Ares Global Credit Income Fund

ARSN 639 123 112 APIR HOW4476AU

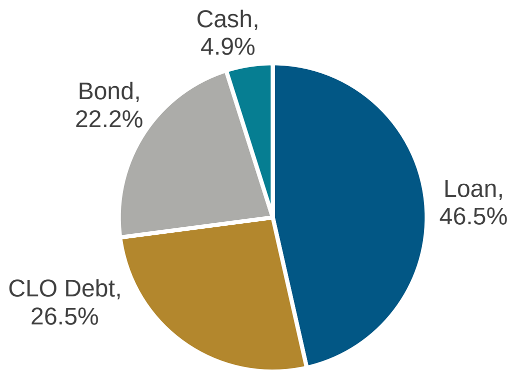
April 2021 - Monthly Fact Sheet

Performance	1 Month %	3 Month %	FYTD %	1-Year %	3-Year % p.a.	5-Year % p.a.	Inception % p.a.
Fund return (gross)[1]	0.6	1.3	9.0	-	-	-	12.7
Fund return (net)[2]	0.5	1.1	8.5	-	-	-	12.1
Bloomberg AusBond Bank Bill Index	0.0	0.0	0.1	-	-	-	0.1
Active return	**0.5**	**1.1**	**8.5**	**-**	**-**	**-**	**12.0**

[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. **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, 30 April 2021.**

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	$8.7 M
Distribution Frequency	Monthly

Asset Class Allocation[7]



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

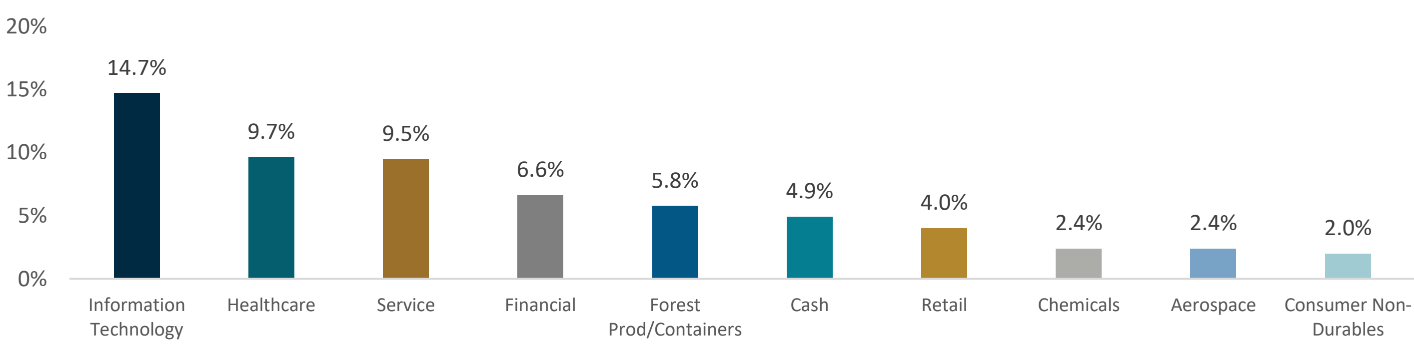
Dynamic asset allocation: The Fund has the ability to dynamically allocate capital based on the best relative value opportunities across industries, issuers and regions within the credit spectrum.

Diversification:[6] 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 March 2021
Number of issuers	75	+8
Weighted Average Spread (L+)	356	+5
Current Yield (Fx Adjusted to AUD)	3.90%	+0.02%
Yield to Worst (Fx Adjusted to AUD)	4.00%	-0.02%
Weighted Average Credit Quality (S&P)	BB-	-
Total Investment Grade Exposure	50.43%	-4.85%

Top 10 Industry Exposure (% of Total Market Value)[4]



[3] 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] Credit Suisse Industry Distribution. Excludes collateralised loan obligations and cash (26.5% and 4.9% portfolio market value as of 30 April 2021, respectively).
[5] References to "downside protection" or similar language are not guarantees against loss of investment capital or value.
[6] Diversification does not assure profit or protect against market loss.
[7] 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.

Market Commentary

Positive momentum across global capital markets continued in April, driven by an increase in vaccination rates, declining COVID-19 cases, strong company earnings and accommodative monetary and fiscal support. Despite mixed economic data and a disappointing jobs report, U.S. equities outperformed credit with S&P 500 returns of 5.34%[(1)]. Meanwhile, spreads in U.S. leveraged credit continued to tighten into month-end and lower quality paper, along with more cyclical segments, drove returns.

U.S. high yield bonds returned 1.10%[(2)] in April as spreads ended the month near their trailing 12-month tights against the backdrop of strengthening technicals, robust earnings growth, positive ratings momentum, and easing pressure on duration. Single-B rated bonds outperformed both higher and lower rated cohorts for the first time in five months; however, year-to-date, market performance is still led by the lower rated segment of the bond market[(3)]. From a demand perspective, retail inflows for the asset class resurfaced for the first time in 2021 during April as the 10-Year U.S. Treasury yield stabilized. Meanwhile, the record pace of issuance in the high yield market extended into April, as gross issuance totaled $49.4 billion[(3)], including a significant increase in non-refinancing related activity.

