Ares Global Credit Income Fund

ARSN 639 123 112 APIR HOW4476AU

June 2023 - Monthly Fact Sheet

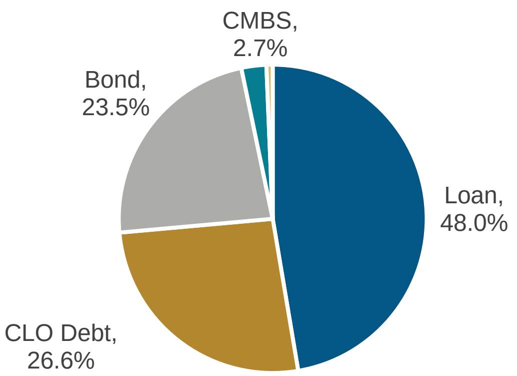
Performance	1 Month %	3 Month %	6 Month %	1-Year %	2-Year % p.a.	3-Year % p.a.	Inception % p.a.
Fund return (gross)[1]	1.2	2.4	4.5	7.9	1.9	4.6	5.5
Fund return (net)[2]	1.1	2.2	4.1	6.9	1.1	3.8	4.7
Bloomberg AusBond Bank Bill Index	0.3	0.9	1.7	2.9	1.5	1.0	1.0
Active return	**0.8**	**1.3**	**2.4**	**4.0**	**-0.4**	**2.8**	**3.7**

[1] Returns are calculated before fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.
[2] 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. **Data Source: Fidante Partners Limited, 30 June 2023.**

Fund Facts

Portfolio managers	Charles Arduini, Seth Brufsky, Samantha Milner, Boris Okuliar
Inception date	1 May 2020
Management fee	0.75% p.a.
Fund Objective	To outperform the AusBond Bank Bill Index over a three-year period
Buy/sell spread[3]	+0.40% / -0.40%
Strategy FUM	$79.6 M

Asset Class Allocation[6]



Fund Features

Attractive income: The Fund aims to provide a stable income stream for investors by seeking to offer monthly distributions.

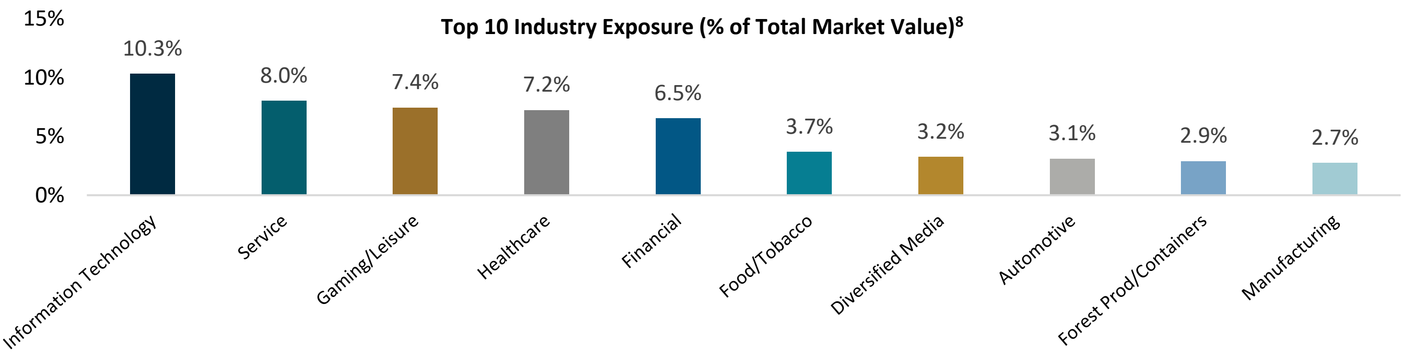
Focus on downside protection:[4] Ares believes protecting principal is key to superior performance and therefore places emphasis on dampening volatility and minimising defaults.

Dynamic asset allocation: The Fund has the ability to dynamically allocate capital based on the best relative value opportunities across industries, issuers and regions within the credit spectrum.

Diversification:[5] The Fund provides access to investment opportunities and asset classes which are generally unavailable to individual investors.

