

## January 2022 - Monthly Fact Sheet

Performance	1 month %	CYTD %	1 year %	3 years % p.a.	5 years % p.a.	Inception %
Fund return (gross) <sup>1</sup>	0.5	0.5	7.8	-	-	7.9
Fund return (net) <sup>2</sup>	0.5	0.5	7.7	-	-	7.8

<sup>1</sup> Returns are calculated before fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.

<sup>2</sup> Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. **Past performance is not a reliable indicator of future performance. Past performance figures that are less than 12 months are for informational purposes only and are not to be relied upon when considering the likely future performance of the Fund. Data Source: Fidante Partners Limited, 31 January 2022.**

### Underlying Fund

The Fund primarily invests in a diversified portfolio of global liquid and illiquid asset classes via its investment in the CION Ares Diversified Credit Fund (**Underlying Fund**). The Fund also invests in cash and foreign exchange hedging instruments. In this report, where we refer to the Fund's investments we generally do so on a 'look-through' basis; that is, we are referring to the underlying assets that the Fund is exposed to through its investment in the Underlying Fund.

### Underlying Fund Overview

The Underlying Fund's investment objective is to provide superior risk-adjusted returns across various market cycles by investing in a diversified portfolio of liquid and illiquid asset classes. The Underlying Fund seeks to capitalise on market inefficiencies and relative value opportunities throughout the entire global credit spectrum. The Underlying Fund seeks to achieve its investment objective by employing an opportunistic, dynamic and unconstrained global credit investments strategy based on absolute and relative value considerations and its analysis of credit markets. It seeks risk-adjusted returns over full market cycles by creating and managing a portfolio with balanced exposures to multiple industry sectors and geographic regions, systematically allocating capital across multiple segments of the global fixed-income markets, including U.S. and non-U.S. credit instruments.

### Underlying Fund Facts<sup>5</sup>

Portfolio managers	Mitch Goldstein and Greg Margolies
Inception date	26 January 2017
Management fee	1.25% p.a.
Performance fee	15% subject to a hurdle rate of 1.5% per quarter (6% annualised), and subject to a catch-up feature.
Total Issuers	614
Strategy FUM <sup>3</sup>	US\$2.63BN
Sharpe Ratio	1.22
Standard Deviation	4.14%
Yield to Maturity (YTM)	7.41%
Distribution Rate	5.34%
Running Yield	6.41%
Interest rate duration	1.00

<sup>3</sup> Total assets (including any assets attributable to financial leverage) minus accrued liabilities (other than debt representing financial leverage)

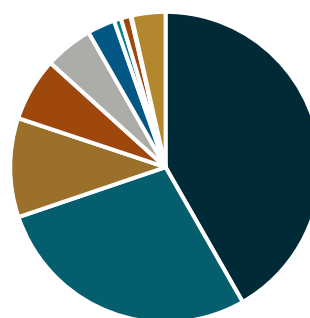
### Fund Facts

Inception date	17 December 2020
Fund FUM	\$306.5 M
Management Fee	Nil <sup>4</sup>
Performance fee	Nil <sup>4</sup>
Buy/sell spread	+0.15%/-0.00%
Distribution Frequency	Monthly
Distribution Rate	0.44%

<sup>4</sup> The only fee is a recoverable expense, which is currently 4.5 bps.

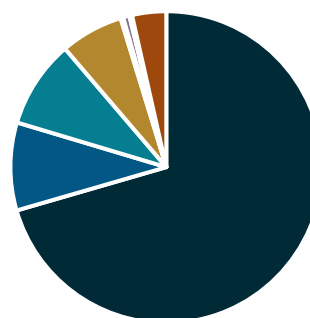
### Underlying Fund Allocation<sup>5</sup>

#### Asset Allocation



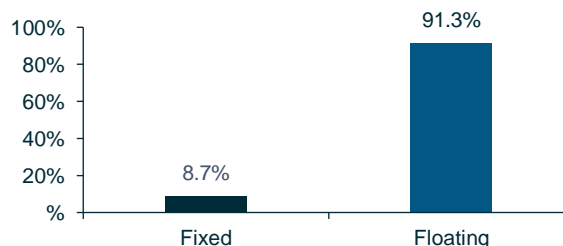
- US Direct Lending 44.9%
- Syndicated Loans 30.2%
- European Direct Lending 11.1%
- High Yield Bonds 7.1%
- CLO Equity 5.4%
- Opportunistic 3.1%
- CLO Debt 0.8%
- Private Asset-Backed 1.1%
- Real Estate Debt 0.1%
- Cash -3.8%

#### Geographic Allocation



- United States 75.8%
- United Kingdom 9.8%
- Broader North America 9.8%
- Broader Europe 7.0%
- Broader Asia 0.3%
- Other 0.7%
- Australia 0.3%
- Cash -3.8%

#### Interest Type<sup>6</sup>



<sup>6</sup> Excludes cash, other net assets and equity instruments.

