

KKR Income Opportunities Fund  
Form N-Q  
March 20, 2015

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

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number (811-22543)

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

KKR Credit Advisors (US) LLC

555 California Street, 50th Floor

San Francisco, California  
(Address of principal executive offices)

94104  
(Zip code)

U.S. Bancorp Fund Services. LLC

615 East Michigan Street

Milwaukee, WI 53202  
(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: January 31, 2015

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**Item 1. Schedule of Investments.**

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January 31, 2015

Income Opportunities Fund

(Unaudited)

Schedule of Investments

	Par	Value
<b>HIGH YIELD SECURITIES - 79.8%</b>		
Aerospace & Defense - 1.5%		
Bombardier, Inc.		
6.125%, 01/15/2023 (a) (g)	4,327,000	\$ 4,089,015
Banks - 8.8%		
Ally Financial, Inc.		
8.000%, 12/31/2018	6,916,000	7,832,370
Novo Banco SA		
N/A, 02/19/2049 (a) (g) (i)	EUR 8,635,000	1,805,138
N/A, 04/09/2052 (g) (i)	EUR 213,000	39,714
SquareTwo Financial Corp.		
11.625%, 04/01/2017	15,009,000	14,258,550
		23,935,772
Building Products - 0.1%		
Calcipar SA		
6.875%, 05/01/2018 (a) (g)	400,000	405,000
Chemicals - 1.7%		
Kleopatra Acquisition Corp.		
11.000%, 08/15/2017 (a) (c) (e) (g)	EUR 2,061,470	2,399,333
Pinnacle Agriculture Holdings LLC		
9.000%, 11/15/2020 (a)	2,259,000	2,304,180
		4,703,513
Construction Materials - 9.3%		
Cemex Materials LLC		
7.700%, 07/21/2025 (a)	13,760,000	15,177,280
Summit Materials Holdings LP		
10.500%, 01/31/2020	9,031,000	9,979,255
		25,156,535
Containers & Packaging - 0.1%		
Multi-Color Corp.		
6.125%, 12/01/2022 (a)	366,000	370,118
Diversified Consumer Services - 0.6%		
24 Hour Fitness Worldwide, Inc.		
8.000%, 06/01/2022 (a)	1,843,000	1,502,045
Diversified Telecommunication Services - 1.8%		
Windstream Corp.		
7.750%, 10/15/2020	4,637,000	4,810,888
Electric Utilities - 1.6%		
Dynergy, Inc.		
7.625%, 11/01/2024 (a)	1,835,000	1,896,931
7.375%, 11/01/2022 (a)	1,501,000	1,549,782
6.750%, 11/01/2019 (a)	789,000	811,684
		4,258,397

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Electronic Equipment, Instruments & Components - 4.2%

Artesyn Technologies, Inc.

9.750%, 10/15/2020 (a)

9,594,000

8,994,375

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	Par	Value
<b>HIGH YIELD SECURITIES - 79.8% (continued)</b>		
Electronic Equipment, Instruments & Components - 4.2% (continued)		
Flextronics International Ltd.		
5.000%, 02/15/2023 (g)	2,250,000	\$ 2,340,000
		11,334,375
Food & Staples Retailing - 1.1%		
Brake Bros Ltd.		
7.125%, 12/15/2018 (a) (g)	GBP 1,903,000	2,905,721
Hotels, Restaurants & Leisure - 4.0%		
Boyd Gaming Corp.		
9.000%, 07/01/2020	3,583,000	3,726,320
Isle Of Capri Casinos, Inc.		
5.875%, 03/15/2021	6,831,000	7,087,162
		10,813,482
Household Durables - 0.9%		
Algeco Scotsman Global Sarl		
10.750%, 10/15/2019 (a) (d) (e) (g)	352,000	269,280
Masonite International Corp.		
8.250%, 04/15/2021 (a) (g)	1,801,000	1,913,562
The Hillman Group, Inc.		
6.375%, 07/15/2022 (a)	364,000	353,080
		2,535,922
Household Products - 1.5%		
Harbinger Group, Inc.		
7.875%, 07/15/2019	3,479,000	3,670,345
7.750%, 01/15/2022	471,000	473,355
		4,143,700
Independent Power and Renewable Electricity Producers - 2.1%		
NRG Energy, Inc.		
6.625%, 03/15/2023	5,525,000	5,732,188
Insurance - 2.9%		
Towergate Finance PLC		
10.500%, 02/15/2019 (a) (d) (e) (f) (g)	GBP 7,634,000	1,379,805
8.500%, 02/15/2018 (a) (d) (e) (f) (g)	GBP 4,600,000	6,097,120
5.753%, 02/15/2018 (a) (b) (d) (e) (f) (g)	GBP 360,000	477,166
		7,954,091
Internet Software & Services - 0.9%		
Bankrate, Inc.		
6.125%, 08/15/2018 (a)	2,582,000	2,536,815
IT Services - 0.9%		
iPayment Investors LP		
9.500%, 12/15/2019 (a)	2,562,863	2,332,205
Life Sciences Tools & Services - 0.2%		
Pharmaceutical Products Developement, Inc.		
9.375%, 10/15/2017 (a) (c)	654,000	667,080
Media - 7.9%		
Cequel Communications Holdings LLC		
5.125%, 12/15/2021 (a)	2,147,000	2,098,692