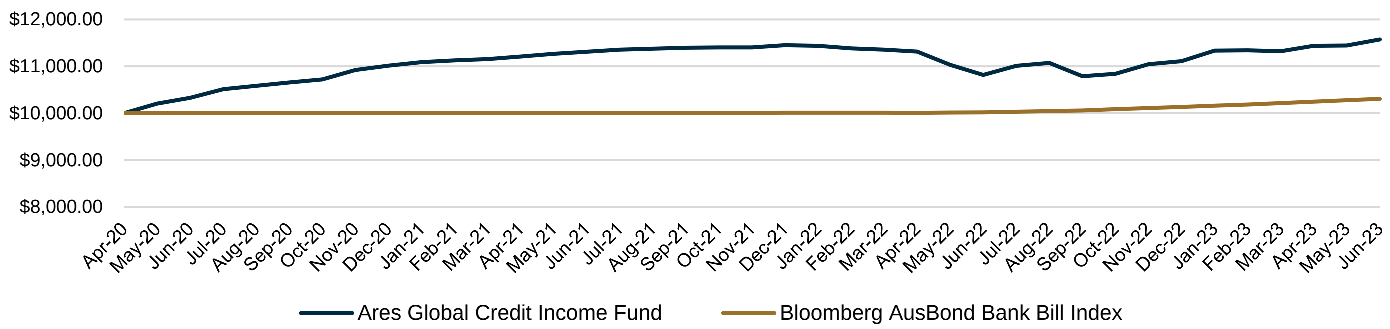
Leading global investment team: The Fund offers access to a leading global investment team with 20+ years of experience investing in global credit markets. The experienced management team applies an integrated and collaborative approach using the scale and power of the platform seeking to deliver compelling risk-adjusted returns through market cycles.

Key Attributes	Fund	Change from 31 May 2023
Number of issuers	255	+5
Weighted Average Spread (L+)	331	+6
Current Yield (AUD-Hedged)	6.97%	+0.39%
Yield to Worst (AUD-Hedged)	6.96%	+0.52%
Current Yield (Unhedged)	7.86%	+0.03%
Yield to Worst (Unhedged)	7.84%	+0.16%
Duration	0.82	-0.02
Spread Duration	3.59	-0.13
Weighted Average Credit Quality[7]	BB+	-
Total Investment Grade Exposure	55.80%	-1.80%



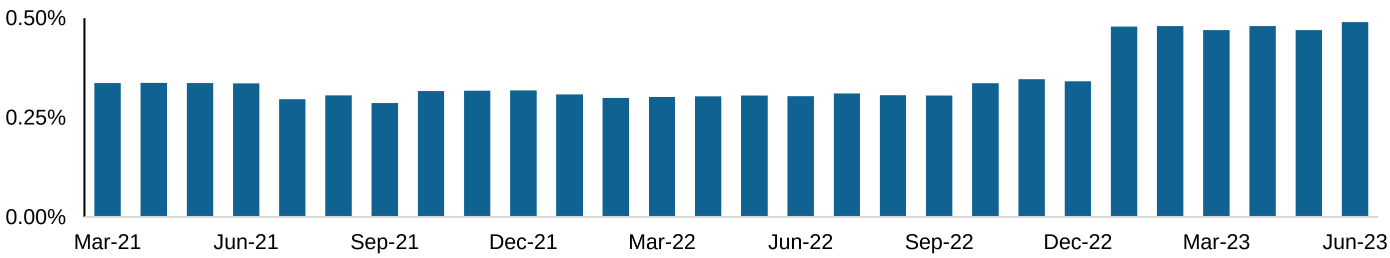
[3] Source: Ares. During normal market conditions, bid/ask spreads have averaged 25 -100bps, however, during periods of volatility, we have observed spreads widen out to 300-400bps.
[4] References to “downside protection” or similar language are not guarantees against loss of investment capital or value.
[5] Diversification does not assure profit or protect against market loss.
[6] The Fund’s allocation is based on recent market conditions and is subject to change based on future market conditions at the time of investment and may differ materially from that set forth herein.
[7] Reflects the risk-adjusted weighted average higher of rating using Moody’s, S&P, and Fitch.
[8] Credit Suisse Industry Distribution. Excludes CLO debt, CMBS and cash (26.6%, 2.7% and -0.7% as of 30 June 2023, respectively).

