

KKR Income Opportunities Fund
Form DEF 14A
February 08, 2017

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

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

PreliminaryProxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

DefinitiveProxy Statement

DefinitiveAdditional Materials

Soliciting Material Pursuant to §240.14a-12

KKR Income Opportunities Fund

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Edgar Filing: KKR Income Opportunities Fund - Form DEF 14A

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11 (a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

2

KKR INCOME OPPORTUNITIES FUND
(the "Fund")

555 California Street
50th Floor
San Francisco, CA 94104

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

February 8, 2017

To the Shareholders of the Fund:

Notice is hereby given that an Annual Meeting of Shareholders (the "Meeting") of the Fund will be held at Dechert LLP, 1095 Avenue of the Americas, 28th Floor, New York, New York 10036, on March 22, 2017 at 11 a.m. (Eastern Time), for the following purposes:

- 1) to elect two (2) Class III Trustees to the Board of Trustees of the Fund to serve a three (3) year term expiring in 2020; and
- 2) to transact such other business as may properly come before the Meeting or any postponements or adjournments thereof.

The proposal to elect the Trustees is discussed in greater detail in the attached Proxy Statement.

The close of business on February 2, 2017 has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and any postponements or adjournments thereof.

Edgar Filing: KKR Income Opportunities Fund - Form DEF 14A

YOUR VOTE IS IMPORTANT REGARDLESS OF THE SIZE OF YOUR HOLDINGS IN THE FUND. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, WE ASK THAT YOU PLEASE COMPLETE AND SIGN THE ENCLOSED PROXY CARD AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE, WHICH NEEDS NO POSTAGE IF MAILED IN THE UNITED STATES.

By Order of the Board of Trustees of:
KKR Income Opportunities Fund

Nicole J. Macarchuk
Secretary and Vice President

4

KKR INCOME OPPORTUNITIES FUND
(the “Fund”)

555 California Street
50th Floor
San Francisco, CA 94104

ANNUAL MEETING OF SHAREHOLDERS

To Be Held March 22, 2017

PROXY STATEMENT

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Trustees of the Fund for use at the Annual Meeting of Shareholders of the Fund (the “Meeting”) to be held on March 22, 2017, at 11 a.m. (Eastern Time), at Dechert LLP, 1095 Avenue of the Americas, 28th Floor, New York, New York 10036, and at any postponements or adjournments thereof. Shareholders of the Fund will meet and vote at the Meeting as to the proposal described herein. The Notice of the Meeting and the Proxy Statement with the accompanying proxy card will be mailed to shareholders on or about February 8, 2017.

Important Notice Regarding the Availability of Proxy Materials for the Meeting To Be Held on March 22, 2017

This Proxy Statement is available online free of charge at www.proxyvote.com.

Other Methods of Proxy Solicitation

In addition to the solicitation of proxies by Internet or mail, regular employees of KKR Credit Advisors (US) LLC (the “Adviser”) and officers and employees of U.S. Bancorp Fund Services LLC (“US Bancorp”), the Fund’s transfer agent and administrator, may also solicit proxies by telephone, Internet or in person and will not receive any compensation therefor from the Fund. The expenses incurred in connection with preparing the Proxy Statement and its enclosures will be paid by the Fund. The Fund will also reimburse brokerage firms and others for their expenses in forwarding solicitation materials to the beneficial owners of the Fund’s Shares (as defined below). The Fund has engaged Broadridge Financial Solutions, Inc. (“Broadridge”), an independent proxy solicitation firm, to assist in the distribution of the proxy materials and the solicitation and tabulation of proxies. The cost of Broadridge’s services with respect to the Fund is estimated to be approximately \$20,000, plus reasonable out-of-pocket expenses.

The Fund’s most recent annual and semi-annual report, including audited financial statements for the year ended October 31, 2016, is available upon request, without charge, by writing to the Fund at c/o KKR Credit Advisors (US) LLC, 555 California Street, 50th Floor, San Francisco, California 94104, by calling the Fund at 1-855-859-3943, or via the Internet at www.kkrfunds.com/kio.