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	Par	Value
<b>HIGH YIELD SECURITIES - 79.8% (continued)</b>		
Media - 7.9% (continued)		
Charter Communications, Inc.		
6.625%, 01/31/2022	1,842,000	\$ 1,947,915
Clear Channel Outdoor, Inc., Series B		
7.625%, 03/15/2020	5,597,000	5,904,835
Intelsat Jackson Holdings SA		
5.500%, 08/01/2023 (g)	1,435,000	1,417,063
Live Nation Entertainment, Inc.		
7.000%, 09/01/2020 (a)	1,821,000	1,943,918
Sirius XM Holdings, Inc.		
4.625%, 05/15/2023 (a)	4,260,000	3,993,750
Time Warner Entertainment Co. LP		
8.375%, 03/15/2023	1,497,000	2,065,315
Virgin Media, Inc.		
6.375%, 04/15/2023 (a) (g)	1,873,000	1,994,745
		21,366,233
Multiline Retail - 1.5%		
The Bon-Ton Department Stores, Inc.		
8.000%, 06/15/2021	5,170,000	4,213,550
Multi-Utilities - 1.3%		
Calpine Corp.		
7.875%, 01/15/2023 (a)	3,053,000	3,419,360
5.875%, 01/15/2024 (a)	215,000	228,975
		3,648,335
Oil, Gas & Consumable Fuels - 5.9%		
Bill Barrett Corp.		
7.000%, 10/15/2022	7,699,000	6,390,170
Hilcorp Energy I LP (Hilcorp Finance Co.)		
8.000%, 02/15/2020 (a)	1,950,000	1,989,000
7.625%, 04/15/2021 (a)	425,000	431,375
SandRidge Energy, Inc.		
7.500%, 02/15/2023	5,000,000	3,350,000
7.500%, 03/15/2021	5,761,000	4,003,895
		16,164,440
Semiconductors & Semiconductor Equipment - 0.7%		
Amkor Technology, Inc.		
7.375%, 05/01/2018	1,819,000	1,859,927
Software - 3.5%		
Datatel, Inc.		
9.625%, 12/01/2018 (a) (c)	1,433,000	1,433,000
Epicor Software Corp.		
9.000%, 06/15/2018 (a) (c)	6,045,000	6,165,900
TIBCO Software, Inc.		
11.375%, 12/01/2021 (a)	1,905,000	1,874,044
		9,472,944
Specialty Retail - 5.5%		
Guitar Center, Inc.		
6.500%, 04/15/2019 (a)	4,085,000	3,359,913

