

KKR Income Opportunities Fund
Form N-Q
September 26, 2018

**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, 2018

Date of reporting period: July 31, 2018

Item 1. Schedule of Investments.

Edgar Filing: KKR Income Opportunities Fund - Form N-Q

Income Opportunities Fund

July 31, 2018
(Unaudited)

Schedule of Investments

| | Par | Value |
|--|------------|--------------|
| LEVERAGED LOANS 71.8% | | |
| Aerospace & Defense - 0.5% | | |
| EaglePicher Technologies, LLC, TL 2L 02/18 | | |
| 9.327% (1 Month US LIBOR + 7.250%), 03/08/2026 (a) | 1,838,910 | \$ 1,846,955 |
| Auto Components - 0.5% | | |
| American Tire Distributors, Inc., TL 1L 04/15 | | |
| 6.327% (1 Month US LIBOR + 4.250%), 09/01/2021 (a) | 2,682,236 | 1,934,187 |
| Chemicals - 1.5% | | |
| Emerald Performance Materials, LLC, TL 2L 07/14 | | |
| 9.827% (1 Month US LIBOR + 7.750%), 08/01/2022 (a) | 1,401,160 | 1,412,544 |
| Invictus, TL 2L 01/18 | | |
| 8.827% (1 Month US LIBOR + 6.750%), 03/30/2026 (a) (b) (c) | 1,082,100 | 1,084,129 |
| New Arclin US Holding Corp., TL 2L 02/17 | | |
| 11.084% (3 Month US LIBOR + 8.750%), 02/14/2025 (a) | 282,363 | 286,599 |
| Vantage Specialty Chemicals, Inc., TL 2L 10/17 | | |
| 10.592% (3 Month US LIBOR + 8.250%), 10/26/2025 (a) | 2,397,730 | 2,417,715 |
| | | 5,200,987 |
| Commercial Services & Supplies - 8.6% | | |
| Acosta Holdco., Inc., TL 1L B 04/15 | | |
| 5.327% (1 Month US LIBOR + 3.250%), 09/26/2021 (a) | 13,781,738 | 10,799,301 |
| Advantage Sales & Marketing, Inc., TL 1L B 06/14 | | |
| 5.327% (1 Month US LIBOR + 3.250%), 07/23/2021 (a) | 8,601,433 | 8,155,276 |
| Advantage Sales & Marketing, Inc., TL 2L 06/14 | | |
| 8.577% (1 Month US LIBOR + 6.500%), 07/25/2022 (a) | 928,080 | 816,711 |
| Koosharem LLC, TL 1L 03/18 | | |
| 7.503% (3 Month US LIBOR + 5.000%), 04/10/2025 (a) | 5,839,080 | 5,912,069 |
| Monitronics International, Inc., TL 1L 03/12 | | |
| 7.834% (3 Month US LIBOR + 5.500%), 09/30/2022 (a) | 5,329,375 | 5,002,950 |
| | | 30,686,307 |
| Construction & Engineering - 1.4% | | |
| Yak Access, LLC, TL 1L B 05/18 | | |
| 7.078% (1 Month US LIBOR + 5.000%), 06/29/2025 (a) | 5,349,480 | 5,188,996 |
| Distributors - 2.6% | | |
| Distribution International, Inc., TL 1L 12/14 | | |
| 7.340% (3 Month US LIBOR + 5.000%), 12/15/2021 (a) | 9,665,290 | 9,230,351 |
| Diversified Telecommunication Services - 0.9% | | |
| Onvoy LLC, TL 1L 01/17 | | |
| 6.834% (3 Month US LIBOR + 4.500%), 02/10/2024 (a) | 3,502,688 | 3,393,229 |
| Electronic Equipment, Instruments & Components - 2.9% | | |
| Excelitas Technologies Corp., TL 2L 10/17 | | |
| 9.967% (6 Month US LIBOR + 7.500%), 12/01/2025 (a) | 10,001,780 | 10,214,318 |
| Laird PLC, TL 1L B 04/18 | | |

Edgar Filing: KKR Income Opportunities Fund - Form N-Q

7.020% (6 Month US LIBOR + 4.500%), 05/02/2025 (a) (d)