If the enclosed proxy card is properly executed and returned in time to be voted at the Meeting and has not been revoked, the Shares (as defined below) represented thereby will be voted “FOR” the proposal listed in the Notice, unless instructions to the contrary are marked thereon, and in the discretion of the proxy holders as to the transaction of any other business that may properly come before the Meeting or any postponements or adjournments thereof. Any

shareholder who has given a proxy has the right to revoke it at any time prior to its exercise either by attending the Meeting and voting his or her shares in person or by submitting a letter of revocation or a later-dated proxy to the Fund at the above address prior to the date of the Meeting.

The holders of one third of the Shares entitled to vote on any matter at the Meeting present in person or by proxy shall constitute a quorum at the Meeting for purposes of conducting business. If a quorum is not present at the Meeting, or if a quorum is present at the Meeting, but sufficient votes to approve any of the proposed items are not received, the Chairman of the Meeting may propose one or more adjournments of the Meeting to permit further solicitation of proxies. A shareholder vote may be taken on one or more of the proposals in this Proxy Statement prior to such adjournment if sufficient votes have been received for approval and it is otherwise appropriate. Any such adjournment, if proposed by the Chairman of the Meeting, will require the approval of the affirmative vote of a majority of those shares present at the Meeting in person or by proxy. If a quorum is present, the persons named as proxies will vote those proxies that they are entitled to vote "FOR" any proposal in favor of such adjournment and will vote those proxies required to be voted "AGAINST" any proposal against such adjournment.

The close of business on February 2, 2017, has been fixed as the "Record Date" for the determination of shareholders entitled to notice of and to vote at the Fund's Meeting and all postponements or adjournments thereof.

The Fund has one class of transferable units of beneficial interest, par value \$0.001 (the "Shares"). The holders of Shares are each entitled to one vote for each full Share and an appropriate fraction of a vote for each fractional Share held on such matters where such respective Shares are entitled to be cast. As of the Record Date, there were 15,255,235.602 Shares outstanding.

In order that your Shares may be represented at the Meeting, you are requested to vote on the following matter:

PROPOSAL:

**ELECTION OF CLASS III NOMINEES
TO THE FUND'S BOARD OF TRUSTEES**

Election of Class III Nominees (“Nominees”) for the Fund’s Board of Trustees (the “Board”)

The Fund’s Board is currently comprised of four Trustees, three of whom are not “interested persons” of the Fund as that term is defined in the Investment Company Act of 1940 Act, as amended (the “1940 Act”) (the “Independent Trustees”): Michael E. Cahill, Suzanne Donohoe, Tobin V. Levy and Jeffrey L. Zlot. At a meeting of the Board held on December 15, 2016, the Board, upon the recommendation of the Board’s Nominating Committee, determined to submit to a vote of shareholders re-election of Ms. Donohoe as a Trustee of the Fund and re-election of Mr. Zlot as an Independent Trustee of the Fund. If elected by shareholders at the Meeting, Ms. Donohoe and Mr. Zlot will each hold office for a three-year term.

Unless authority is withheld, it is the intention of the persons named in the proxy to vote the proxy “FOR” the election of Ms. Donohoe and Mr. Zlot. Ms. Donohoe and Mr. Zlot have each indicated her or his consent to serve as a Trustee if approved by shareholders at the Meeting. If Ms. Donohoe or Mr. Zlot declines or otherwise becomes unavailable for election, however, the proxy confers discretionary power on the persons named therein to vote in favor of a substitute nominee or nominees.

The Fund’s Board is responsible for the management of the business and affairs of the Fund in accordance with the laws of the State of Delaware. The Board appoints officers who are responsible for the day-to-day operations of the Fund and who execute policies authorized by the Board.

The current Trustees of the Fund know of no reason why Ms. Donohoe and Mr. Zlot will be unable to serve.

Information about each Nominee’s and each Trustee’s Experience

Provided below is a brief summary of the specific experience, qualifications, attributes or skills of Ms. Donohoe and Mr. Zlot that warrant their consideration as Nominees for the Fund’s Board.

Ms. Donohoe was selected to join the Board based upon the following: her character and integrity; her experience in management roles at KKR and serving on KKR’s Management Committee and Risk Committee; her prior experience in management roles at The Goldman Sachs Group; and her willingness to serve and willingness and ability to commit the time necessary to perform the duties of a Trustee.