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	Par	Value
<b>HIGH YIELD SECURITIES - 79.8% (continued)</b>		
Specialty Retail - 5.5% (continued)		
J.C. Penney Corp., Inc.		
8.125%, 10/01/2019	6,302,000	\$ 5,797,840
7.950%, 04/01/2017	298,000	293,530
5.750%, 02/15/2018	1,589,000	1,438,045
5.650%, 06/01/2020	2,516,000	2,075,700
The Men's Wearhouse, Inc.		
7.000%, 07/01/2022 (a)	1,979,000	2,038,370
		15,003,398
Textiles, Apparel & Luxury Goods - 2.3%		
Hot Topic, Inc.		
12.000%, 05/15/2019 (a) (c)	294,000	304,290
9.250%, 06/15/2021 (a)	5,391,000	5,835,758
		6,140,048
Wireless Telecommunication Services - 7.0%		
GCI, Inc.		
8.625%, 11/15/2019	7,800,000	8,141,250
6.750%, 06/01/2021	6,100,000	6,084,750
Sprint Corp.		
7.875%, 09/15/2023	1,642,000	1,664,577
T-Mobile USA, Inc.		
6.625%, 11/15/2020	1,800,000	1,871,550
6.375%, 03/01/2025	648,000	665,010
6.000%, 03/01/2023	560,000	572,600
		18,999,737
<b>TOTAL HIGH YIELD SECURITIES (amortized cost \$234,587,125)</b>		<b>217,055,474</b>
<b>LEVERAGED LOANS - 55.0%</b>		
Building Products - 1.0%		
Gypsum Management & Supply, Inc., TL 2L 03/14		
7.750%, 04/01/2022 (b)	2,661,800	2,621,873
Chemicals - 0.1%		
Emerald Performance Materials LLC, TL 2L 07/14		
7.750%, 08/01/2022 (b)	268,490	262,407
Diversified Consumer Services - 0.9%		
24 Hour Fitness Worldwide, Inc., TL 1L B 05/14		
4.750%, 05/28/2021 (b)	2,660,572	2,580,755
Diversified Telecommunication Services - 0.9%		
Lightower Fiber LLC, TL 2L 04/13		
8.000%, 04/12/2021 (b)	2,143,669	2,109,370
The Telx Group, Inc., TL 2L 04/14		
7.500%, 04/09/2021 (b)	352,020	344,980
		2,454,350
Energy Equipment & Services - 0.5%		
Sabine Oil & Gas LLC, TL 2L 12/12		
8.750%, 12/31/2018 (b)	1,888,290	1,243,911

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	Par	Value
<b>LEVERAGED LOANS - 55.0% (continued)</b>		
Food & Staples Retailing - 8.2%		
Brake Bros Ltd., TL 2L D2 10/07		
6.419%, 03/13/2017 (b) (g)	GBP 10,339,988	\$ 14,970,650
California Pizza Kitchen, Inc., TL 1L 03/13		
5.250%, 03/29/2018 (b)	5,801,589	5,610,136
Grocery Outlet, Inc., TL 2L 09/14		
9.250%, 10/21/2022 (b)	1,754,710	1,728,389
		22,309,175
Food Products - 4.6%		
Arysta Lifescience SPC LLC, TL 2L 05/13		
8.250%, 11/30/2020 (b) (g)	3,800,000	3,800,000
CSM Bakery Products, TL 2L 07/13		
8.750%, 07/03/2021 (b)	5,300,000	5,074,750
CTI Foods Holding Co. LLC, TL 2L 06/13		
8.250%, 06/28/2021 (b)	3,800,000	3,752,500
		12,627,250
Health Care Providers & Services - 4.9%		
CHG Healthcare Services, Inc., TL 2L 11/12		
9.000%, 11/19/2020 (b)	1,738,942	1,751,984
CRC Health Group, Inc., TL 2L 03/14		
9.000%, 09/28/2021 (b)	11,327,530	11,620,177
		13,372,161
Health Care Technology - 0.6%		
ABILITY Network, Inc., TL 1L 05/14		
6.000%, 05/14/2021 (b)	1,056,421	1,051,139
Greenway Medical Technologies, TL 2L 10/13		
9.250%, 11/04/2021 (b)	545,410	531,775
		1,582,914
Hotels, Restaurants & Leisure - 5.4%		
American Casino & Entertainment Properties LLC, TL 2L 06/13		
11.250%, 01/03/2020 (b)	1,739,548	1,809,130
Caesars Entertainment Operating Co., Inc., TL 1L B6 01/08		
7.005%, 03/01/2017 (b) (d) (e) (j)	10,469,808	9,388,904
Caesars Entertainment Operating Co., Inc., TL 1L B7 05/14		
9.750%, 01/28/2018 (b) (d) (e) (j)	4,028,914	3,610,290
		14,808,324
Household Durables - 0.1%		
Algeco Scotsman Global Sarl, TL PIK 04/13		
15.750%, 05/01/2018 (c) (d) (e) (g) (k)	336,598	276,684
Household Products - 1.0%		
The Sun Products Corp., TL 1L B 03/13		
5.500%, 03/23/2020 (b)	2,810,670	2,707,041
Insurance - 0.3%		
AssuredPartners, Inc., TL 2L 03/14		
7.750%, 04/02/2022 (b)	17,217	16,657
Towergate Finance PLC, REV 1L 05/13		
N/A, 11/15/2017 (b) (d) (e) (g) (k)	GBP 609,801	824,341
		840,998