18,838

18,849

10,233,167

Edgar Filing: KKR Income Opportunities Fund - Form N-Q

| | Par | Value |
|---|-----------|------------|
| LEVERAGED LOANS 71.8% (continued) | | |
| Food & Staples Retailing - 0.1% | | |
| Grocery Outlet, Inc., TL 2L 09/14 | | |
| 10.327% (1 Month US LIBOR + 8.250%), 10/21/2022 (a) | 415,252 | \$ 418,366 |
| Food Products 1.1% | | |
| CSM Bakery Products, TL 2L 07/13 | | |
| 10.090% (3 Month US LIBOR + 7.750%), 07/05/2021 (a) | 991,568 | 943,229 |
| CTI Foods Holding Co., LLC, TL 2L 06/13 | | |
| 9.350% (1 Month US LIBOR + 7.250%), 6/28/2021 (a) | 3,800,000 | 2,850,000 |
| | | 3,793,229 |
| Health Care Providers & Services - 6.3% | | |
| Genoa (QoL), TL 2L 10/16 | | |
| 10.077% (1 Month US LIBOR + 8.000%), 10/28/2024 (a) | 5,063,890 | 5,139,849 |
| Press Ganey Holdings, Inc., TL 2L 10/17 | | |
| 8.577% (1 Month US LIBOR + 6.500%), 10/21/2024 (a) | 3,044,038 | 3,085,893 |
| Quorum Health Corp., TL 1L 04/16 | | |
| 8.827% (1 Month US LIBOR + 6.750%), 04/29/2022 (a) | 8,357,624 | 8,489,967 |
| R1 RCM, Inc., TL 1L B 04/18 | | |
| 7.619% (3 Month US LIBOR + 5.250%), 05/02/2025 (a) | 1,307,880 | 1,309,515 |
| Team Health, Inc., TL 1L 01/17 | | |
| 4.827% (1 Month US LIBOR + 2.750%), 02/06/2024 (a) | 4,539,571 | 4,420,407 |
| | | 22,445,631 |
| Hotels, Restaurants & Leisure - 1.8% | | |
| SMG/PA, TL 2L 12/17 | | |
| 9.077% (1 Month US LIBOR + 7.000%), 01/23/2026 (a) | 1,110,960 | 1,124,847 |
| The Bay Club Co., TL 1L 08/16 | | |
| 8.810% (3 Month US LIBOR + 6.500%), 08/31/2022 (a) | 5,364,696 | 5,418,343 |
| | | 6,543,190 |
| Internet Software & Services - 0.3% | | |
| Access CIG, LLC, TL 2L 02/18 | | |
| 9.827% (1 Month US LIBOR + 7.750%), 02/27/2026 (a) | 1,151,257 | 1,157,255 |
| Access CIG, LLC, TL 2L 06/18 - Add-on | | |
| 9.827% (1 Month US LIBOR + 7.750%), 02/27/2026 (a) | 80,654 | 81,074 |
| Access CIG, LLC, TL 2L DD 02/18 | | |
| 7.750%, 02/27/2026 | 60,464 | 315 |
| | | 1,238,644 |
| IT Services - 2.3% | | |
| NeuStar, Inc., TL 2L 02/17 | | |
| 10.077% (1 Month US LIBOR + 8.000%), 08/08/2025 (a) | 291,554 | 284,752 |
| Sutherland Global Services, Inc., TL 1L 10/14_US Borrower | | |
| 7.709% (3 Month US LIBOR + 5.375%), 04/23/2021 (a) | 6,619,845 | 6,371,601 |
| Sutherland Global Services, Inc., TL 1L 10/14_Cayman Borrower | | |
| 7.709% (3 Month US LIBOR + 5.375%), 04/23/2021 (a) | 1,540,950 | 1,483,165 |
| | | 8,139,518 |
| Life Sciences Tools & Services - 0.5% | | |
| Albany Molecular Research, Inc., TL 2L 07/17 | | |
| 9.077% (1 Month US LIBOR + 7.000%), 08/28/2025 (a) | 1,670,930 | 1,677,196 |
| Machinery - 6.8% | | |
| Accuride Corp., TL 1L B 10/17 | | |
| 7.584% (3 Month US LIBOR + 5.250%), 11/17/2023 (a) | 4,592,002 | 4,649,402 |