The U.S. leveraged loan market resumed its rally in April after hitting a pause in March and returned 0.51%[(4)] amid investor appetite for risk assets, ongoing retail inflows and record CLO origination. On the back of a shifting interest rate environment, robust demand for lower quality, lower duration assets continued to provide a supportive technical backdrop for the asset class. Notably, U.S. loan funds reported their fifth consecutive monthly inflow. Year-to-date, inflows totaled $18.1 billion, following $27.0 billion of outflows in 2020[(3)]. Meanwhile, robust LBO activity dominated the primary market, and as a result, net loan supply totaled $45 billion in April, the second highest volume for U.S. loans in the last decade[(3)].

Similarly, U.S. CLOs delivered strong returns in April, with all ratings tranches experiencing positive gains amid falling CLO debt costs and a steady stream of new loan issuance[(5)]. Significant liability spread tightening and M&A activity continues to fuel momentum in the new issue market. Specifically, total CLO issuance for the year-to-date period, including refinancings and resets, totalled $191.9 billion[(6)].

Meanwhile, U.S. investment grade bonds rallied alongside the broader credit markets, returning 0.79%[(7)] in April amid a decline in supply and stabilization of interest rates. Specifically, investment grade gross issuance totalled $109 billion in April, down from the heavy supply of $196 billion in March[(3)].

In Europe, many of the supportive themes that have prevailed throughout this year remain firmly in place, with European high yield bonds and leveraged loans returning 0.67%[(8)] and 0.43%[(9)], in April, respectively. Economic data continues to show improvement, the European Central Bank's quantitative easing program has been operating at an accelerated pace, vaccine programs have ramped up across the region and governments have outlined a pathway to lift lockdown measures and reopen sectors such as hospitality and travel.

Market Outlook

Global credit markets have been resilient through the initial days of May despite negative macro headlines, including a weaker than expected jobs report, expectations of increasing inflation, the Paycheck Protection Program running out of money and the impending House and Senate discussions around Biden's $4 trillion economic agenda funded by taxes on the rich. The U.S. April jobs report showed that the pace of hiring actually slowed and the unemployment rate rose slightly for the first time in a year, signaling that the economic reopening and recovery may not be linear.

The markets have largely shrugged off these negative factors and have continued to grind tighter with positive technicals supporting the market, including a moderating forward new issue supply outlook and strong investor demand for higher yielding products. We also expect to see continued low default rates and attractive valuations over the coming months. Overall, we believe these factors underscore the importance of active management and make the case for an allocation to leveraged credit. In the near-term, we expect to actively trade and reposition our portfolios, taking advantage of any bouts of volatility with a keen focus on mistake avoidance. As an experienced, cycle-tested manager, we believe we are well positioned to utilize our experience and platform to seek to generate attractive risk-adjusted returns.

Fund Commentary

The Ares Global Credit Income Fund ("the Fund") delivered positive returns in April, benefitting from the continued broad risk rally in credit. All of the Fund's underlying asset categories were positive contributors to performance, with the primary driver of performance being its exposure to high yield bonds, which benefited from a supportive technical environment. High yield spreads tightened during the month due to continued economic growth, falling defaults rates, and significant wave of rating upgrades. Specifically, performance was driven by the Double-B and Single-B cohorts within the high yield allocation, as lower quality paper outperformed amid increased appetite for risk. Specific to the Structured Credit allocation, the Fund's CLO Debt exposure was accretive to performance, as robust demand for securitized floating-rate credit pushed CLO prices higher in April. In terms of portfolio positioning, we took profits on certain of our IG CLO debt investments and rotated into Single-B bonds and loans while selectively adding discounted Double-B loans. Within the bond allocation, we remain focused on credits with spread-tightening potential via upward credit migration as we expect the re-opening trade to drive rates upwards. Within the portfolio's loan allocation, we continue to rotate into new issue, call protected loans with LIBOR floors. From a sector perspective, we remain overweight core positions in defensive sectors, while selectively adding exposure in industries that we expect to benefit from a broader recovery in economic activity.

Despite near-term uncertainties associated with variant COVID virus strains and rising infection rates in certain areas of the world, we expect the continued reopening of global economies to benefit companies in both COVID-impacted sectors and more defensive sectors. We anticipate that Q2 and Q3'2021 earnings are likely to reflect strong, post-pandemic growth, but the magnitude of growth is expected to ease as conditions normalize. The default environment continues to improve, with expected defaults decreasing from 3.5% to 2.0% since the beginning of the year for both the high yield and leveraged loan asset classes. While the fundamental picture continues to improve, we note potential corporate headwinds are at play including concerns surrounding the increase in "zombie credits" amid new debt loads, elevated valuations and aggressive sponsors with weak credit agreements. From a macroeconomic perspective, we're closely monitoring interest rate volatility, elevated wage inflation, and increasing geopolitical tensions. Overall, we believe credit selection and active portfolio management will continue to be paramount in 2021. Therefore, we believe the Ares Global Credit Income Fund is well-positioned to deliver attractive returns due to our disciplined investment process rooted in fundamental credit selection, relative value analysis, and rigorous risk management.

As of 30 April 2021. Sources: (1) S&P 500. (2) ICE BofA US High Yield Index "H0A0". (3) JPM. (4) Credit Suisse Leveraged Loan Index "CSLLI". (5) CLOIE. (6) LCD. (7) Bloomberg Barclays U.S. Aggregate Bond Index. (8) ICE BofA European Currency High Yield Constrained Index Hedged to EUR. (9) 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 2021 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 recent 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 April 2021 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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For further information, please contact:

Fidante Partners Investor Services | **p:** 13 51 53 | **e:** info@fidante.com.au | **w:** www.fidante.com

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