Ares Global Credit Income Fund

ARSN 639 123 112 APIR HOW4476AU

July 2024 - Monthly Fact Sheet

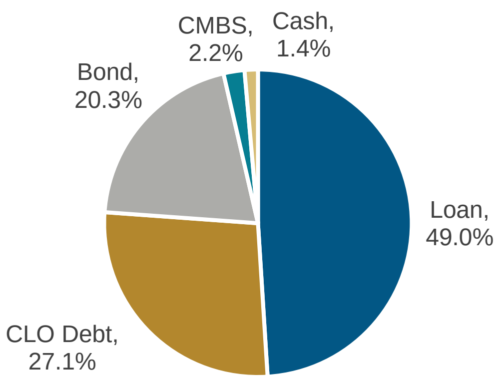
Performance – Class A	1 Month %	3 Month %	6 Month %	1-Year %	2-Year % p.a.	3-Year % p.a.	4-Year % p.a.	Inception % p.a.
Fund return (gross)[1]	1.1	2.5	4.2	9.4	8.2	4.6	5.6	6.5
Fund return (net)[2]	1.0	2.3	3.8	8.6	7.3	3.8	4.8	5.8
Bloomberg AusBond Bank Bill Index	0.4	1.1	2.2	4.4	3.7	2.6	1.9	1.8
Active return	0.6	1.2	1.6	4.2	3.6	1.2	2.9	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, 31 July 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	$161.9 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.

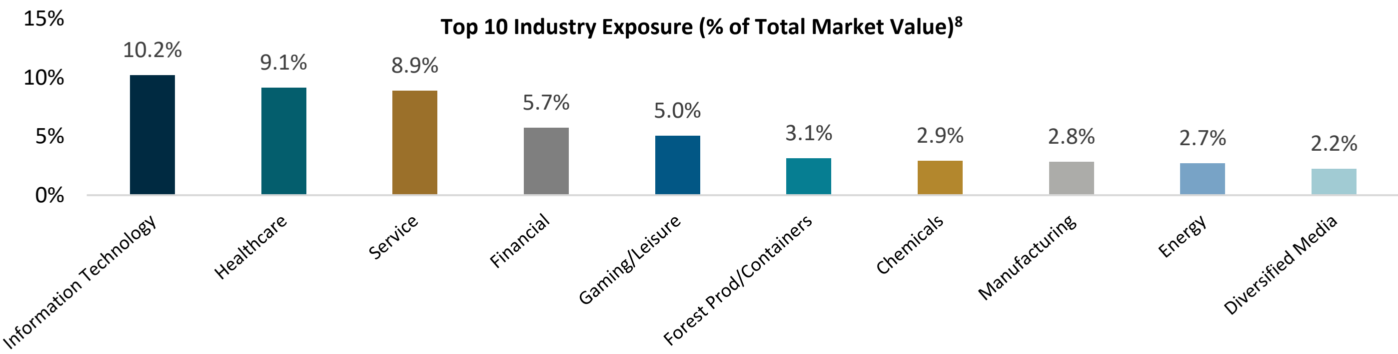
Focus on downside protection:[4] Ares believes protecting principal is key to superior performance and therefore places emphasis on dampening volatility and minimising defaults.

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.