Edgar Filing: KKR Income Opportunities Fund - Form N-Q

| | Par | Value |
|--|------------|--------------|
| LEVERAGED LOANS 71.8% (continued) | | |
| Machinery - 6.8% (continued) | | |
| Utility One Source LP, TL 1L 03/17 | | |
| 7.577% (1 Month US LIBOR + 5.500%), 04/18/2023 (a) | 6,417,884 | \$ 6,602,398 |
| WireCo WorldGroup, Inc., TL 1L 07/16 | | |
| 7.077% (1 Month US LIBOR + 5.000%), 09/29/2023 (a) (d) | 7,275,107 | 7,377,432 |
| WireCo WorldGroup, Inc., TL 2L 07/16 | | |
| 11.077% (1 Month US LIBOR + 9.000%), 09/30/2024 (a) (d) | 5,578,731 | 5,634,518 |
| | | 24,263,750 |
| Media - 2.2% | | |
| Intelsat Jackson Holdings SA, TL 1L B4 12/17 | | |
| 6.577% (1 Month US LIBOR + 4.500%), 01/02/2024 (a) (d) | 2,389,980 | 2,512,479 |
| Intelsat Jackson Holdings SA, TL 1L B5 12/17 | | |
| 6.625%, 01/02/2024 (d) | 4,376,850 | 4,591,578 |
| NEP Broadcasting LLC, TL 2L 06/17 | | |
| 9.067% (1 Month US LIBOR + 7.000%), 01/23/2023 (a) | 591,910 | 596,349 |
| | | 7,700,406 |
| Metals & Mining - 10.4% | | |
| Aleris International, Inc., TL 1L 05/18 | | |
| 6.827% (1 Month US LIBOR + 4.750%), 02/27/2023 (a) | 3,075,300 | 3,111,173 |
| Foresight Energy, LLC, TL 1L B 03/17 | | |
| 7.827% (1 Month US LIBOR + 5.750%), 03/28/2022 (a) | 11,198,433 | 11,197,257 |
| Sequa Corp., TL 1L B 11/17 | | |
| 7.067% (1 Month US LIBOR + 5.000%), 11/28/2021 (a) | 5,753,402 | 5,764,190 |
| Sequa Corp., TL 2L 04/17 | | |
| 11.072% (1 Month US LIBOR + 9.000%), 04/28/2022 (a) | 17,149,877 | 17,214,189 |
| | | 37,286,809 |
| Multiline Retail - 1.9% | | |
| Belk, Inc., TL 1L B 08/15 | | |
| 6.836% (1 Month US LIBOR + 4.750%), 12/12/2022 (a) (b) (c) | 8,806,456 | 6,975,990 |
| Professional Services - 2.2% | | |
| SIRVA Worldwide, Inc., TL 1L 07/18 | | |
| 7.581% (1 Month US LIBOR + 5.500%), 07/20/2025 (a) | 1,939,470 | 1,910,378 |
| SIRVA Worldwide, Inc., TL 1L 10/16 | | |
| 8.810% (3 Month US LIBOR + 6.500%), 11/22/2022 (a) | 4,836,430 | 4,842,475 |
| SIRVA Worldwide, Inc., TL 2L 07/18 | | |
| 11.581% (1 Month US LIBOR + 9.500%), 07/31/2026 (a) | 1,149,740 | 1,063,510 |
| | | 7,816,363 |
| Road & Rail - 1.3% | | |
| Transplace, TL 2L 09/17 | | |
| 10.828% (1 Month US LIBOR + 8.750%), 10/06/2025 (a) | 4,532,039 | 4,590,593 |
| Software - 8.3% | | |
| Applied Systems, Inc., TL 2L 09/17 | | |
| 9.334% (3 Month US LIBOR + 7.000%), 09/19/2025 (a) | 6,013,300 | 6,218,143 |
| iParadigms Holdings LLC, TL 2L 07/14 | | |
| 9.584% (3 Month US LIBOR + 7.250%), 07/29/2022 (a) | 5,133,360 | 5,082,027 |
| Misys Ltd., TL 2L 04/17 | | |
| 9.557% (3 Month US LIBOR + 7.250%), 06/13/2025 (a) | 9,697,362 | 9,382,198 |
| P2 Energy Solutions, Inc., TL 1L 10/13 | | |
| 6.370% (3 Month US LIBOR + 4.000%), 10/30/2020 (a) (b) (c) | 9,022,022 | 8,965,634 |
| | | 29,648,002 |