Growth of $10,000 Since Inception (Net of Fees)



Past performance is no indication of future performance. Represents performance of a hypothetical $10,000 investment made in this fund from the inception date. There is no guarantee of future results and this may not provide adequate basis for evaluating the performance of the Fund over varying market conditions or economic cycles. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance data quoted. The Fund's inception date is 1 May 2020.

Monthly Distribution Rate



Past performance is no indication of future performance. There is no assurance monthly distributions paid by the Fund will be maintained at targeted level or paid at all. Calculated as the cents per unit (CPU) distribution at month end divided by the ex-distribution unit price at the start of the month.

Market Commentary

In June, global risk assets continued to rally as inflation showed signs of moderation while the economy continued to perform better than expected. While the Federal Reserve (the "Fed") paused on rate hikes in June, it clearly messaged its hawkish tilt should inflation not improve, causing many to coin the decision a "hawkish pause". Given the market expects further monetary tightening this year, investor appetite generally remains biased towards higher-quality assets.

U.S. high yield bonds returned 1.63%[1] during the month driven by generally positive macro news, a stronger bid for risk assets and a supportive technical backdrop. Notably, capital market conditions for high yield bonds moderated in June with 21 bonds pricing for $14.1 billion over the course of the month, following $21.7 billion in May. Further, demand improved with U.S. high yield funds reporting $2.7 billion of inflows over the course of month, following $4.9 billion of outflows in May.[2]

U.S. loans outperformed fixed rate peers, returning 2.24%[3] in June amid a steady rise in rates, light retail outflows and a slower new issue calendar. Further, the asset class experienced significant ratings decompression, with lower quality cohorts outperforming.

Despite rising prices, U.S. loan primary market activity moderated with $22.9 billion of loan paper pricing over the course of the month. Meanwhile, U.S. loan funds reported outflows of $114 million, the lightest monthly outflow for the LTM period.[2]

CLO debt securities posted positive returns in June with all ratings tranches generating gains.[4] US CLO creation remained muted as June was one of the slowest months for deal pricings in the prior three years. However, expectations for CLO issuance was buoyed by the recovery in spreads. In addition, the first signs of an expected refinancing wave appeared, with the pricing of the first CLO reset in more than a year.[5]

U.S. investment grade bonds underperformed below investment-grade credit, returning -0.36%[6] in June as the asset class came under pressure amid heavy supply and less compelling spread valuation.

While European leveraged credit markets posted positive returns, they underperformed their U.S. counterparts during the month, with high yield bonds and leveraged loans returning 0.46%[7] and 0.95%,[8] respectively.

The European Central Bank ("ECB") raised interest rates by 25 bps during the month and signaled further monetary tightening this year, as core inflation proved stickier-than-expected. Lower quality segments of the European loan market continued to outperform higher quality cohorts, while returns across European high yield ratings exhibited an up-in-quality bias as Double-B and Triple-C bonds lagged the index. Meanwhile, primary activity slowed during the month amid rising financing costs. Nonetheless, arrangers and borrowers continued to address near-term maturities, some as far out as 2025, with amend and extend and refinancing transactions.

Market Outlook

Risk assets continued to rally the first week of July given deferred recession expectations, strong technicals, and relatively stable corporate balance sheets. Following June's CPI report which saw headline inflation (year-over-year) cool to 3%, the market experienced a strong rally in rates and fixed-income yields fell. Many market participants mirrored the sentiment reflected by Lael Brainard—former Fed vice chair and current director of the National Economic Council—that the economy remains resilient amid declining inflation and a robust job market. While many economists have begun to defer expectations for a recession to 1H'24, the underlying inflation and recession dynamic remains at play and is likely to create further volatility in the second half of 2023. Corporate earnings have generally been better-than-expected; however, forward guidance remains conservative and corporate fundamentals have modestly softened. We are increasingly focused on earnings projections given the potential weakness in upcoming quarters as the full impact of tighter lending standards and higher rates is realized. With earnings under pressure, defaults have modestly increased this year, specifically for secularly challenged businesses. While loan and high yield default rates could increase to 3.5%-4.5% over the next 12 months, we believe defaults are unlikely to spike to previous recessionary levels, due in part to the recent cycle in 2020, better issuer balance sheets and liquidity, and our expectations for a shallow recession.