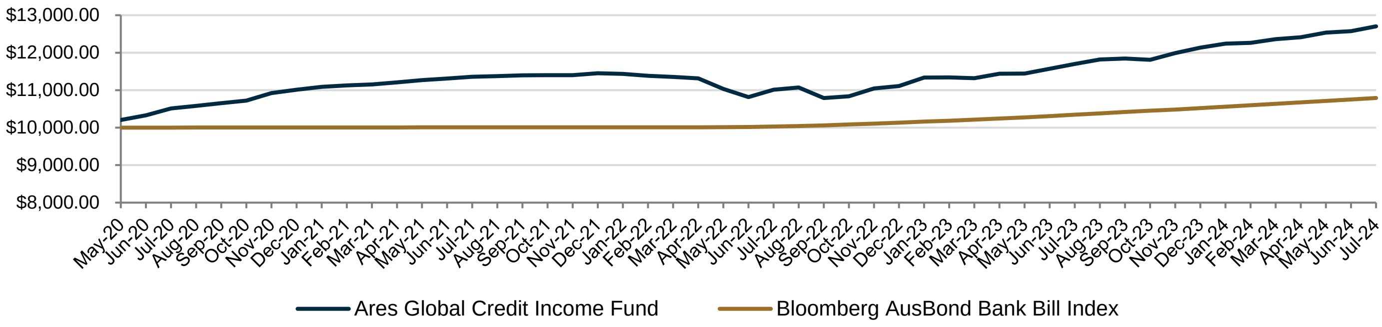
Leading global investment team: The Fund offers access to a leading global investment team with 20+ years of experience investing in global credit markets. The experienced management team applies an integrated and collaborative approach using the scale and power of the platform seeking to deliver compelling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

Key Attributes	Fund	Change from 30 Jun 2024
Number of issuers	307	+9
Weighted Average Spread (L+)	347	-2
Current Yield (AUD-Hedged)	7.39%	+0.02%
Yield to Worst (AUD-Hedged)	6.36%	-0.24%
Current Yield (Unhedged)	8.05%	-0.05%
Yield to Worst (Unhedged)	7.01%	-0.32%
Duration	1.11	+0.02
Spread Duration	3.96	+0.10
Weighted Average Credit Quality[7]	BB	-
Total Investment Grade Exposure	51.1%	-1.78%



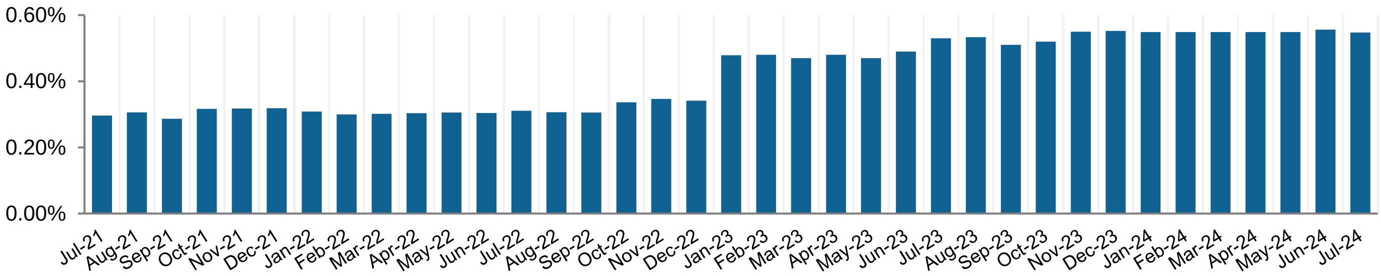
[3] Source: Ares. During normal market conditions, bid/ask spreads have averaged 25 -100bps, however, during periods of volatility, we have observed spreads widen out to 300-400bps.
[4] References to "downside protection" or similar language are not guarantees against loss of investment capital or value.
[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 continued to rally in July, and in the U.S., inflation data indicated that levels are likely stabilizing to the Federal Reserve's (the "Fed") 2% target (year-over-year). As a result, markets started to price in interest rate cuts beginning in September of this year.

