Ares Global Credit Income Fund

ARSN 639 123 112 APIR HOW4476AU

June 2021 - Monthly Fact Sheet

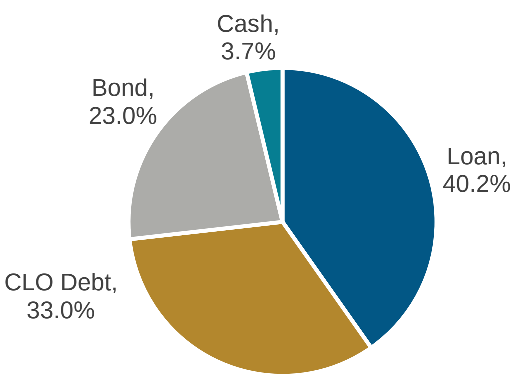
Performance	1 Month %	3 Month %	FYTD %	1-Year %	3-Year % p.a.	5-Year % p.a.	Inception % p.a.
Fund return (gross)[1]	0.5	1.6	10.1	10.1	-	-	11.8
Fund return (net)[2]	0.4	1.4	9.5	9.5	-	-	11.2
Bloomberg AusBond Bank Bill Index	0.0	0.0	0.1	0.1	-	-	0.1
Active return	**0.4**	**1.4**	**9.5**	**9.5**	**-**	**-**	**11.1**

[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, 30 June 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	$9.1 M
Distribution Frequency	Monthly

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.

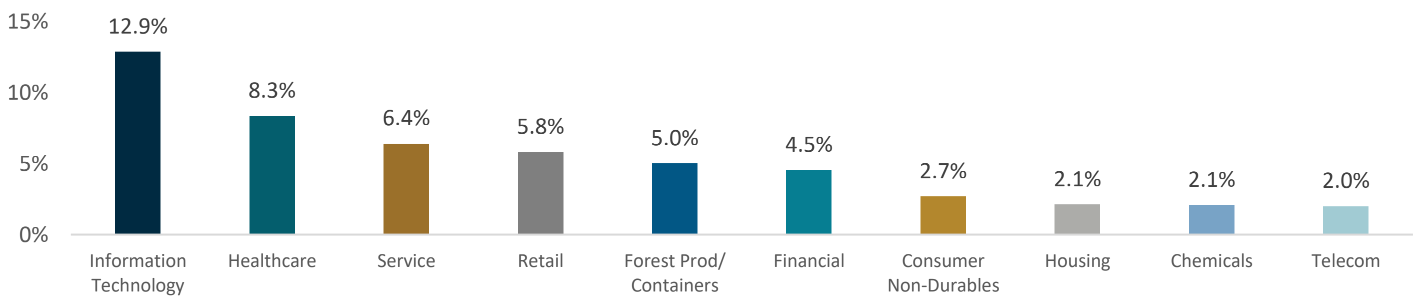
Dynamic asset allocation: The Fund has the ability to dynamically allocate capital based on the best relative value opportunities across industries, issuers and regions within the credit spectrum.

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 May 2021
Number of issuers	99	+10
Weighted Average Spread (L+)	353	-
Current Yield (Fx Adjusted to AUD)	4.02%	+0.13%
Yield to Worst (Fx Adjusted to AUD)	4.26%	+0.03%
Weighted Average Credit Quality (S&P)	BB-	-
Total Investment Grade Exposure	50.72%	+0.27%

Top 10 Industry Exposure (% of Total Market Value)[7]



[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] 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] Credit Suisse Industry Distribution. Excludes collateralised loan obligations and cash (33.0% and 3.7% portfolio market value as of 30 June 2021, respectively).

Market Commentary

Global risk assets continued to rally during June amid increased confidence in the global economic recovery, continued accommodative fiscal support, and increased vaccination rates. Despite short bouts of volatility on the back of the U.S. Federal Reserve's recent hawkish messaging, the S&P 500 powered ahead and returned 2.33%(1) in June, as sentiment was bolstered by heightened recovery optimism and strong Q1'2021 corporate earnings results.

U.S. leveraged credit markets posted positive returns for the month as spreads tightened to record lows, yields declined and the credit curve flattened, fuelling investor demand for lower quality paper. Concerns over inflationary pressures and the spread of the COVID-19 Delta variant were overshadowed by improving global growth trends as ongoing easing of pandemic-related restrictions continued to support the economic recovery.