### Underlying Fund Top 10 Holdings<sup>5</sup>

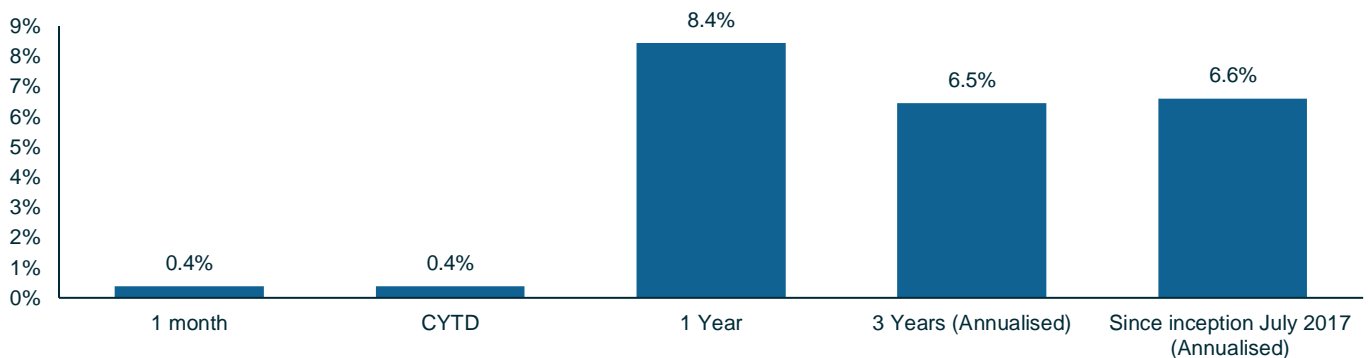
Global Medical Response, Inc.	1.3%
Cornerstone OnDemand, Inc.	1.3%
TurnPoint Services	1.2%
High Street Insurance Partners	1.2%
CEP V I 5 Midco Limited (aka Mak System)	1.0%
DigiCert	0.9%
DecoPac, Inc.	0.9%
European Camping Group	0.7%
Ardonagh	0.7%
Foundation Risk Partners	0.7%

### Underlying Fund Industry Allocation<sup>5</sup>

Software & Services	20.5%
Health Care Equipment & Services	9.1%
Diversified Financials	8.8%
Commercial & Professional Services	8.3%
Capital Goods	8.2%
Structured Products	7.6%
Consumer Services	7.4%
Insurance	6.9%
Other	27.1%
Cash	-3.8%

<sup>5</sup> As of 31 January 2022. Holdings and allocations, unless otherwise indicated, are based on the total portfolio and subject to change without notice. Data shown is for informational purposes only and not a recommendation to buy or sell any security.

### Underlying Fund Historical Performance<sup>6</sup>



<sup>6</sup> As of 31 January 2022. Returns of the CION Ares Diversified Credit Fund Class I Shares. Returns are in USD and include reinvestment of distributions and reflect fund expenses inclusive of recoupment of previously provided expense support. The estimated expense ratio is 3.52%. Expense ratios are annualised and calculated as a percentage of estimated average net assets. Share values will fluctuate, therefore if repurchased, they may be worth more or less than their original cost. Past performance is not indicative of future results. The performance shown is on a 'look-through' basis to the performance of the Underlying Fund. The performance of the Fund may not exactly replicate the performance of the Underlying Fund.

*The outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a pandemic, has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on energy, transportation, hospitality, tourism, entertainment and other industries. The impact of COVID-19 has led to significant volatility and declines in the global financial markets and oil prices and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. Any public health emergency, including any outbreak of COVID-19 or other existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on the Fund, the value of its investments and its portfolio companies. The performance and portfolio company information herein is as of the dates herein and not all of the effects, directly or indirectly, resulting from COVID-19 and/or the current market environment may be reflected herein. The full impact of COVID-19 and its ultimate potential effects on portfolio company performance and valuations is particularly uncertain and difficult to predict.*

**For further information, please contact:**

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This material has been prepared by Ares Australia Management Pty Ltd (ABN 51 636 490 732, AFSL 343753) AAM, the investment manager of the Ares Diversified Credit Income Fund. Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (**Challenger Group**) and is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at [www.fidante.com](http://www.fidante.com) should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not a reliable indicator of future performance. AAM and Fidante have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, AAM and Fidante may receive remuneration or other benefits in respect of financial services provided by the parties. Fidante is not an authorised deposit-taking institution (ADI) for the purpose of the *Banking Act 1959* (Cth), and its obligations do not represent deposits or liabilities of an ADI in the Challenger Group (**Challenger ADI**) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Fidante. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.