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	Par	Value
<b>LEVERAGED LOANS - 55.0% (continued)</b>		
IT Services - 3.4%		
iPayment Investors LP, TL 1L B 05/11		
6.750%, 05/08/2017 (b)	9,522,742	\$ 9,367,998
Leisure Products - 1.0%		
BRG Sports, TL 2L 04/14		
10.250%, 04/15/2022 (b)	2,809,440	2,837,534
Media - 3.0%		
Catalina Marketing Corp., TL 1L 04/14		
4.500%, 04/09/2021 (b)	2,834,660	2,701,785
Catalina Marketing Corp., TL 2L 04/14		
7.750%, 04/11/2022 (b)	1,155,960	1,046,144
Learfield Communications, Inc., TL 2L 10/13		
8.750%, 10/08/2021 (b)	128,930	127,963
Lee Enterprises, Inc., TL 1L 03/14		
7.250%, 03/31/2019 (b)	4,153,129	4,153,130
		8,029,022
Oil, Gas & Consumable Fuels - 1.1%		
MEG Energy Corp., TL 1L B New		
3.750%, 03/31/2020 (b) (g)	2,000,720	1,888,490
Sheridan Production Co. LLC, TL 1L B2 10/12		
4.250%, 10/01/2019 (b)	924,047	827,022
Sheridan Production Co. LLC, TL 1L B2 I-A 10/12		
4.250%, 10/01/2019 (b)	122,444	109,587
Sheridan Production Co. LLC, TL 1L B2 I-M 10/12		
4.250%, 10/01/2019 (b)	74,789	66,936
		2,892,035
Paper & Forest Products - 0.9%		
Wilton Brands, Inc., TL 1L B 08/12		
7.500%, 08/30/2018 (b)	2,543,127	2,390,539
Real Estate Management & Development - 0.5%		
Altisource Solutions Sarl, TL 1L B 11/13		
4.500%, 12/09/2020 (b) (g)	1,661,240	1,258,389
Software - 10.0%		
Applied Systems, Inc., TL 2L 01/14		
7.500%, 01/24/2022 (b)	786,990	778,136
iParadigms Holdings LLC, TL 2L 07/14		
8.250%, 07/29/2022 (b)	5,719,710	5,641,064
Misys Ltd., TL 2L 06/12		
12.000%, 06/12/2019	1,000,000	1,087,000
RedPrairie Corp., TL 1L 12/13		
6.000%, 12/21/2018 (b)	475,210	452,241
RedPrairie Corp., TL 2L 12/12		
11.250%, 12/21/2019 (b)	11,670,867	9,715,997
TIBCO Software, Inc., TL 1L 10/14		
6.500%, 10/31/2020 (b)	7,436,551	7,282,243
Triple Point Technology, Inc., TL 1L 07/13		
5.250%, 07/10/2020 (b)	2,419,898	2,226,306
		27,182,987