Edgar Filing: KKR Income Opportunities Fund - Form N-Q

| | Par | Value |
|---|-----------|--------------------|
| LEVERAGED LOANS 71.8% (continued) | | |
| Specialty Retail - 4.1% | | |
| Charlotte Russe, Inc., TL 1L 12/17 | | |
| 8.500% (02/02/2023 (b) (c) (e)) | 1,527,667 | \$ 1,311,502 |
| David s Bridal, Inc., TL 1L B 10/12 | | |
| 6.080% (1 Month US LIBOR + 4.000%), 10/11/2019 (a) | 1,236,855 | 1,150,795 |
| Jo-Ann Stores, Inc., TL 1L 09/16 | | |
| 7.509% (3 Month US LIBOR + 5.000%), 10/20/2023 (a) | 1,887,203 | 1,894,290 |
| Jo-Ann Stores, Inc., TL 2L 04/18 | | |
| 11.581% (3 Month US LIBOR + 9.250%), 05/21/2024 (a) | 1,713,450 | 1,698,457 |
| Savers, Inc., TL 1L C 07/12 | | |
| 6.097% (3 Month US LIBOR + 3.750%), 07/09/2019 (a) (b) (c) | 8,902,377 | 8,793,902 |
| | | 14,848,946 |
| Textiles, Apparel & Luxury Goods - 0.4% | | |
| Nine West Holdings, TL 1L 04/18 DIP | | |
| 10.000%, 12/31/2018 (c) (e) | 346,954 | 341,923 |
| Nine West Holdings, TL 1L B 03/14 | | |
| 7.750% (3 Month US Prime + 2.750%), 10/08/2019 (a) | 961,576 | 947,152 |
| | | 1,289,075 |
| Trading Companies & Distributors - 1.8% | | |
| FleetPride Corporation, TL 1L B 03/18 | | |
| 6.577% (1 Month US LIBOR + 4.500%), 11/18/2022 (a) | 3,998,638 | 4,028,648 |
| FleetPride Corporation, TL 2L 03/18 | | |
| 11.077% (1 Month US LIBOR + 9.000%), 05/19/2023 (a) | 2,604,310 | 2,595,638 |
| | | 6,624,286 |
| Transportation Infrastructure - 1.1% | | |
| Commercial Barge Lines Co., TL 1L B 11/15 | | |
| 10.827% (1 Month US LIBOR + 8.750%), 11/12/2020 (a) | 1,738,453 | 1,425,966 |
| Direct ChassisLink, Inc., TL 2L 11/17 | | |
| 8.077% (1 Month US LIBOR + 6.000%), 06/15/2023 (a) | 2,347,058 | 2,367,595 |
| | | 3,793,561 |
| TOTAL LEVERAGED LOANS (amortized cost \$258,853,375) | | 256,807,734 |
| HIGH YIELD SECURITIES 66.1% | | |
| Aerospace & Defense - 1.0% | | |
| Pattonair Holdings Ltd. | | |
| 9.000%, 11/01/2022 (d) (f) | 3,049,000 | 3,155,715 |
| Triumph Group, Inc. | | |
| 7.750%, 08/15/2025 | 538,000 | 503,030 |
| | | 3,658,745 |
| Building Products - 3.1% | | |
| Ply Gem Holdings, Inc. | | |
| 8.000%, 04/15/2026 (f) | 5,164,000 | 5,344,740 |
| SRS Distribution, Inc. | | |
| 8.250%, 07/01/2026 (f) | 5,855,000 | 5,664,713 |
| | | 11,009,453 |
| Chemicals - 1.3% | | |
| Consolidated Energy Finance SA | | |
| 6.500%, 05/15/2026 (d) (f) | 869,000 | 858,137 |
| Cornerstone Chemical Co. | | |
| 6.750%, 08/15/2024 (f) | 1,042,000 | 1,022,463 |