Mr. Zlot was selected to join the Board based upon the following: his character and integrity; his prior experience in management roles at Tiedemann Wealth Management (formerly, The Presidio Group LLC), an investment consulting and banking firm; his prior experience as the Chief Compliance Officer of Presidio Merchant Partners, LLC; and his willingness to serve and willingness and ability to commit the time necessary to perform the duties of a Trustee.

No factor, by itself, was controlling. In addition to the information provided in the table included below, Ms. Donohoe and Mr. Zlot both possess significant experience as investment professionals. References to the qualifications, attributes and skills of the Trustees are pursuant to requirements of the U.S. Securities and Exchange Commission (“SEC”), do not constitute holding out the Board or any Trustees as having any special expertise or experience, and shall not impose any greater responsibility or liability on any such person or on the Board by reason thereof.

Biographical descriptions of the Board’s Trustees and the Nominees are set forth below.

Nominees

Suzanne Donohoe, President of the Fund, joined KKR in 2009 and is the global head of KKR's Client and Partner Group and a Member of KKR. Ms. Donohoe also serves on the firm's Management Committee, its Risk Committee, its Capital Markets Coordination Committee, its Inclusion and Diversity Council and chairs its New Strategy Committee. Prior to joining KKR, she was with The Goldman Sachs Group, serving as a Partner and the Head of Goldman Sachs Asset Management International. Previously, Ms. Donohoe also led Goldman Sachs Asset Management's client businesses in North America and co-headed GSAM's EMEA business. Ms. Donohoe holds a B.A., magna cum laude, from Georgetown University and an M.B.A from the Wharton School of the University of Pennsylvania. Ms. Donohoe also serves on the New York Board of The Nature Conservancy and as a member of the Board of Directors of Georgetown University.

Jeffrey L. Zlot, an Independent Trustee, has served as a Managing Director of Tiedemann Wealth Management (formerly, The Presidio Group LLC), an investment consulting and banking firm, since 1997. Mr. Zlot was previously the Chief Compliance Officer of Presidio Merchant Partners, LLC, a wholly-owned subsidiary of The Presidio Group LLC. Mr. Zlot served as Chief Financial Officer of The Presidio Group LLC from 1997 to 2007. Previously, he worked as a Research Analyst at Peter Hart Research Associates. Mr. Zlot also serves as a founding member of the Business Leadership Council of Jewish Community Federation of San Francisco. Mr. Zlot holds a B.A. in Government from Colby College and is a Certified Financial Planner.

Other Trustees

Michael E. Cahill, an Independent Trustee, served as Executive Vice President from 2008 to 2013 and Managing Director and General Counsel from 1991 to 2013 of The TCW Group, Inc. and Trust Company of the West, an international investment management firm. Mr. Cahill previously worked at Act III Communications in Los Angeles from 1988 to 1991, where he was Senior Vice President and General Counsel. Earlier in his career, Mr. Cahill was in private corporate law practice at O'Melveny and Myers LLP in Los Angeles and at Shenas, Robbins, Shenas & Shaw in San Diego. Mr. Cahill currently serves on the Board of Trustees of Southwestern Law School in Los Angeles. Mr. Cahill is admitted to various courts, including the U.S. Supreme Court. Mr. Cahill holds a B.A. from Bishops University, a J.D. from Osgoode Hall Law School, York University and an LL.M. from Harvard University.

Tobin V. Levy, an Independent Trustee, was previously employed by Goldman Sachs & Co. for 13 years where he served as a Managing Director and Chief Financial Officer of the Hedge Fund Strategies Group. While at Goldman Sachs & Co., Mr. Levy established and managed Goldman Sachs Bank USA, a \$20 billion Goldman Sachs bank subsidiary of which he was Chairman and Chief Executive Officer. Prior to that, Mr. Levy was employed by Caisse Nationale de Credit Agricole for 10 years in a variety of roles, including as a Member of the Executive Committee. Earlier in his career, Mr. Levy held management roles at Norwest Bank and First Pennsylvania Corporation. Before Mr. Levy began his career, he was a First Lieutenant in the U.S. Army from 1968 - 1971. Mr. Levy currently serves as a Trustee of the Borough of Princeton Housing Authority, a Trustee of Preservation of Affordable Housing, Inc. and was formerly Head of the Investment Committee for Princeton Public Library. Mr. Levy holds a B.S. in Economics from the University of Pennsylvania and an M.B.A. from Wharton at the University of Pennsylvania.