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	Par	Value
<b>LEVERAGED LOANS - 55.0% (continued)</b>		
Specialty Retail - 3.6%		
David's Bridal, Inc., Initial Term Loan		
5.250%, 10/11/2019 (b)	3,720,850	\$ 3,525,506
Gymboree Corp., TL 1L 02/11		
5.000%, 02/23/2018 (b)	8,959,408	6,224,190
		9,749,696
Technology Hardware, Storage & Peripherals - 0.6%		
Websense, Inc., TL 2L 05/13		
8.250%, 12/24/2020 (b)	1,902,351	1,731,139
Trading Companies & Distributors - 2.4%		
Maxim Crane Works LP (Maxim Finance Corp.), TL 2L B 11/13		
10.250%, 11/26/2018 (b)	6,411,140	6,491,279
<b>TOTAL LEVERAGED LOANS (amortized cost \$156,304,783)</b>		<b>149,618,461</b>
<b>COMMON STOCKS - 3.6%</b>		
Banks - 0.6%		
Ally Financial, Inc. (f)	81,659	1,527,840
Health Care Providers & Services - 2.8%		
Amedisys, Inc. (d) (e) (f)	271,040	7,637,907
IT Services - 0.2%		
iPayment Investors LP (e) (f)	160,426	596,785
<b>TOTAL COMMON STOCKS (cost \$6,404,869)</b>		<b>9,762,532</b>
<b>PREFERRED STOCKS - 1.3%</b>		
Banks - 1.2%		
Ally Financial, Inc.		
7.000% (a)	1,125	1,125,035
Barclays Bank PLC, Series 5		
8.125% (g)	81,469	2,142,635
BCP Finance Co.		
2.615% (b) (g) (f)	53,000	34,664
4.492% (b) (g) (f)	55,000	37,725
		3,340,059
Thriffs & Mortgage Finance - 0.1%		
Federal Home Loan Mortgage Corp., Series Z		
8.375% (f)	25,000	102,500
Federal National Mortgage Association, Series S		
8.250% (f)	25,000	100,750
		203,250
<b>TOTAL PREFERRED STOCKS (cost \$3,513,842)</b>		<b>3,543,309</b>
	<b>Units</b>	
<b>ESCROW UNIT - 0.0%</b>		
Independent Power and Renewable Electricity Producers - 0.0%		
Edison Mission Energy	1,276,831	42,135
<b>TOTAL ESCROW UNIT (cost \$197,909)</b>		<b>42,135</b>
<b>TOTAL INVESTMENTS (amortized cost \$401,008,528 ) (h) - 139.7%</b>	<b>\$</b>	<b>380,021,911</b>
<b>LIABILITIES EXCEEDING OTHER ASSETS, NET - (39.7)%</b>		<b>(108,062,687)</b>
<b>NET ASSETS - 100.0%</b>	<b>\$</b>	<b>271,959,224</b>



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In U.S. Dollars unless otherwise indicated.

At January 31, 2015, the tax basis cost of the Fund's investments was \$401,008,527 and the unrealized appreciation and depreciation were \$8,836,747 and \$(29,823,363), respectively.

- (a) Securities exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may only be resold to qualified institutional buyers in transactions exempt from registration. The total value of these securities as of January 31, 2015 was \$98,472,840, which represents 36.2% of net assets.
- (b) Variable rate security, the coupon rate shown is the effective rate as of January 31, 2015.
- (c) Represents a payment-in-kind (PIK) security which may pay interest/dividend in additional par/shares.
- (d) Security considered restricted due to the Adviser's knowledge of material non-public information. The total value of these securities as of January 31, 2015 was \$29,961,497 and represented 11.0% of net assets.
- (e) Security considered illiquid, as defined by the Securities and Exchange Commission. The total value of these securities as of January 31, 2015 was \$32,957,615 and represented 12.1% of net assets.
- (f) Non-income producing security.
- (g) Non-U.S security.
- (h) All investments are held as collateral for the Fund's credit facility.
- (i) Zero coupon security.
- (j) Security in default.
- (k) Unsettled bank loan. Interest rate not available as of January 31, 2015.

EUR Euro

GBP Great British Pound

The following are the details of the restricted securities held by the Fund:

	Par/Shares	Acquisition date(s)	Amortized Cost	Value	% of Net Assets
Algeco Scotsmand Global Sarl, 10.750%, 10/15/2019	352,000	12/12/2014	\$ 282,912	\$ 269,280	0.1%
Algeco Scotsman Global Sarl, TL PIK 04/13, 15.750%, 05/01/2018	336,598	09/17/2013	320,355	276,684	0.1%
Amedisys, Inc., Common Stock	271,040	08/05/2013 08/08/2013	3,799,455	7,637,907	2.8%
Caesars Entertainment Operating Co., Inc., TL 1L B6 01/08, 7.005%, 03/01/2017	10,469,808	05/07/2014 09/16/2014	9,904,827	9,388,904	3.5%
Caesars Entertainment Operating Co., Inc., TL 1L B7 05/14, 9.750%, 01/28/2018	4,028,914	05/14/2014 - 09/03/2014	3,908,201	3,610,290	1.3%
Towergate Finance PLC, 10.500%, 02/15/2019	7,634,000	07/31/2013 10/28/2014	11,282,501	1,379,805	0.5%
Towergate Finance PLC, 8.500%, 02/15/2018	4,600,000	08/07/2013 08/13/2013	7,425,242	6,097,120	2.2%
Towergate Finance PLC, 5.753%, 02/15/2018	360,000	11/21/2014	448,164	477,166	0.2%
Towergate Finance PLC, REV 1L 05/13, N/A, 11/15/2017	609,801	12/21/2014	851,014	824,341	0.3%