Edgar Filing: KKR Income Opportunities Fund - Form N-Q

| | Par | Value |
|---|------------|--------------|
| HIGH YIELD SECURITIES 66.1% (continued) | | |
| Chemicals - 1.3% (continued) | | |
| Platform Specialty Products Corp. 6.500%, 02/01/2022 (f) | 1,264,000 | \$ 1,300,340 |
| PQ Corp. 5.750%, 12/15/2025 (f) | 1,668,000 | 1,655,490 |
| | | 4,836,430 |
| Commercial Services & Supplies - 2.7% | | |
| Vivint, Inc. 8.750%, 12/01/2020 | 5,191,000 | 5,152,068 |
| 7.875%, 12/01/2022 | 1,842,000 | 1,860,420 |
| 7.625%, 09/01/2023 | 2,747,000 | 2,495,237 |
| | | 9,507,725 |
| Communications Equipment - 2.8% | | |
| Genesys Telecommunications Laboratories, Inc. 10.000%, 11/30/2024 (f) | 9,062,000 | 10,081,475 |
| Construction & Engineering - 1.5% | | |
| Maxim Crane Works LP / Maxim Finance Corp. 10.125%, 08/01/2024 (f) | 4,876,000 | 5,278,270 |
| Construction Materials - 4.4% | | |
| Cemex Materials LLC 7.700%, 07/21/2025 (f) | 13,776,000 | 15,704,640 |
| Containers & Packaging - 0.6% | | |
| Reynolds Group Holdings, Inc. 7.950%, 12/15/2025 | 2,002,000 | 2,188,446 |
| Diversified Telecommunication Services - 0.4% | | |
| Frontier Communications Corp. 8.500%, 04/01/2026 (f) | 1,500,000 | 1,445,625 |
| Electronic Equipment, Instruments & Components - 7.5% | | |
| Artesyn Embedded Technologies, Inc. 9.750%, 10/15/2020 (f) | 9,594,000 | 9,210,240 |
| Vertiv Group Corp. 9.250%, 10/15/2024 (f) | 17,957,000 | 17,799,876 |
| | | 27,010,116 |
| Energy Equipment & Services - 0.3% | | |
| USA Compression Partners LLC 6.875%, 04/01/2026 (f) | 1,017,000 | 1,050,053 |
| Food & Staples Retailing - 0.7% | | |
| Albertsons Cos., Inc. 6.085% (3 Month US LIBOR + 3.750%), 01/15/2024 (a) (f) | 2,387,000 | 2,422,805 |
| Health Care Equipment & Supplies - 4.6% | | |
| DJO Finance LLC / DJO Finance Corp. 8.125%, 06/15/2021 (f) | 15,837,000 | 16,351,702 |

Edgar Filing: KKR Income Opportunities Fund - Form N-Q

| | Par | Value |
|--|---------------|--------------|
| HIGH YIELD SECURITIES 66.1% (continued) | | |
| Health Care Providers & Services - 6.5% | | |
| Quorum Health Corp. | | |
| 11.625%, 04/15/2023 | 3,633,000 | \$ 3,539,904 |
| Surgery Partners Holdings, LLC | | |
| 8.875%, 04/15/2021 (f) | 8,070,000 | 8,332,275 |
| 6.750%, 07/01/2025 (f) | 4,067,000 | 3,858,566 |
| Team Health, Inc. | | |
| 6.375%, 02/01/2025 (f) | 7,991,000 | 7,012,103 |
| Tenet Healthcare Corp. | | |
| 7.000%, 08/01/2025 (f) | 538,000 | 542,035 |
| | | 23,284,883 |
| Health Care Technology - 0.2% | | |
| Change Healthcare Holdings LLC | | |
| 5.750%, 03/01/2025 (f) | 649,000 | 630,341 |
| Hotels, Restaurants & Leisure - 4.2% | | |
| Boyne USA, Inc. | | |
| 7.250%, 05/01/2025 (f) | 1,816,000 | 1,906,800 |
| ClubCorp Club Operations, Inc. | | |
| 8.500%, 09/15/2025 (f) | 12,520,000 | 11,894,000 |
| Stars Group Holdings BV | | |
| 7.000%, 07/15/2026 (d) (f) | 1,159,000 | 1,196,667 |
| | | 14,997,467 |
| Household Products - 2.0% | | |
| Steinhoff | | |
| 4.000%, 01/30/2021 (d) (f) | EUR 3,400,000 | 3,747,164 |
| 1.250%, 08/11/2022 (d) (f) | EUR 3,100,000 | 3,363,517 |
| | | 7,110,681 |
| Insurance - 0.9% | | |
| AmWINS Group, Inc. | | |
| 7.750%, 07/01/2026 (f) | 570,000 | 597,075 |
| Hub International Ltd. | | |
| 7.000%, 05/01/2026 (f) | 2,519,000 | 2,534,744 |
| | | 3,131,819 |
| Life Sciences Tools & Services - 4.8% | | |
| Avantor, Inc. | | |
| 6.000%, 10/01/2024 (f) | 14,962,594 | 14,990,649 |
| PAREXEL International Corp. | | |
| 6.375%, 09/01/2025 (f) | 2,418,000 | 2,363,595 |
| | | 17,354,244 |
| Machinery - 1.8% | | |
| Cleaver-Brooks, Inc. | | |
| 7.875%, 03/01/2023 (f) | 6,132,000 | 6,354,285 |
| Media - 1.9% | | |
| Clear Channel International BV | | |
| 8.750%, 12/15/2020 (f) | 3,651,000 | 3,769,658 |
| Intelsat Jackson Holdings SA | | |
| 7.250%, 10/15/2020 (d) | 1,589,000 | 1,602,904 |
| Numericable-SFR | | |
| 8.125%, 02/01/2027 (b) (c) (d) (f) | 1,561,000 | 1,596,122 |
| | | 6,968,684 |