Additional Information about the Trustee/Nominee and the Fund's Officers

Set forth in the table below are the Nominees, Trustees and officers of the Fund, as well as their age, information relating to their respective positions held with the Fund, a brief statement of their principal occupations during the past five years and other directorships, if any.

Edgar Filing: KKR Income Opportunities Fund - Form DEF 14A

Trustees/Nominee of the Fund

Name, Age and Address ⁽¹⁾	Position(s) Held with the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Registered Investment Companies in Fund Complex Overseen by Trustee/Nominee ⁽²⁾	Other Directorships Held by Trustee/Nominee ⁽³⁾
Independent Trustee/Nominee					
Jeffrey L. Zlot (45)	Nominee and Class III Trustee	Since July 2013; term expires 2017	Managing Director, Tiedemann Wealth Management (formerly, The Presidio Group LLC) (investment consultant and investment banking) (since 1997).	1	None.
Other Independent Trustees					
Michael E. Cahill (65)	Class I Trustee	Since July 2013; term expires 2018	Executive Vice President (2008-2013) and Managing Director and General Counsel (1991-2013), The TCW Group, Inc. and Trust Company of the West (financial services firm).	1	None.
Tobin V. Levy (72)	Class II Trustee	Since July 2013; term expires 2019	Executive Vice President & Chief Financial Officer, Local Initiatives Support Corporation (non-profit support and resources) (2011-2014).	1	AloStar Bank of Commerce.
Interested Trustee/Nominee					
Suzanne Donohoe (46)*	Nominee and Class III Trustee, Chair and President	Since July 2013; term expires 2017	Global head of KKR's Client and Partner Group and Member of KKR (since 2009).	1	None.

* Ms. Donohoe is considered to be an "Interested Trustee" because she is the President of the Fund and also holds a position with an affiliate of the Adviser.

(1) Each Trustee may be contacted by writing to the Trustee, c/o KKR Credit Advisors (US) LLC, 555 California Street, 50th Floor, San Francisco, California 94104, Attn: General Counsel.

(2) The Fund Complex is comprised solely of the Fund.

This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (i.e., "public companies") or other investment companies registered under the 1940 Act.

No Trustee or Nominee who is not an interested person of the Fund, or any immediate family member of such person, owns securities in the Adviser, or a person directly or indirectly controlling, controlled by, or under common control with the Adviser.

9

Edgar Filing: KKR Income Opportunities Fund - Form DEF 14A

Officers of the Fund

Name, Age and Address	Position(s) Held with the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years
Suzanne Donohoe (46) KKR Credit Advisors (US) LLC 555 California Street 50th Floor San Francisco, CA 94104	President	Since July 2013	Global head of KKR's Client and Partner Group and Member of KKR (since 2009).
Roshan Chagan (41) KKR Credit Advisors (US) LLC 555 California Street 50th Floor San Francisco, CA 94104	Treasurer and Chief Financial Officer	Since December 2013	Treasurer, KKR Credit Advisors (US) LLC (since 2006).
Shannon M. Horton (40) KKR Credit Advisors (US) LLC 555 California Street 50th Floor San Francisco, CA 94104	Chief Compliance Officer	Since December 2014	Deputy Chief Compliance Officer, KKR Credit Advisors (US) LLC (since 2011); Chief Compliance Officer, Nelson Capital Management LLC (2010-2011).
Nicole J. Macarchuk (48) KKR Credit Advisors (US) LLC 555 California Street 50th Floor San Francisco, CA 94104	Secretary and Vice President	Since May 2013	General Counsel, KKR Credit Advisors (US) LLC (since 2010); General Counsel and Secretary, KKR Financial Holdings LLC (since 2010).
Susan Eisenberg (34)	Assistant Secretary	Since September	Counsel, KKR Credit Advisors (US) LLC (since 2015); Associate, Ropes & Gray LLP (2007-2015).