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**Country Weightings:**  
(% of Net Assets)

United States	121.2%
United Kingdom	11.3%
Canada	2.9%
Japan	1.4%
Luxembourg	1.3%
Singapore	0.9%
Portugal	0.7%
Cayman Islands	0.0%
	139.7%
Liabilities Exceeding Other Assets, Net	(39.7)%
	100.0%

The list of the open forward foreign currency contracts held by the Fund as of January 31, 2015 is as follows:

Settlement Date		Currency to Deliver		Currency to Receive		Unrealized Appreciation
07/09/2015	10/09/2015	EUR	3,415,246	USD	4,221,234	\$ 352,605
04/07/2015 - 10/09/2015		GBP	18,000,000	USD	27,292,050	209,751
					\$	562,356

A summary of the counterparties for the open forward foreign currency contracts held by the Fund at January 31, 2015 is as follows:

Counterparty	Settlement Date	Currency to Deliver		Currency to Receive		Unrealized Appreciation
JPMorgan Chase & Co.	04/07/2015 - 10/09/2015	\$	30,950,928	\$	31,513,284	\$ 562,356

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The table below sets forth information about the levels within the fair value hierarchy which the Fund's investments were measured at January 31, 2015:

	Level 1	Level 2	Level 3	Total
<b>Investments in Securities</b>				
High Yield Securities	\$	\$ 217,055,474	\$	\$ 217,055,474
Leveraged Loans		149,341,777	276,684	149,618,461
Common Stocks	7,637,907	1,527,840	596,785	9,762,532
Preferred Stocks	2,142,635	1,400,674		3,543,309
Escrow Unit		42,135		42,135
<b>Total Investments in Securities</b>	<b>\$ 9,780,542</b>	<b>\$ 369,367,900</b>	<b>\$ 873,469</b>	<b>\$ 380,021,911</b>
<b>Financial Derivative Instruments</b>				
<b>Assets - Foreign Currency</b>				
Contracts	\$	\$ 562,356	\$	\$ 562,356
<b>Total Financial Derivative Instruments</b>	<b>\$</b>	<b>\$ 562,356</b>	<b>\$</b>	<b>\$ 562,356</b>

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The following is a reconciliation of the investments in which significant unobservable inputs (Level 3) were used in determining value:

	<b>Leveraged Loans</b>	<b>Common Stock</b>
Beginning Balance at October 31, 2014	\$	\$
Purchases		662,720
Transfer into Level 3	295,136	
Settlements	25,219	
Net Change in Depreciation	(43,671)	(65,935)
Ending Balance as of January 31, 2015	\$ 276,684	\$ 596,785
Net Change in Depreciation on Investments held at January 31, 2015	\$ (43,671)	\$ (65,935)

<b>Financial Asset</b>	<b>Fair Value as of January 31, 2015</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Range</b>
Leveraged Loan	\$ 276,684	Yield Analysis	Yield	24%
			EBIDTA Multiple	10.6x
			Net Leverage	8.1x
Common Stock	596,785	Market Comparables	LTM EBIDTA Multiple	7.8x
			Fwd EBIDTA Multiple	7.3x
			Illiquidity Discount	10%
		Discounted Cash Flow	WACC	12%
			Exit Multiple LTM EBIDTA	7.5x
			Illiquidity Discount	10%

For information on the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent semi-annual or annual financial statements.

**Item 2. Controls and Procedures.**

(a) The Registrant's President and Principal Financial Officer have concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "1940 Act") (17 CFR 270.30a-3(c)) are effective as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or Rule 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(d)).

(b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) (17 CFR 270.30a-3(d)) that occurred during the Registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

**Item 3. Exhibits.**

*Separate certifications for each principal executive officer and principal financial officer of the Registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)). Filed herewith.*

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) KKR Income Opportunities Fund

By (Signature and Title) */s/ Suzanne Donohoe*  
Suzanne Donohoe, President

Date March 20, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) */s/ Suzanne Donohoe*  
Suzanne Donohoe, President

Date March 20, 2015

By (Signature and Title) */s/ Roshan Chagan*  
Roshan Chagan, Treasurer and Chief Financial Officer

Date March 20, 2015

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