Fund Commentary

The Ares Global Credit Income Fund ("AGCIF" or the "Fund") returned 1.19% gross and 1.12% net for the month of June. Performance across asset classes was positive, with the portfolio's allocations to structured credit and bank loans being the largest contributors to performance. The portfolio's allocation to CLO debt benefitted from strong returns within the Triple-B rated cohort, while the portfolio's allocation to bank loans generated attractive returns in large part due to credit selection within the Single-B rated cohort. Similarly, the portfolio's high yield allocation positively contributed to performance, benefitting from the broader risk rally.

During the month, we maintained our higher quality risk posture and continued to focus on identifying opportunities arising from today's complex economic environment. We continue to actively trade around relative value across individual credits, selling select risk names that outperformed the rally in June that left little upside, and topping up on other discounted credits that we view as undervalued. While we remain overweight floating rate assets, we marginally decreased loans in favour of high yield bonds over the course of the month to unwind certain loan names at too high a dollar price and rotated into longer-dated bonds. From a sector perspective, we remain overweight defensive sectors with favourable supply-demand dynamics and earnings trajectories, as well as sectors more upstream in supply chains and companies with strong pricing power, including software and necessary services sectors. We are underweight sectors that are more susceptible to consumer discretionary income weakness, input cost pressures and general cyclicality, and we are closely monitoring certain sectors where liquidity may be challenging, such as certain segments of the technology and healthcare sectors. Specific to structured credit, we continue to favour transactions with top tier managers that we know well, specifically within Triple-B rated CLO debt. From a geographical perspective, we are comfortable with our existing exposure given the lighter primary calendar in Europe. We remain acutely focused on security selection both in seeking to outperform against the upcoming default cycle, as well as to avoid the significant downdraft in price/liquidity that we have seen when a company misses earnings. We continue to focus on bottom-up portfolio construction and believe we are well-positioned to deliver attractive risk-adjusted returns to our investors.

As of 30 June 2023. Sources: (1) ICE BofA US High Yield Index "H0A0", (2) JP Morgan, (3) Credit Suisse Leveraged Loan Index "CSLLI", (4) CLOIE, (5) LCD News. (6) Bloomberg Barclays U.S. Aggregate Bond Index, (7) ICE BofA European Currency High Yield Constrained Index Hedged to EUR, (8) Credit Suisse Western European Leveraged Loan Index Hedged to EUR.

Views expressed are those of the Ares Global Credit Income Fund Portfolio Managers as of 30 June 2023 are subject to change at any time, and may differ from the views of other portfolio managers or of Ares Australia Management as a whole.

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 investment information herein is as of 30 June 2023 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.

Index Definition & Disclosure:

The Bloomberg AusBond Bank Bill Index is engineered to measure the Australian money market by representing a passively managed short term money market portfolio. This index is comprised of 13 synthetic instruments defined by rates interpolated from the RBA 24-hour cash rate, 1M BBSW, and 3M BBSW.

Indices are provided for illustrative purposes only and not indicative of any investment. They have not been selected to represent appropriate benchmarks or targets for the strategy. Rather, the indices shown are provided solely to illustrate the performance of well known and widely recognized indices. Any comparisons herein of the investment performance of a strategy to an index are qualified as follows: (i) the volatility of such index will likely be materially different from that of the strategy; (ii) such index will, in many cases, employ different investment guidelines and criteria than the strategy and, therefore, holdings in such strategy will differ significantly from holdings of the securities that comprise such index and such strategy may invest in different asset classes altogether from the illustrative index, which may materially impact the performance of the strategy relative to the index; and (iii) the performance of such index is disclosed solely to allow for comparison on the referenced strategy's performance to that of a well known index. Comparisons to indices have limitations because indices have risk profiles, volatility, asset composition and other material characteristics that will differ from the strategy. The indices do not reflect the deduction of fees or expenses. You cannot invest directly in an index. No representation is being made as to the risk profile of any benchmark or index relative to the risk profile of the strategy presented herein. There can be no assurance that the future performance of any specific investment, investment strategy, or product will be profitable, equal any corresponding indicated historical performance, or be suitable for a portfolio.

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