KKR Credit
 Advisors
 (US) LLC
 555 California
 Street
 50th Floor
 San Francisco, CA
 94104

Compensation of Trustees

Each Trustee who is not an employee of the Adviser is compensated by an annual retainer and meeting fees. The table below sets forth the compensation structure for the Independent Trustees of the Fund:

Retainer	\$27,000
In-Person Meeting Fees (total annual fee; assumption of quarterly meetings)	\$14,000
Telephonic Meeting Fees (total annual fee)	\$2,500
Committee Meeting Fees (excluding Audit Committee)	\$4,000
Audit Committee Meeting Fee	\$4,500

The Fund adopted a deferred compensation plan (the “Plan”) in May 2013 pursuant to which the Independent Trustees may elect to defer part or all of the fees earned for serving as Trustees of the Fund.

The following is the total compensation paid to the Trustees/Nominees during the fiscal year ended October 31, 2016:

Name of Trustee/Nominee	Compensation ⁽¹⁾	
	Aggregate Compensation From the Fund	Total Compensation From Fund Complex Paid to Trustees/Nominees ⁽⁴⁾
Interested Trustee/Nominee Suzanne Donohoe ⁽²⁾	\$0	\$0
Independent Trustees/ Nominee		
Michael E. Cahill ⁽³⁾	\$49,500	\$49,500
Tobin V. Levy ⁽³⁾	\$49,500	\$49,500
Jeffrey L. Zlot ⁽³⁾	\$49,500	\$49,500

(1) Includes all amounts paid for serving as Trustee of the Fund, as well as serving as chairperson of a committee.

(2) Ms. Donohoe, as an Interested Trustee, is not compensated by the Fund or the Fund Complex for her services.

(3) Participant in the Plan. Fiscal year 2016 compensation directed to the Plan consisted of \$0, \$40,838 and \$49,500, allocated on behalf of Messrs. Cahill, Levy and Zlot, respectively, pursuant to the Plan.

(4) During the fiscal year ended October 31, 2016, the Fund Complex was comprised solely of the Fund.

The Fund's Board has met four times during the fiscal year ended October 31, 2016. Each Trustee then serving in such capacity attended at least 75% of the meetings of the Board and of any Committee of which he or she is a member.

Board Committees

In addition to serving on the Board, the Independent Trustees also serve on the following committees which have been established by the Board to handle certain designated responsibilities. The Board has designated a chairman of each committee. The Board may establish additional committees, change the membership of any committee, fill all vacancies, and designate alternate members to replace any absent or disqualified member of any committee, or to dissolve any committee as it deems necessary and in the Fund's best interest.

Audit Committee. The members of the Fund's Audit Committee are Michael E. Cahill, Tobin V. Levy and Jeffrey L. Zlot, each of whom meets the independence standards established by the SEC for audit committees and is independent for purposes of the 1940 Act. Tobin V. Levy serves as chairman of the Fund's Audit Committee. The Board has determined that Mr. Levy is an "audit committee financial expert" as that term is defined under Item 407 of Regulation S-K of the Exchange Act. The Fund's Audit Committee operates pursuant to a written charter and meets periodically as necessary. A copy of the Audit Committee's charter is attached hereto as Appendix A. The Audit Committee is responsible for selecting, engaging and discharging the Fund's independent registered public accounting firm, reviewing the plans, scope and results of the audit engagement with the Fund's independent registered public accounting firm, approving professional services provided by the Fund's independent registered public accounting firm (including compensation therefor), reviewing the independence of the Fund's independent registered public accounting firm and reviewing the adequacy of the Fund's internal controls over financial reporting.

The Fund's Audit Committee has met two times during the fiscal year ended October 31, 2016. None of the members of the Audit Committee is an "interested person" of the Fund.