U.S. high yield bonds outperformed loans in June by the widest margin year-to-date as expectations of further spread tightening, positive ratings migration, declining default rates and moderating primary activity provided a supportive tailwind to the asset class, resulting in U.S. high yield bonds returning 1.37%.(2) From a supply perspective, high yield bond issuance in June was the lightest volume since February, as 62 bonds priced for $40.4 billion. Meanwhile, U.S. high yield funds reported -$2.0 billion in outflows during the month; however, a material move lower in treasury yields mid-month caused retail demand to reverse course resulting in positive inflows the last two weeks of the quarter.(3)

Meanwhile, U.S. leveraged loans returned 0.41%(4) in June, underperforming its fixed rate peers amid receding inflation concerns, expectations for a potential repricing wave, and heavy capital markets activity. On the new issue front, $71.8 billion of loans priced over the course of the month, following May's issuance of $47.4 billion. Despite a drop in treasury yields during the month, robust demand for shorter duration assets and record CLO origination continued to drive loan fund inflows, which totalled $27.1 billion.(3)

Similarly, U.S. CLOs delivered strong returns in June, with all ratings tranches experiencing positive gains.(5) CLO market conditions remain supportive as broadly stable liability spreads and steady leveraged loan supply continue to fuel robust CLO origination in 2021. Specifically, total global CLO issuance for the year-to-date period, including refinancings and resets, totalled $297.0 billion.(6)

As it pertains to the investment grade ("IG") credit market, prices rallied during the month amid modest supply, steady retail inflows, and a move lower in interest rates, resulting in IG bonds returning 0.70%.(6) Investment grade gross issuance totalled $110 billion in June, down 32% year-over-year.(3)

In Europe, investor sentiment was buoyed by improving vaccination rates and accelerating European Central Bank purchases via the Pandemic Emergency Purchasing Program, resulting in European high yield bonds and leveraged loans returning 0.59%(8) and 0.31%(9), respectively.

Market Outlook

As the second half of 2021 begins, the macroeconomic backdrop for leveraged credit seems to be optimal in that the global economy is recovering, credit fundamentals are improving, default rates have decreased significantly, and central banks continue to be accommodative. However, there are still headwinds facing our markets. The proliferation of the new Delta strain of the COVID-19 virus presents a challenge to investor confidence as the contagious variant has impeded hopes for a sooner end to the crisis and return to total normalcy.

We have seen interest rates drop across the globe, with the 10-year Treasury falling below 1.30% during the first week of July, as opposed to its high of almost 1.75% at the end of March. Additionally, the growing pains of supply chain challenges and low labor-force participation and employment rates have been impediments to a full recovery. The labor-force participation rate has recovered slightly over the last few months, but not as consistently as the unemployment rate, though both remain well below pre-pandemic levels. Although we are positive on economic growth overall, we are continuing to keep a close eye on macroeconomic data and any signals from central banks.

Fund Commentary

The Ares Global Credit Income Fund ("the Fund") delivered positive returns in June, benefitting from the continued broad risk rally in credit. All of the Fund's underlying asset categories were positive contributors to returns, with the primary drivers of performance being its exposure to high yield bonds and bank loans, which benefited from a supportive technical environment. U.S. leveraged credit spreads tightened to record lows, yields declined, and the credit curve flattened, fueling investor demand for lower quality paper during the month. Specifically, performance for the Fund was driven by the Single-B cohort within the high yield and bank loan allocations, as lower quality and more cyclical segments of the market outperformed in June amid increased appetite for risk. Specific to the structured credit allocation, the Fund's CLO Debt exposure was accretive to performance, as demand for lower duration assets, strong technicals, and robust CLO origination provided a supportive tailwind to the asset class.

In terms of portfolio positioning, we took profits on our IG CLO debt exposure and rotated into Single-B loans and bonds. Despite the recent drop in interest rates, we believe the reopening trade means rates are still biased upwards; therefore, we remain focused on bonds with spread-tightening potential by upward credit migration. Within the portfolio's loan allocation, we remain focused on second lien loans with Libor floors as we seek to maximize carry rather than chase deeply discounted credits. We continue to be active in the new issue market, rotating the portfolio as we seek improved relative value opportunities. Specific to the structured credit allocation, we continue to favor transactions with high quality underlying portfolios and ample time remaining in their reinvestment periods. From a sector perspective, we remain overweight core positions in defensive sectors, while selectively increasing our exposure to cyclical sectors and COVID-19 affected credits that may benefit from a continued reopening during the second half of 2021.

We continue to view the current market environment to be in a reflationary, mid-cycle phase, and expect spreads to tighten over the near-term as growth supports the fundamental recovery and the default environment continues to improve, with expected defaults decreasing by nearly 300 bps since the beginning of the year.(3) Despite the proliferation of COVID-19 variant strains, we expect the continued reopening of global economies to benefit companies in both COVID-impacted sectors and more defensive sectors. We anticipate that accommodative monetary and fiscal policy, as well as increased vaccination rates, will continue to be key factors in driving a supportive technical backdrop in the leveraged credit markets. However, we are closely monitoring economic indicators and central bank action and their potential impact on rising interest rates and inflation. Overall, we believe credit selection and active portfolio management will continue to be paramount in 2021. As a result, we view the Fund to be 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 June 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 June 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 June 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.
REF: AAM-00157

For further information, please contact:

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

---