%, 04/15/2021 (a)	2,864,000	2,914,120
		8,053,202



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	Par	Value
<b>HIGH YIELD SECURITIES - 69.1% (continued)</b>		
Road & Rail - 2.1%		
The Kenan Advantage Group, Inc.		
7.875%, 07/31/2023 (a)	5,160,000	\$ 5,366,400
Semiconductors & Semiconductor Equipment - 1.5%		
Micron Technology, Inc.		
5.250%, 01/15/2024 (a)	3,979,000	3,809,892
Software - 1.5%		
Datatel, Inc.		
9.000%, 09/30/2023 (a) (d) (e)	516,000	520,515
TIBCO Software, Inc.		
11.375%, 12/01/2021 (a)	3,594,000	3,468,210
		3,988,725
Specialty Retail - 6.8%		
Guitar Center, Inc.		
6.500%, 04/15/2019 (a)	4,408,000	4,126,990
J.C. Penney Corp., Inc.		
7.950%, 04/01/2017	298,000	308,430
5.750%, 02/15/2018	1,617,000	1,572,533
8.125%, 10/01/2019	7,272,000	7,235,640
5.650%, 06/01/2020	2,516,000	2,302,140
The Mens Wearhouse, Inc.		
7.000%, 07/01/2022	1,979,000	2,065,581
		17,611,314
Textiles, Apparel & Luxury Goods - 2.5%		
Hot Topic, Inc.		
12.000%, 05/15/2019 (a) (c)	1,286,000	1,212,055
9.250%, 06/15/2021 (a)	5,488,000	5,295,920
		6,507,975
Wireless Telecommunication Services - 4.6%		
GCI, Inc.		
6.750%, 06/01/2021	6,100,000	6,313,500
6.875%, 04/15/2025	4,076,000	4,198,280
Sprint Corp.		
7.875%, 09/15/2023	1,642,000	1,514,745
		12,026,525
<b>TOTAL HIGH YIELD SECURITIES (amortized cost \$191,176,348)</b>		<b>180,234,716</b>
<b>LEVERAGED LOANS - 61.5%</b>		
Aerospace & Defense - 1.3%		
Sequa Corp., TL 1L 12/12		
5.250%, 06/19/2017 (b)	4,003,129	3,302,582
Building Products - 6.3%		
Gypsum Management & Supply, Inc., TL 2L 03/14		
7.750%, 04/01/2022 (b)	8,621,960	8,465,730

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	Par	Value
<b>LEVERAGED LOANS - 61.5% (continued)</b>		
Building Products - 6.3% (continued)		
Hanson Building Products North America, TL 1L B 02/15		
6.500%, 03/14/2022 (b)	8,102,955	\$ 8,011,796
		16,477,526
Chemicals - 0.1%		
Emerald Performance Materials LLC, TL 2L 07/14		
7.750%, 08/01/2022 (b)	268,490	265,134
Diversified Telecommunication Services - 4.3%		
Lightower Fiber LLC, TL 2L 04/13		
8.000%, 04/12/2021 (b)	11,523,828	11,293,351
Electronic Equipment, Instruments & Components - 2.4%		
TTM Technologies, Inc., TL 1L B 02/15		
6.000%, 05/31/2021 (b)	6,608,471	6,203,702
Energy Equipment & Services - 0.6%		
Proserv Acquisition LLC, TL 1L B1 12/14 (US Tranche)		
6.375%, 12/22/2021 (b) (g)	1,184,590	914,107
Proserv Acquisition LLC, TL 1L B2 12/14 (UK Tranche)		
6.375%, 12/22/2021 (b) (g)	695,303	536,541
		1,450,648
Food & Staples Retailing - 7.5%		
Brake Bros Ltd., TL 2L D2 10/07		
6.761%, 03/13/2017 (b) (c) (g)	GBP 8,057,333	12,377,647
California Pizza Kitchen, Inc., TL 1L B 07/11		
5.252%, 03/29/2018 (b)	5,731,767	5,516,826
Grocery Outlet, Inc., TL 2L 09/14		
9.250%, 10/21/2022 (b)	1,805,430	1,796,403
		19,690,876
Food Products - 3.3%		
CSM Bakery Products, TL 2L 07/13		
8.750%, 07/03/2021 (b) (e)	5,300,000	5,061,500
CTI Foods Holding Co. LLC, TL 2L 05/13		
8.250%, 06/28/2021 (b)	3,800,000	3,572,000
		8,633,500
Health Care Providers & Services - 0.4%		
Genoa (QoL), TL 2L 03/15		
8.750%, 04/28/2023 (b)	1,044,260	1,044,260
Health Care Technology - 0.2%		
Greenway Medical Technologies, TL 2L 10/13		
9.250%, 11/04/2021 (b)	476,428	464,517
Hotels, Restaurants & Leisure - 5.1%		
Caesars Entertainment Operating Co., Inc., TL 1L B6 01/08		
9.000%, 03/01/2017 (b) (j)	10,469,808	9,649,655

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	Par	Value
<b>LEVERAGED LOANS - 61.5% (continued)</b>		
Hotels, Restaurants & Leisure - 5.1% (continued)		
Caesars Entertainment Operating Co., Inc., TL 1L B7 05/14		
11.000%, 03/01/2017 (b) (j)	4,028,914	\$ 3,614,279
		13,263,934
Household Durables - 0.0%		
Algeco Scotsman Global Sarl, TL PIK 04/13		
15.750%, 05/01/2018 (c) (e) (g)	363,252	80,638
IT Services - 3.6%		