Edgar Filing: KKR Income Opportunities Fund - Form N-Q

| | Par | Value |
|---|------------|--------------------|
| HIGH YIELD SECURITIES 66.1% (continued) | | |
| Metals & Mining - 3.0% | | |
| Allegheny Technologies, Inc. 7.875%, 08/15/2023 | 6,536,000 | \$ 7,067,050 |
| Foresight Energy, LLC 11.500%, 04/01/2023 (f) | 4,275,000 | 3,836,812 |
| | | 10,903,862 |
| Multiline Retail - 0.1% | | |
| J.C. Penney Corp., Inc. 8.125%, 10/01/2019 | 153,000 | 158,546 |
| 5.650%, 06/01/2020 | 60,000 | 59,025 |
| | | 217,571 |
| Personal Products - 0.1% | | |
| Coty, Inc. 6.500%, 04/15/2026 (f) | 280,000 | 262,850 |
| Road & Rail - 4.3% | | |
| The Kenan Advantage Group, Inc. 7.875%, 07/31/2023 (f) | 14,829,000 | 15,266,456 |
| Software - 3.1% | | |
| CDK Global, Inc. 4.875%, 06/01/2027 | 4,320,000 | 4,249,800 |
| Datatel, Inc. 9.000%, 09/30/2023 (f) | 6,727,000 | 7,019,961 |
| | | 11,269,761 |
| Textiles, Apparel & Luxury Goods - 1.0% | | |
| Lybra 7.500%, 05/01/2025 (d) (f) | 3,634,000 | 3,624,915 |
| Transportation Infrastructure - 0.4% | | |
| Direct ChassisLink, Inc. 10.000%, 06/15/2023 (f) | 1,229,000 | 1,308,885 |
| Wireless Telecommunication Services - 0.9% | | |
| Sprint Corp. 7.875%, 09/15/2023 | 2,274,000 | 2,430,338 |
| 6.875%, 11/15/2028 | 732,000 | 706,380 |
| | | 3,136,718 |
| TOTAL HIGH YIELD SECURITIES (amortized cost \$233,071,884) | | 236,368,907 |

| | Shares | |
|---|---------|-----------|
| COMMON STOCKS - 0.9% | | |
| Energy Equipment & Services - 0.2% | | |
| Proserv Acquisition LLC (b) (c) (d) (e) (g) | 114,010 | 661,258 |
| Hotels, Restaurants & Leisure - 0.5% | | |
| Caesars Entertainment Corp. (g) | 21,240 | 240,012 |
| VICI Properties, Inc. | 73,140 | 1,488,399 |
| | | 1,728,411 |

Edgar Filing: KKR Income Opportunities Fund - Form N-Q

| | Shares | Value |
|--|---------------|-----------------------|
| COMMON STOCKS 0.9% (continued) | | |
| Insurance - 0.2% | | |
| Towergate SUN NewCo Common Shares A (b) (c) (d) (e) (g) | GBP 8,597 | \$ |
| Towergate TopCo Common (b) (c) (d) (e) (g) | GBP 540,649 | 819,617 |
| | | 819,617 |
| Specialty Retail - 0.0% | | |
| Charlotte Russe, Inc. (b) (c) (e) (g) | 3,649 | |
| TOTAL COMMON STOCKS (cost \$4,102,618) | | 3,209,286 |
| PREFERRED STOCKS - 1.4% | | |
| Energy Equipment & Services - 0.1% | | |
| Proserv Acquisition LLC | | |
| N/A (b) (c) (d) (e) (g) | 36,249 | 424,113 |
| Insurance - 1.3% | | |
| Towergate SUN NewCo Preference B | | |
| N/A (b) (c) (d) (e) (g) | GBP 3,194,971 | 4,843,534 |
| TOTAL PREFERRED STOCKS (cost \$4,970,177) | | 5,267,647 |
| TOTAL INVESTMENTS (amortized cost \$500,998,054) (h) 140.2% | | 501,653,574 |
| LIABILITIES EXCEEDING OTHER ASSETS, NET - (40.2)% | | (143,866,927) |
| NET ASSETS - 100.0% | | \$ 357,786,647 |

In U.S. Dollars unless otherwise indicated.

