Ares Global Credit Income Fund

ARSN 639 123 112 APIR HOW4476AU

April 2024 - Monthly Fact Sheet

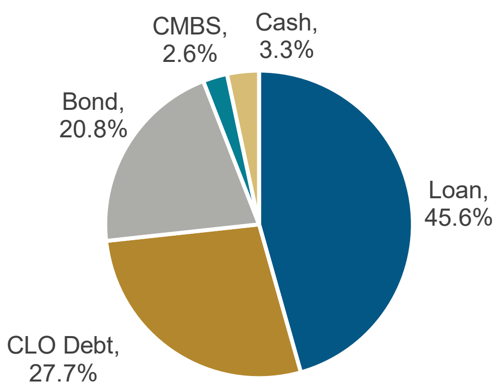
Performance – Class A	1 Month %	3 Month %	6 Month %	1-Year %	2-Year % p.a.	3-Year % p.a.	Inception % p.a.
Fund return (gross)[1]	0.5	1.6	5.5	9.3	5.5	4.2	6.3
Fund return (net)[2]	0.4	1.4	5.1	8.5	4.7	3.4	5.5
Bloomberg AusBond Bank Bill Index	0.4	1.1	2.2	4.2	3.3	2.2	1.7
Active return	0.1	0.3	2.9	4.3	1.4	1.2	3.9

[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 April 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]	+0.40% / -0.40%
Strategy FUM	$144.7 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.

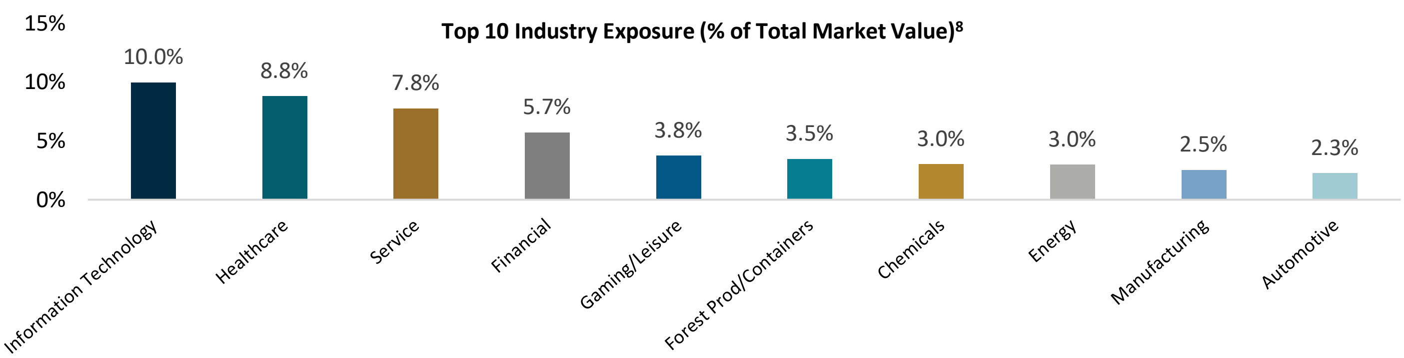
Focus on downside protection:[4] Ares believes protecting principal is key to superior performance and therefore places emphasis on dampening volatility and minimising defaults.

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.