Nominating Committee. The members of the Fund's Nominating Committee are Michael E. Cahill, Tobin V. Levy and Jeffrey L. Zlot, each of whom meets the independence standards established by the SEC for governance committees and is independent for purposes of the 1940 Act. Jeffrey L. Zlot serves as chairman of the Fund's Nominating Committee. The Fund's Nominating Committee operates pursuant to a written charter and meets

periodically as necessary. A copy of the Nominating Committee's charter is attached hereto as Appendix B. The Nominating Committee is responsible for selecting, researching, and nominating trustees for election by shareholders, periodically reviewing the composition of the Board in light of the current needs of the Board and the Fund, and determining whether it may be appropriate to add or remove individuals after considering issues of judgment, diversity, age, skills, background and experience. The Nominating Committee will consider proposed nominations for trustees by shareholders who have sent nominations (which include the biographical information and the qualifications of the proposed nominee) to the Chief Executive Officer of the Fund, as the Nominating Committee deems appropriate.

The Fund's Nominating Committee has met two times during the fiscal year ended October 31, 2016. None of the members of the Nominating Committee is an "interested person" of the Fund.

Board Leadership Structure

The Board is currently composed of four Trustees, three of whom are Independent Trustees. The Fund's business and affairs are managed under the direction of its Board. Among other things, the Board sets broad policies for the Fund and approves the appointment of the Fund's Administrator and officers. The role of the Board, and of any individual Trustee, is one of oversight and not of management of the Fund's day-to-day affairs.

Under the Fund's By-Laws, the Board may designate one of the Trustees as chair to preside over meetings of the Board and meetings of shareholders, and to perform such other duties as may be assigned to him or her by the Board. The Board does not, at the present time, have a lead Independent Trustee; the Board has determined that the compositions of the Audit Committee and the Nominating Committee are appropriate means to address any potential conflicts of interest that may arise. The Board believes that flexibility to determine its chairman and to recognize its leadership structure is in the best interests of the Fund and its shareholders at this time.

All of the Independent Trustees play an active role on the Board. The Independent Trustees compose a majority of the Board and will be closely involved in all material deliberations related to the Fund. The Board believes that, with these practices, each Independent Trustee has an equal involvement in the actions and oversight role of the Board and equal accountability to the Fund and its shareholders. The Independent Trustees are expected to meet separately (i) as part of each regular Board meeting and (ii) with the Fund's chief compliance officer, as part of at least one Board meeting each year.

The Board believes that its leadership structure is the optimal structure for the Fund at this time. The Board, which will review its leadership structure periodically as part of its annual self-assessment process, further believes that its structure is presently appropriate to enable it to exercise its oversight of the Fund.

Board Role in Risk Oversight

The Trustees meet periodically throughout the year to discuss and consider matters concerning the Fund and to oversee the Fund's activities, including its investment performance, compliance program and risks associated with its activities. Risk management is a broad concept comprising many disparate elements (for example, investment risk, issuer and counterparty risk, compliance risk, operational risk, and business continuity risk). The Board implements its risk oversight function both as a whole and through its committees. The Board has adopted, and periodically reviews, policies and procedures designed to address risks associated with the Fund's activities. In the course of providing oversight, the Board and its committees will receive reports on the Fund's and the Adviser's activities, including reports regarding the Fund's investment portfolio and financial accounting and reporting. The Board also receives a quarterly report from the Fund's chief compliance officer, who reports on the Fund's compliance with the federal and state securities laws and its internal compliance policies and procedures as well as those of the Adviser, Administrator and transfer agent. The Audit Committee's meetings with the Fund's independent registered public accounting firm also contribute to its oversight of certain internal control risks. In addition, the Board meets periodically with the Adviser to receive reports regarding the Fund's operations, including reports on certain investment and operational risks, and the Independent Trustees will be encouraged to communicate directly with senior members of Fund management.

The Board believes that this role in risk oversight is appropriate. The Board believes that the Fund has robust internal processes in place and a strong internal control environment to identify and manage risks. However, not all risks that may affect the Fund can be identified or processes and controls developed to eliminate or mitigate their occurrence or effects, and some risks are beyond the control of the Fund, the Adviser and the Fund's other service providers.

Shareholder Communications

Shareholders may send communications to the Board. Shareholders should send communications intended for the Board by addressing the communication directly to the Board (or individual Trustees) and/or otherwise clearly indicating in the salutation that the communication is for the Board (or individual Trustees) and by sending the communication to either the Fund's office or directly to such Trustee(s) at the address specified for such Trustee above. Other shareholder communications received by the Fund not directly addressed and sent to the Board will be reviewed and generally responded to by management, and will be forwarded to the Board only at management's discretion based on the matters contained therein.

