Ares Global Credit Income Fund

ARSN 639 123 112 APIR HOW4476AU

September 2024 - Monthly Fact Sheet

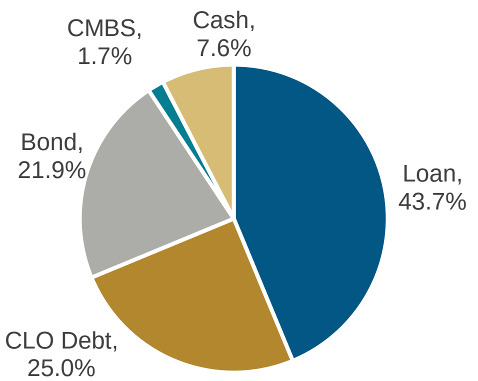
Performance – Class A	1 Month %	3 Month %	6 Month %	1-Year %	2-Year % p.a.	3-Year % p.a.	4-Year % p.a.	Inception % p.a.
Fund return (gross)[1]	0.72	2.42	4.38	9.37	9.93	4.91	5.60	6.61
Fund return (net)[2]	0.66	2.23	3.99	8.55	9.11	4.07	4.79	5.83
Bloomberg AusBond Bank Bill Index	0.36	1.11	2.21	4.41	3.98	2.82	2.11	1.92
Active return	0.30	1.12	1.78	4.14	5.13	1.26	2.67	3.91

[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 September 2024.**

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]	+0.30% / -0.30%
Strategy FUM	$197.9 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 attractive performance and therefore places emphasis on dampening volatility and minimising defaults.

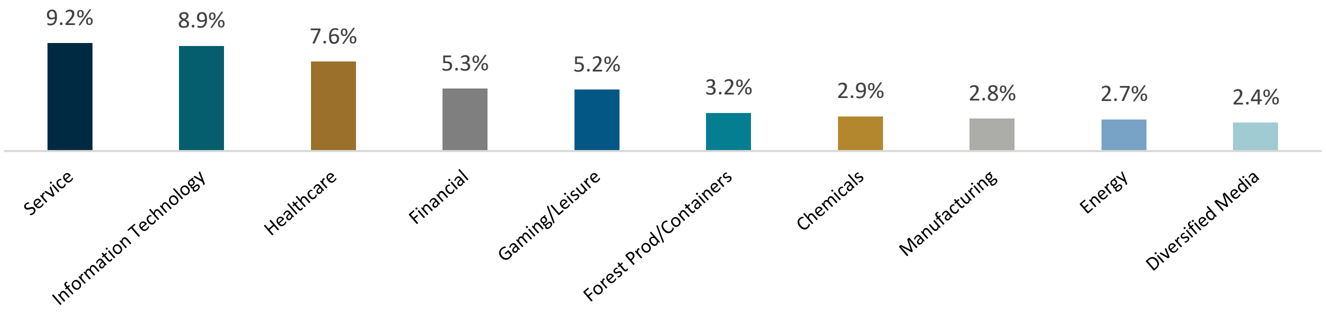
Dynamic asset allocation: The Fund has the ability to dynamically allocate capital based on the best relative value opportunities across industries, issuers and regions within the credit spectrum.

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.