EUR Euro.

GBP Great British Pound.

(a) Variable rate security, the coupon rate shown is the effective rate as of July 31, 2018.

(b) Security considered restricted due to the Adviser's knowledge of material non-public information. The total value of these securities as of July 31, 2018 was \$35,475,801 and represented 9.9% of net assets.

(c) Security considered illiquid, as defined by the Securities and Exchange Commission. The total value of these securities as of July 31, 2018 was \$35,817,724 and represented 10.0% of net assets.

(d) Non-U.S. security.

(e) Value determined using significant unobservable inputs.

(f) 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 July 31, 2018 was \$204,355,759, which represent 57.1% of net assets.

(g) Non-income producing security.

(h) All investments are held as collateral for the Fund's credit facility.

Edgar Filing: KKR Income Opportunities Fund - Form N-Q

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

| Issuer(1) | Par/Shares | Acquisition date(s) | Amortized Cost | Value | % of Net Assets |
|--|------------|-----------------------|----------------|--------------|-----------------|
| Belk, Inc., TL 1L B 08/15 | 8,806,456 | 04/12/2016-03/07/2018 | \$ 7,732,217 | \$ 6,975,990 | 1.9% |
| Charlotte Russe, Inc., TL 1L 12/17 | 1,527,667 | 02/02/2018 | 2,131,454 | 1,311,502 | 0.4% |
| Charlotte Russe, Inc., Common Stock | 3,649 | 02/02/2018 | | | 0.0% |
| Invictus, TL 2L 01/18 | 1,082,100 | 02/15/2018 | 1,076,793 | 1,084,129 | 0.3% |
| Numericable-SFR | 1,561,000 | 07/17/2018 | 1,561,000 | 1,596,122 | 0.5% |
| P2 Energy Solutions, Inc., TL 1L 10/13 | 9,022,022 | 02/16/2017-01/18/2018 | 8,894,501 | 8,965,634 | 2.5% |
| Proserv Acquisition LLC, Common Stock | 114,010 | 05/08/2018 | 1,585,844 | 661,258 | 0.2% |
| Proserv Acquisition LLC, Preferred Stock | 36,249 | 05/08/2018 | 233,307 | 424,113 | 0.1% |
| Savers, Inc., TL 1L C 07/12 | 8,902,377 | 12/02/2015-07/13/2018 | 8,626,689 | 8,793,902 | 2.5% |
| Towergate SUN NewCo Common Shares A | 8,597 | 04/02/2015 | 15 | | 0.0% |
| Towergate SUN NewCo Preference B | 3,194,971 | 04/02/2015 | 4,736,870 | 4,843,534 | 1.3% |
| Towergate TopCo Common | 540,649 | 04/02/2015 | 815,841 | 819,617 | 0.2% |

(1) Refer to the Schedule of Investments for more details on securities listed.

The following table represents the Fund's investments categorized by country of risk as of July 31, 2018.

| Country Weightings: | % of Net Assets |
|---|-----------------|
| United States | 127.5% |
| Cayman Islands | 3.6% |
| United Kingdom | 2.8% |
| Luxembourg | 2.4% |
| Austria | 2.0% |
| Netherlands | 1.0% |
| France | 0.4% |
| Canada | 0.3% |
| Switzerland | 0.2% |
| | 140.2% |
| Liabilities Exceeding Other Assets, Net | (40.2)% |
| | 100.0% |

Edgar Filing: KKR Income Opportunities Fund - Form N-Q

The following table presents information about the Fund's assets measured on a recurring basis as of July 31, 2018 and indicates the fair value hierarchy of the inputs utilized by the Fund to determine such fair value:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------------------|-----------------------|---------------------|-----------------------|
| Investments in Securities | | | | |
| Leveraged Loans | \$ | \$ 255,154,309 | \$ 1,653,425 | \$ 256,807,734 |
| High Yield Securities | | 236,368,907 | | 236,368,907 |
| Preferred Stocks | | | 5,267,647 | 5,267,647 |
| Common Stocks | 1,728,411 | | 1,480,875 | 3,209,286 |
| Cash equivalents | 1,691,484 | | | 1,691,484 |
| Total Investments in Securities and Cash Equivalents | \$ 3,419,895 | \$ 491,523,216 | \$ 8,401,947 | \$ 503,345,058 |