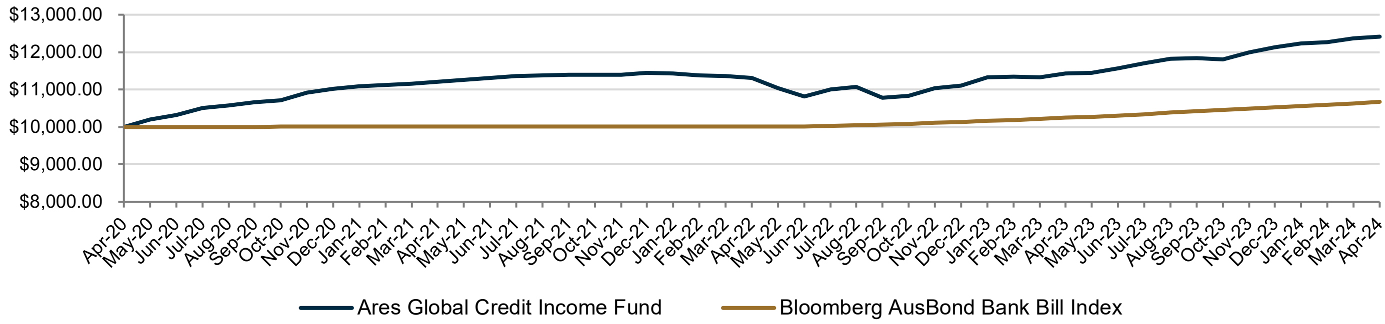
Leading global investment team: The Fund offers access to a leading global investment team with 20+ years of experience investing in global credit markets. The experienced management team applies an integrated and collaborative approach using the scale and power of the platform seeking to deliver compelling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

Key Attributes	Fund	Change from 31 Mar 2024
Number of issuers	287	+6
Weighted Average Spread (L+)	361	-
Current Yield (AUD-Hedged)	7.36%	+0.14%
Yield to Worst (AUD-Hedged)	6.96%	+0.43%
Current Yield (Unhedged)	8.21%	+0.19%
Yield to Worst (Unhedged)	7.83%	+0.49%
Duration	1.17	+0.13
Spread Duration	3.93	+0.25
Weighted Average Credit Quality[7]	BB	-
Total Investment Grade Exposure	53.43%	2.63%



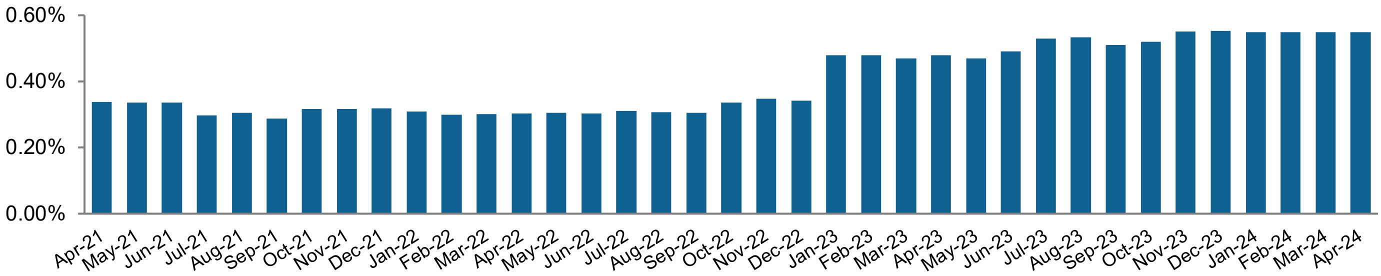
[3] Source: Ares. During normal market conditions, bid/ask spreads have averaged 25 -100bps, however, during periods of volatility, we have observed spreads widen out to 300-400bps.
[4] References to "downside protection" or similar language are not guarantees against loss of investment capital or value.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

Performance across global risk assets was mixed in April amid escalating geopolitical tensions, equity weakness, and rate volatility. Regarding macroeconomic headlines, inflation continued to be higher-than-hoped against economic growth and a strong labor market. With the increased prospect of higher-for-longer interest rates, the market has recalibrated its rate expectations, now pricing in one U.S. rate cut in December.

U.S. high yield bonds posted a -1.00%[1] return in April amid resurfacing geopolitical tensions, equity declines, retail outflows, and higher Treasury yields. Notably, primary market activity for high yield remained elevated with $26.4 billion of bonds pricing over the course of the month. Meanwhile, demand for the asset class moderated in April with high yield funds reporting $4.6 billion of outflows, following $405 million of inflows in March.[2]

U.S. leveraged loans returned 0.78%[3] during the month as prices continued to benefit from steady inflows, robust CLO origination and a positive macro narrative. Loan primary market activity decreased by -49% month-over-month, with $72.4 billion of loans pricing in April. Meanwhile, loan funds reported $1.8 billion of inflows, its eighth month of inflows in the past ten months.[2]

CLO debt securities posted positive returns during the month with all ratings tranches generating gains.[4] Despite the recent slowdown in CLO Triple-A spread tightening, U.S. CLO issuance is running at a record pace in 2024, with $66.2 billion of CLOs issued year-to-date through April month-end.[5]

U.S. investment grade bonds returned -2.53%[6] during the month as fixed rated instruments came under pressure amid a weaker technical and heavy issuance.

