Ares Global Credit Income Fund

ARSN 639 123 112 APIR HOW4476AU

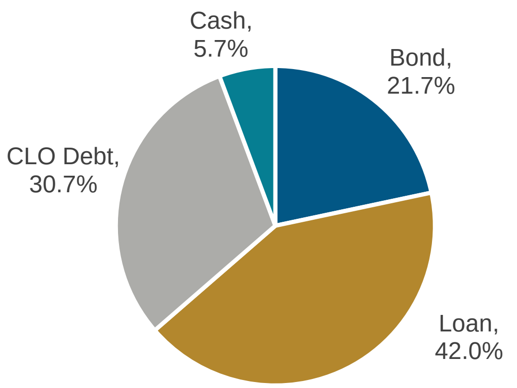
December 2020 - Monthly Fact Sheet

Performance	1 month %	Quarter %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.	Inception % p.a.
Fund return (gross)[1]	0.9	3.6	6.8	-	-	-	10.5
Fund return (net)[2]	0.8	3.4	6.6	-	-	-	10.1
Bloomberg AusBond Bank Bill Index	0.0	0.0	0.0	-	-	-	0.1
Active return	**0.8**	**3.3**	**6.6**	**-**	**-**	**-**	**10.1**

[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, 31 December 2020.**

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	$8.6 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.

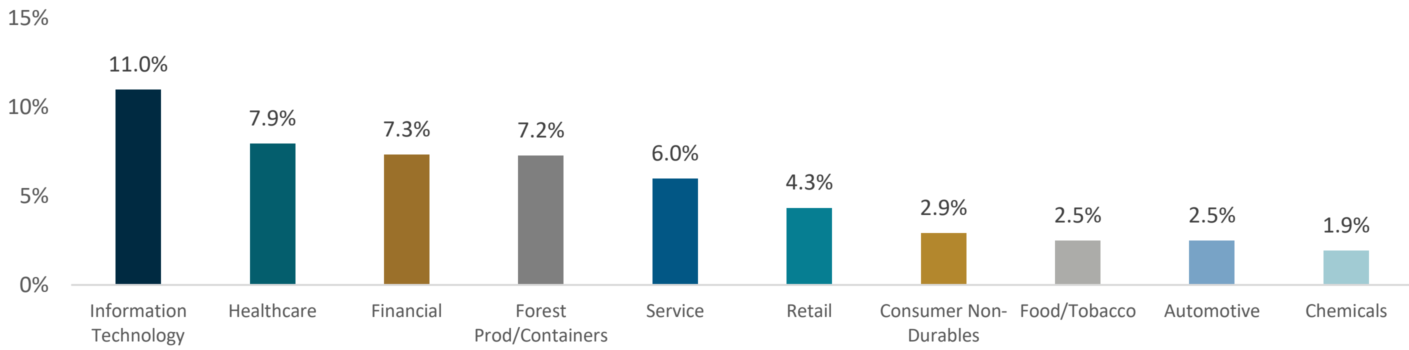
Dynamic asset allocation: The Fund has the ability to dynamically allocate capital based on the best relative value opportunities across industries, issuers and regions within the credit spectrum.

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 30 Nov 2020
Number of issuers	77	+4
Weighted Average Spread (L+)	350	-1
Current Yield (Fx Adjusted to AUD)	3.92%	-0.01%
Yield to Worst (Fx Adjusted to AUD)	3.69%	-0.02%
Weighted Average Credit Quality (S&P)	BB-	1
Total Investment Grade Exposure	51.67%	+0.01%

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 (30.7% and 5.7% portfolio market value as of 31 December 2020, 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

December capped off the third consecutive quarter of robust performance across global risk assets, driven by additional fiscal stimulus, accommodative global monetary policy, U.S. election results, and positive vaccine developments. U.S. equities continued to rally, returning 3.84%(1) in December, as investor concerns over rising infection rates and newly implemented lockdown measures were overshadowed by the US Food and Drug Administration ("FDA") approvals and vaccine distribution. Spreads in U.S. leveraged credit narrowed into year-end as lower quality paper and more cyclical sectors drove returns.

U.S. high yield bond yields declined to record lows and the asset class returned 1.91%(2) in December, bringing 2020 full-year returns to 6.17%(2). Optimism surrounding vaccine developments drove outperformance in lower quality bonds and COVID-affected sectors, including energy and transportation. Accelerated retail fund inflows during the final week of the year and a continued decrease in primary new issuance provided a supportive technical backdrop for high yield during December.