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

| | Leveraged Loans | Common Stocks | Preferred Stocks |
|--|-----------------|---------------|------------------|
| Balance at October 31, 2017 | \$ 1,540,274 | \$ 875,730 | \$ 4,828,971 |
| Purchases | 320,065 | | 233,307 |
| Sales and Paydowns | (657,506) | (81,332) | |
| Transfer in and/or out of Level 3(1) | | | |
| Settlements | 589,006 | 1,585,844 | |
| Net change in appreciation/(depreciation) | 5,024,095 | (950,842) | 205,369 |
| Net realized gain/(loss) | (5,162,509) | 51,475 | |
| Balance as of July 31, 2018 | \$ 1,653,425 | \$ 1,480,875 | \$ 5,267,647 |
| Net change in appreciation/(depreciation) on investments held at July 31, 2018 | \$ (808,673) | \$ (922,122) | \$ 205,369 |

(1) The Fund's policy is to recognize transfers into and out of Level 3 at the beginning of each period.

Edgar Filing: KKR Income Opportunities Fund - Form N-Q

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 as of July 31, 2018:

| Financial Asset | Fair Value As of July 31, 2018 | Valuation Technique(1) | Unobservable Inputs(2) | Range (Weighted Average)(3) |
|---------------------|--------------------------------------|---------------------------|--|-----------------------------------|
| Leveraged Loans(4) | \$ 1,653,425 | Market Comparables | LTM EBIDTA Multiple | 3.9x (3.9x) |
| | | | Fwd EBIDTA Multiple | 4.2x (4.2x) |
| | | | Illiquidity Discount | 20% (20%) |
| | | | Liquidation Analysis EBITDA Multiple | 6.5x (6.5x) |
| Common Stocks(5) | \$ 1,480,875 | Market Comparables | LTM EBITDA Multiple | 1.6x - 3.9x (2.4x) |
| | | | Fwd EBITDA Multiple | 1.2x - 4.2x (1.2x) |
| | | | Illiquidity Discount | 10% - 20% (12%) |
| | | | Discounted Cash Flow Weighted average cost of capital | 17% (17%) |
| Preferred Stocks(6) | \$ 5,267,647 | Market Comparables | LTM EBITDA Multiple | 1.6x - 3.1x (3.0x) |
| | | | Fwd EBITDA Multiple | 1.2x (1.2x) |
| | | | Illiquidity Discount | 10% (10%) |
| | | | Discounted Cash Flow Weighted average cost of capital | 17% (17%) |

(1) For the assets that have more than one valuation technique, the Fund may rely on the techniques individually or in aggregate based on a weight ascribed to each one ranging from 0-100%. When determining the weighting ascribed to each valuation methodology, the Fund considers, among other factors, the availability of direct market comparables, the applicability of a discounted cash flow analysis and the expected hold period and manner of realization for the investment. These factors can result in different weightings among the investments and in certain instances, may result in up to a 100% weighting to a single methodology.

(2) The significant unobservable inputs used in the fair value measurement of the Fund's assets and liabilities may include the last twelve months (LTM) EBITDA multiple, forward (FWD) EBITDA multiple, weighted average cost of capital, discount margin, probability of default, loss severity and constant prepayment rate. In determining certain of these inputs, management evaluates a variety of factors including economic, industry and market trends and developments, market valuations of comparable companies, and company specific developments including potential exit strategies and realization opportunities. Significant increases or decreases in any of these inputs in isolation could result in significantly lower or higher fair value measurement.

(3) Weighted average amounts are based on the estimated fair values.

(4) Of the \$1,653,425, \$341,923 was valued solely using a liquidation analysis technique.

(5) Of the \$1,480,875, \$819,617 was valued solely using a market comparables technique.

(6) Of the \$5,267,647, \$4,843,534 was valued solely using a market comparables technique.

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, as amended (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.

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 9/25/18

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 9/25/18

By (Signature and Title) */s/Thomas Murphy*
Thomas Murphy, Treasurer, Chief Accounting Officer, and
Chief Financial Officer

Date 9/25/18