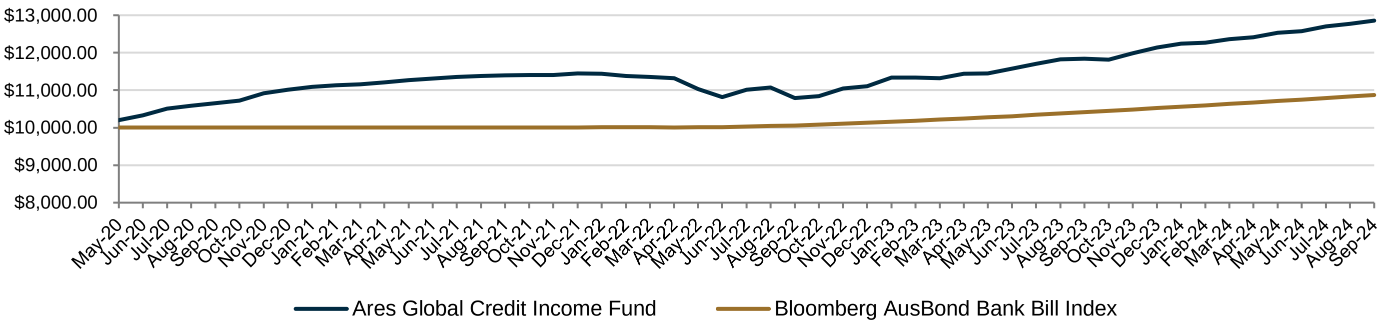
Key Attributes	Fund	Change from 31 Aug 2024
Number of issuers	326	+8
Weighted Average Spread (L+)	347	-
Current Yield (AUD-Hedged)	7.65%	+0.17%
Yield to Worst (AUD-Hedged)	6.45%	+0.22%
Current Yield (Unhedged)	7.75%	-0.22%
Yield to Worst (Unhedged)	6.56%	-0.17%
Duration	1.13	-0.04
Spread Duration	4.12	+0.08
Weighted Average Credit Quality[7]	BB	-
Total Investment Grade Exposure	53.19%	-1.54%

Top 10 Industry Exposure (% of Total Market Value)[8]



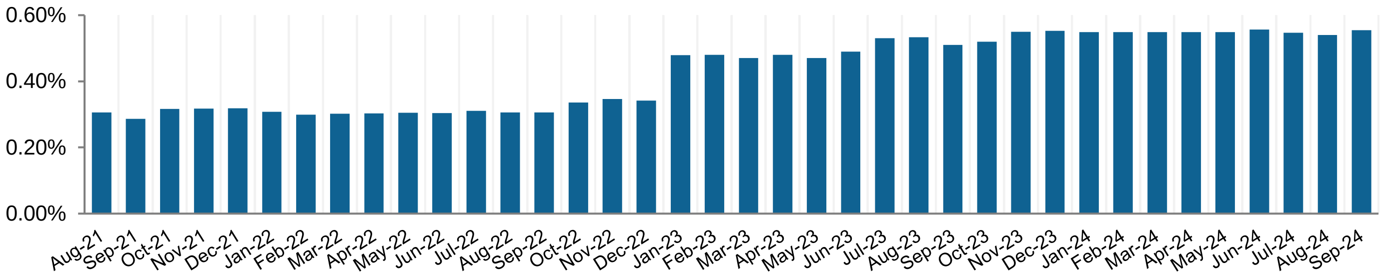
[3] Source: Ares. During normal market conditions, bid/ask spreads have averaged 25 -100bps, however, during periods of volatility, we have observed spreads widen out to 300-400bps.
[4] References to "downside protection" or similar language are not guarantees against loss of investment capital or value.
[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.

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

Global risk assets saw strong gains amid a 50-basis point rate cut by the Federal Reserve (the "Fed"), better-than-expected economic growth, and resilient consumer spending. The rate cut marked the first cut since the pandemic in 2020, and was driven by continued economic growth, healthy employment and progress towards the Fed's 2% inflation target.

U.S. high yield bonds posted a 1.63%[1] return In September, primarily driven by the Triple-C cohort, followed by Single and Double-Bs. Notably, new issuance was overwhelmingly driven refinancings, totalling $244.9bn year-to-date. Meanwhile, primary market activity for high yield modestly picked up with 46 bonds pricing for $36.7 billion over the course of the month.[2]

U.S. leveraged loans returned 0.73%[3] in September, the 16th consecutive month of positive returns for the asset class, due to elevated coupons and a balanced supply and demand dynamic. From a demand perspective, CLO formation remained healthy as the market focused on refinancings and resets and retail loan funds posted a slight $39mm outflow over the month[2].

CLO debt securities posted positive returns during the month with all ratings tranches generating gains.[4] U.S. CLO issuance continues to run at a record pace in 2024, with $142 billion of U.S. CLOs issued across over more than 300 deals year-to-date through September month-end.[5] New issue deal volume moderated but continued to be driven by reset and refinancing activity during September.[5]

U.S. investment grade bonds rallied alongside fixed rate peers, returning 1.70%[6] in September as the asset class benefitted from the Fed's rate cut and investors shifted focus to fixed rate assets.