Meanwhile, European high yield bonds and leveraged loans returned -0.05%[7] and 0.78%[8] in April, respectively. European leveraged credit market technicals remained firm during the month and continued to apply downward pressure on spreads. Notably, €6.5 billion of European loans and €5.2 billion of high yield bonds priced over the course of the month. Importantly, the wave of refinancing activity in the European loan and high yield space persisted in April and continued to be well absorbed by investors.

Market Outlook

Following a rate sell-off in April, leveraged credit markets have rallied thus far in May as prices increased amid retail inflows, heavy CLO origination, a dearth of new supply, and a macro narrative encompassing resilient growth and higher policy rates. The past month brought continued macro-strength, both absolute and relative to expectations: payroll growth exceeded expectations and manufacturing data moved from ‘contractionary’ to ‘expansionary’ territory. Importantly, core inflation was higher than expected for the fourth consecutive month, though leading indicators such as rent, wage growth, and auto prices still point towards lower inflation. Nevertheless, with the likelihood of higher-for-longer rates given the relatively strong macro-picture, the market is shifting away from pricing in multiple rate cuts this year. From a regional standpoint, Europe is seeing more progress combatting inflation which may result in a divergence of monetary policy compared to the U.S., which could present interesting opportunities over the near-term. Regarding fundamentals, Q1’2024 corporate earnings have been better-than-expected and accompanied by improving forward guidance and a significant increase in refinancing activity as issuers remain keenly focused on refinancing 2025 maturities. As earnings season continues, we expect single-name dispersion to increase as the lagging effect of tighter monetary policy pressures businesses. Meanwhile, the technical environment should continue to improve this year as we are seeing an increase in capital markets activity and are seeing continued demand from global institutional investors. Looking ahead, we continue to closely monitor potential headwinds including the 2024 elections and the impacts of elevated geopolitical tensions.

Fund Commentary

The Ares Global Credit Income Fund (“AGCIF” or the “Fund”) returned 0.47% gross and 0.41% net for the month of April. The portfolio’s allocations to bank debt and CLO debt were the largest contributors to returns in April. The bank debt allocation benefitted from disciplined credit selection within Double-B and Single-B rated loans as well as the strong technical of steady retail inflows, while CLO debt performed well amid robust origination and limited net-new supply.

During the month, we maintained our higher quality risk posture and continued to focus on identifying opportunities arising from today’s evolving economic environment. In terms of positioning, after reducing our fixed rate exposure during the first quarter of this year, we are taking a pause on further reductions, and will look to maintain our current fixed versus floating positioning. Within the portfolio’s bond allocation, we’re focused on reducing risk given tight spread valuations and as a result, have trimmed certain higher beta bond names. From a sector perspective, we remain overweight defensive industries 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 remain underweight sectors that are more susceptible to consumer discretionary income weakness and general cyclicality, and we are closely monitoring certain sectors where liquidity may be challenged. While we are generally positioned defensively, we have maintained core holdings in a handful of discount risk positions, the majority of which have defined catalysts. 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 maintained a market-neutral weighting to Europe in April, and plan to increase our exposure to European high yield in the months ahead given the potential for spread tightening relative to the U.S. Importantly, we continue to be mindful of increased dispersion in credit fundamentals in the months ahead and remain focused on security selection. We continue to source compelling opportunities in each component asset class and expect volatility to increase in 2024, underscoring the importance of an actively managed, dynamic portfolio.

As of 30 April 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.

Views expressed are those of the Ares Global Credit Income Fund Portfolio Managers as of 30 April 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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