U.S. leveraged loans returned 1.31%(3) for the month, as valuations, improving ratings trends and lower defaults drove investor confidence for a cyclical recovery in 2021. Similar to the high yield market, the lower quality cohort outperformed, with Triple-C rated loans returning 2.2%, compared to Double-B loans which comparatively underperformed.(4) U.S. loan funds saw steady outflows for most of 2020; however, this trend reversed course towards year-end, helping digest a surprisingly busy December primary market.

Similarly, U.S. CLOs delivered strong returns in December as well, with all ratings tranches experiencing positive gains(5). Increased investor demand for higher spreads and structural protections helped digest robust CLO supply.

U.S. investment grade credit lagged the broader risk rally; however, returns were modestly positive at 0.14%(6) for the month. High grade bond supply in December was $39 billion, which was higher than its prior four-year December average of $22 billion(4).

Meanwhile, the European liquid credit markets built on the gains achieved in November to finish 2020 on a positive note as European high yield bonds and leveraged loans returned 0.84%(7) and 0.61%(8), respectively. A last-minute Brexit deal and the European Central Bank's ("ECB") announcement to increase the size and extend the time horizon of their asset purchasing programs drove positive performance.

Market Outlook

Leveraged credit markets have remained firm in the early days of 2021, despite an insurrection at the U.S. Capitol, slower vaccine rollouts and broad uncertainty around the speed and consistency of the economic recovery. Overall macro sentiment continues to improve after the dust settled on the Georgia run-off election results, as market expectations for increased stimulus in 2021 buoyed growth assumptions. Additionally, a rise in the 10-year U.S. treasury yield to a 10-month high has resulted in elevated investor appetite for spread products. More specifically, retail leveraged loan funds experienced the largest weekly inflow in nearly four years during the second week of January.

While recent headlines are driving broad optimism, we continue to closely monitor developments that may drive near-term volatility, including Q4'20 corporate earnings reports, the transition of power to a Democratic Administration, and vaccine developments. Increased regulation and higher taxes are potential headwinds for later in the year; though ultimately, we believe additional stimulus will fuel stronger economic performance. While we are constructive on the go-forward environment, we are mindful that the recovery will vary across regions, industries, and companies, which underscores the need for an active allocation framework. We continue to maintain a resilient portfolio by employing a tactical and dynamic approach to managing exposures within the Ares Global Credit Income Fund, focused on striking a balance between yield and safety. Overall, we remain focused on utilizing the full depth and breadth of the Ares platform to source opportunities, avoid credit mistakes and actively rotate exposures to generate attractive risk-adjusted returns.

Fund Commentary

The Ares Global Credit Income Fund ("the Fund") delivered positive returns in December, benefitting from the broad risk rally in credit. All of the Fund's underlying asset categories were positive contributors to returns, with the primary driver of performance being its exposure to corporate bonds. Specifically, strong performance was driven by lower quality paper, which outperformed in December due to increased appetite for risk. Within the Structured Credit allocation, the Fund's CLO Debt exposure posted positive returns, as demand for floating rate CLO tranches remained robust during the month, due to both a higher forward curve and lack of spread alternatives going into the new year.

From a portfolio positioning perspective, we took profits on our below-investment grade bond and CLO debt exposure and rotated into Double-B and Single-B rated loans. Favorable conditions including an expected increase in gross CLO issuance, a relatively light net forward calendar and rising interest rate concerns are expected to support a stronger start to the year in the loan market. Additionally, we were active in the new issue market for bank loans, including several cross-platform transactions where Ares' collaboration and scale resulted in favorable allocations and preferred economics relative to the Street.

After a tumultuous year in 2020, we hope and expect 2021 will bring normalization in terms of an economic recovery as well as global health conditions. We will remain defensively positioned as we continue to actively re-position the portfolio, while seeking relative value opportunities that arise amid "air pockets" of volatility in an evolving market environment. 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.

(1) S&P 500. (2) The ICE BofA US High Yield Index ("H0A0"). (3) Credit Suisse Leveraged Loan Index. (4) JPM. (5) CLOIE. (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 31 December 2020 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 31 December 2020 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.
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