Meanwhile, European high yield bonds and leveraged loans returned 1.07%[7] and 0.41%[8] in September, respectively. Despite bouts of volatility across risk assets in reaction to rising geopolitical tensions in the Middle East, European leveraged credit spreads were relatively immune to these developments and instead ground tighter in response to interest rate cuts by both the U.S. Federal Reserve and European Central Bank, as well as stimulus measures announced in China. Moreover, returns were also supported by the attractive carry profile of the asset class coupled with the strong technical backdrop at present. As was largely expected following the seasonal summer lull in primary markets, there was a decent pick-up in supply in September. European loan markets saw €7.3bn in new issuance volumes, bringing year-to-date volumes to €58.7bn – 180% higher than when compared to the same time last year.[2] Similarly in European high yield, September volumes totalled €6.3bn – with year-to-date issuance now tracking ~110% higher than the same time last year.[2]

Market Outlook

The outsized rate cut was the latest tailwind for leveraged credit performance, particularly in lower rated cohorts like Triple-Cs which are expected to benefit the most from lower base rates. The move lower in rates is expected to continue, with an additional ~150 basis points of cuts priced in through 2025. From a macroeconomic perspective, global data has been positive with strong payrolls and healthy jobless claims and job openings. Further, inflation and economic growth data are tracking in line with target levels. All things considered; an economic soft-landing scenario seems to be increasingly likely. However, the prospect of reaccelerating inflation and rising tensions across the world are reminders that a recession is not out of the realm of possibility. Specific to leveraged credit, the prospect of declining rates, relatively little net new supply, and strong demand has created a supportive technical environment. Corporate earnings have been solid and issuer balance sheets are in relatively good standing. While default activity and liability management exercises ("LMEs") have been topical, especially in the broadly syndicated loan market, overall default rates are modest and are nearly in line with historical averages. That said, we expect more idiosyncratic situations to arise. We are diligently monitoring potential headwinds such as the 2024 elections and further geopolitical conflicts. We remain focused on bottom-up security selection, and we expect the market to be primarily driven by single-name dispersion in the coming months.

Fund Commentary

The Ares Global Credit Income Fund ("AGCIF" or the "Fund") returned 0.72% gross and 0.66% net for the month of September. Specific to Fund performance, the allocation to corporate bonds was the largest contributor to returns in September, largely driven by the interest rate tailwind. The CLO debt and bank debt allocations contributed nicely to performance as well, amid disciplined credit selection and an elevated carry profile in floating rate assets.

Regarding positioning, we maintained a higher quality risk posture in September and continued to focus on identifying opportunities arising from today's evolving economic environment. Last month we were making small adjustments by increasing exposure to corporate bonds in favor of tighter CLO debt securities and loans, given rates were expected to decline. Following the Fed move, we are holding steady for now and like how we are positioned from a fixed versus floating perspective. From a sector standpoint, we remain overweight defensive and non-cyclical sectors with favorable supply-demand dynamics and earnings trajectories, as well as sectors more upstream in supply chains and companies with strong pricing power and interest coverage, including software and necessary services sectors. We remain underweight sectors that are more susceptible to consumer discretionary income weakness and we are closely monitoring certain sectors where liquidity may be challenged. While we are generally positioned defensively, we have maintained core holdings in discount risk positions, the majority of which have defined catalysts. Specific to structured credit, we are comfortable with our current exposure to CLO debt and continue to make relative value swaps as wider Triple-B CLO debt paper becomes available. Similarly, from a geographical perspective, we are keeping our current exposure to European high yield neutral, given recent compression in Europe relative to the U.S. and based on our relative value views. Importantly, we continue to be mindful of increased dispersion in credit fundamentals in the months ahead amidst broader market volatility and remain disciplined on security selection. We continue to source compelling opportunities in each component asset class and expect volatility to increase toward year-end, underscoring the importance of an actively managed, dynamic portfolio.

As of 30 September 2024. 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.

Assigned as of 11th March 2024
Analyst Driven% 100, Data-Coverage% 100

Views expressed are those of the Ares Global Credit Income Fund Portfolio Managers as of 31 August 2024 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.

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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