Audit Committee Reports

The Audit Committee acts according to an Audit Committee charter. Tobin V. Levy serves as Chair of the Audit Committee of the Fund's Board. The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities relating to accounting and financial reporting policies and practices of the Fund, including, but not limited to, the adequacy of the Fund's accounting and financial reporting processes, policies and practices; the integrity of the Fund's financial statements; the adequacy of the Fund's overall system of internal controls; the Fund's compliance with legal and regulatory requirements; the qualification and independence of the Fund's independent registered public accounting firm; the performance of the Fund's internal audit function provided by the Adviser and the Fund's other service providers; and the review of the report required to be included in the Fund's annual proxy statement by the rules of the SEC. The Audit Committee is also required to prepare an audit committee report to be included in the Fund's annual proxy statement as required by Item 407(d)(3)(i) of Regulation S-K. The Audit Committee operates pursuant to a charter that was most recently reviewed by the Fund's Board on December 15, 2016. A copy of the Audit Committee's charter is attached hereto as Appendix A. As set forth in the charter, the function of the Audit Committee is oversight; it is the responsibility of the Adviser to maintain appropriate systems for accounting and internal control, and the independent auditors' responsibility to plan and carry out a proper audit. The independent registered public accounting firm is ultimately accountable to the Fund's Board and Audit Committee, as representatives of the Fund's shareholders. The independent registered public accounting firm for the Fund reports directly to the Audit Committee.

In performing its oversight function, at a meeting held on December 15, 2016, the Audit Committee reviewed and discussed with management of the Fund and the independent registered public accounting firm, Deloitte & Touche LLP ("Deloitte"), the audited financial statements of the Fund as of and for the fiscal year ended October 31, 2016, and discussed the audit of such financial statements with the independent registered public accounting firm.

The Audit Committee has: (a) reviewed and discussed the Fund's audited financial statements with the management of the Fund; (b) discussed with the independent registered public accounting firm the matters required to be discussed by the Public Company Accounting Oversight Board ("PCAOB") Auditing Standard No. 16, as modified or supplemented; (c) received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB Ethics and Independence Rule 3526 regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the independent registered public accounting firm's independence.

The members of the Audit Committee are not, and do not represent themselves to be, professionally engaged in the practice of auditing or accounting and are not employed by the Fund for accounting, financial management or internal control purposes. Moreover, the Audit Committee relies on and makes no independent verification of the facts presented to it or representations made by management or the Fund's independent registered public accounting firm. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and/or financial reporting principles and policies, or internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not provide assurance that the audit of the Fund's financial statements has been carried out in accordance with generally accepted accounting

standards or that the financial statements are presented in accordance with generally accepted accounting principles.

Based on its consideration of the audited financial statements and the discussions referred to above with management and the Fund's independent registered public accounting firm, and subject to the limitations on the responsibilities and role of the Audit Committee set forth in the charter and those discussed above, the Audit Committee recommended to the Board that the Fund's audited financial statements be included in the Fund's Annual Report for the fiscal year ended October 31, 2016.

SUBMITTED BY THE AUDIT COMMITTEE OF THE FUND'S BOARD OF TRUSTEES

Tobin V. Levy, Audit Committee Chairman

Michael E. Cahill

Jeffrey L. Zlot

Other Board Related Matters

The Fund does not require Trustees to attend its Annual Meeting of Shareholders.

REQUIRED VOTE

The election of Ms. Donohoe and Mr. Levy as Class III Trustees of the Fund requires the affirmative vote of the holders of a plurality of the votes cast by holders of shares of beneficial interest of the Fund represented at the Meeting, if a quorum is present.

THE FUND'S BOARD, INCLUDING THE "NON-INTERESTED" TRUSTEES, UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" THE ELECTION OF THE FUND'S CLASS III NOMINEES.