U.S. high yield bonds posted a 1.96%[1] return In July amid accelerating retail inflows, lighter primary market activity, and relatively firm corporate earnings. Notably, high yield funds reported $4.5 billion of inflows during the month, following $1.4 billion of inflows in June. Meanwhile, primary market activity for high yield remained relatively slow with 31 bonds pricing for $19.5 billion over the course of the month.[2]

U.S. leveraged loans returned 0.73%[3] in July, the ninth consecutive month of positive performance, due to an attractive carry profile, strong technical backdrop and steady CLO origination. Primary market activity moderated in July with $82.7 billion of loans pricing over the course of the month. While supply continues to be highly concentrated in refinancing transactions, several interesting new money deals for LBOs, dividends, acquisitions, and in some cases refinancings of existing direct lending loans priced in July. Meanwhile, loan funds reported $2.6 billion of inflows, the eleventh month of inflows in the past twelve months.[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 $113.3 billion of U.S. CLOs issued year-to-date through July month-end.5 While CLO issuance maintained a record annualized pace, July's new issue volume was low relative to the first half of this year, as managers focus on reset and refinancing activity.[5]

U.S. investment grade bonds rallied alongside fixed rate peers, returning 2.34%[6] in July as the asset class benefitted from expectations for declining rates, light supply and robust inflows.

Meanwhile, European high yield bonds and leveraged loans returned 1.26%[7] and 0.97%[8] in July, respectively. European high yield performance was driven by the higher quality segments of the market amid the movement in rates. Conversely, the lower rated loan cohorts outperformed higher quality segments of the European loan market during the month. Further, European leveraged credit market technicals remained firm in July due to resilient capital markets activity and stable demand. Notably, €2.6 billion of loans and €13.3 of bonds pricing over the course of the month.

Market Outlook

Volatility within financial markets increased during the first week of August amid labor market weakness, geopolitical uncertainty, and central bank activity. The latest employment report was weak across the board, with slowing growth in both payroll and household employment and an increase in the unemployment rate to 4.3%, raising alarm bells for a recession. Further, economic activity in the manufacturing sector contracted in July for the fourth consecutive month and data related to consumer spending and consumer confidence continued to signal a downshift in growth. Markets are now pricing in five rate cuts, with 116 bps of easing priced in across the next three Fed meetings due to a cooling labor market and subdued inflation data. Regarding fundamentals, of the companies that have reported Q2 earnings thus far, EPS growth and revenue trends are meeting elevated consensus as balance sheets remain in a stable position and are accompanied by heavy refinancing activity as issuers remain keenly focused on refinancing near-term maturities. That said, single-name dispersion continues to increase as the lagging effect of tighter monetary policy continues to pressure certain corporate issuers. Meanwhile, leveraged credit market spreads have widened amid the recent volatility; however, markets remain orderly with anemic volumes as real money technicals remain firm, supported by healthy cash balances, low new issuance and continued demand from institutional investors. Looking ahead, we continue to closely monitor potential headwinds including the 2024 elections and the potential impacts of elevated geopolitical tensions.

Fund Commentary

The Ares Global Credit Income Fund ("AGCIF" or the "Fund") returned 1.08% gross and 1.01% net for the month of July. Specific to Fund performance, the allocations to bank debt and high yield bonds were the largest contributors to returns in July, followed closely by CLO debt. Both the bank debt and high yield bond allocations benefitted from disciplined credit selection within the Double-B and Single-B rated cohorts. Similarly, the portfolio's allocation to CLO Debt generated attractive returns in large part due to the strong floating rate technical in the underlying loan asset class and steady CLO origination.

Positioning wise, we modestly reduced credit risk in July, migrating to a higher quality stance as we continued to focus on identifying opportunities arising from today's evolving economic environment. We have been increasing high yield bonds in favour of loans and CLO debt securities as we look to migrate toward neutral positioning from a fixed vs. floating perspective given the expectation that a rate cutting cycle may commence in September. 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 and interest coverage, 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 discount risk positions, the majority of which have defined catalysts. Specific to structured credit, given the significant rally in CLOs year-to-date, we are focused on monetizing gains in tighter names as we continue to make relative value swaps as wider Triple-B CLO debt paper becomes available. From a geographical perspective, we have been modestly increasing our European high yield exposure, given attractive cross-border relative value against the backdrop of easing monetary policy from the European Central Bank. Importantly, 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 31 July 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 July 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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