14

NOMINEE/TRUSTEE BENEFICIAL OWNERSHIP OF FUND SHARES

The following table shows the dollar range of shares beneficially owned by each Trustee/Nominee in the Fund and the KKR Fund Complex as of January 31, 2017:

Name of Trustee/Nominee	Dollar Range of Equity Securities in Fund	Aggregate Dollar Range of Equity Securities in all Registered Investment Companies Overseen by Trustee/Nominee in Family of Investment Companies
Interested Trustee/Nominee		
Suzanne Donohoe	Over \$100,000	Over \$100,000
Independent Trustees/Nominee		
Michael E. Cahill	\$50,001-\$100,000	\$50,001-\$100,000
Tobin V. Levy ⁽¹⁾	Over \$100,000	Over \$100,000
Jeffrey L. Zlot ⁽¹⁾	Over \$100,000	Over \$100,000

⁽¹⁾ Includes the total amount of compensation deferred by the Trustee at his election pursuant to the Plan. Such deferred compensation is placed in a deferral account and deemed to be invested in the Fund that is offered under the Plan.

As of January 31, 2017 the Nominees, Trustees and officers of the Fund as a group owned less than 1% of the outstanding shares of beneficial interest of the Fund.

FIVE PERCENT SHAREHOLDERS

As of January 31, 2017, management knew of the following persons or entities who owned beneficially 5% or more of the outstanding shares of beneficial interest of the Fund:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class ⁽³⁾
Common Shares	Morgan Stanley 1585 Broadway New York, NY 10036	5,683 shares with sole voting power; 888,584 shares with shared voting power; and 650,024 shares with shared dispositive power ⁽¹⁾	6.1% ⁽¹⁾
Common Shares	Morgan Stanley Smith Barney LLC 1585 Broadway New York, NY 10036	888,584 shares with shared voting power; and 644,341 shares with shared dispositive power ⁽¹⁾	6.1% ⁽¹⁾
Common Shares	First Trust Portfolios L.P. First Trust Advisors L.P. The Charger Corporation 120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	2,781,276 shares with shared dispositive power ⁽²⁾	18.23% ⁽²⁾

(1) Based on a Schedule 13G/A filed with the SEC on February 11, 2016.

(2) Based on a Schedule 13G/A filed with the SEC on January 12, 2017.

ADDITIONAL INFORMATION

To request a copy of the Fund's prospectus, statement of additional information, semi-annual report or annual report, without charge, please call 1-855-859-3943 or write to U.S. Bancorp Fund Services, LLC P.O. Box 701 Milwaukee, Wisconsin 53201-0701 (Express Mail Address: c/o U.S. Bancorp Fund Services, LLC 615 East Michigan Street Milwaukee, Wisconsin 53202).

Independent Registered Public Accounting Firm

Deloitte & Touche LLP ("Deloitte"), 555 Mission Street, San Francisco, California 94105, served as the Fund's independent registered public accounting firm for the Fund's fiscal year ended October 31, 2016. The Fund does not know of any direct financial or material indirect financial interest of Deloitte in the Fund. A representative of Deloitte will not be present at the Meeting, but will be available by telephone and will have an opportunity to make a statement, if asked, and will be available to respond to appropriate questions.

Principal Accounting Fees and Services

The following table sets forth for the Fund the aggregate fees billed by Deloitte for the Fund for the period from November 1, 2014 to October 31, 2016, as a result of professional services rendered for:

(1) Audit Fees for professional services provided by Deloitte for the audit of the Fund's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements;

(2) Audit-Related Fees for assurance and related services by Deloitte that are reasonably related to the performance of the audit of the Fund's financial statements and are not reported under "Audit Fees";

(3) Tax Fees for professional services by Deloitte for tax compliance, tax advice and tax planning; and

16

Edgar Filing: KKR Income Opportunities Fund - Form DEF 14A

(4) All Other Fees for products and services provided by Deloitte other than those services reported in above under “Audit Fees,” “Audit Related Fees” and “Tax Fees”.

<u>Audit Fees</u>	<u>Audit-Related Fees</u>	<u>Tax Fees</u>	<u>All Other Fees</u>
November 1, 2014 to October 31, 2015	November 1, 2014 to October 31, 2015	November 1, 2014 to October 31, 2015	November 1, 2014 to October 31, 2015
\$ 45,000	\$ -	\$ 9,920	\$ -
November 1, 2015 to October 31, 2016	November 1, 2015 to October 31, 2016	November 1, 2015 to October 31, 2016	November 1, 2015 to October 31, 2016