Ares Global Credit Income Fund

ARSN 639 123 112 APIR HOW4476AU

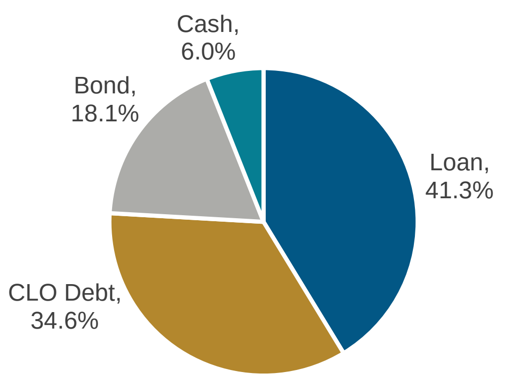
March 2021 - Monthly Fact Sheet

Performance	1 Month %	3 Month %	FYTD %	1-Year %	3-Year % p.a.	5-Year % p.a.	Inception % p.a.
Fund return (gross)[1]	0.3	1.5	8.4	-	-	-	12.1
Fund return (net)[2]	0.2	1.3	8.0	-	-	-	11.6
Bloomberg AusBond Bank Bill Index	0.0	0.0	0.0	-	-	-	0.1
Active return	**0.2**	**1.3**	**7.9**	**-**	**-**	**-**	**11.5**

[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 March 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	$8.6 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.

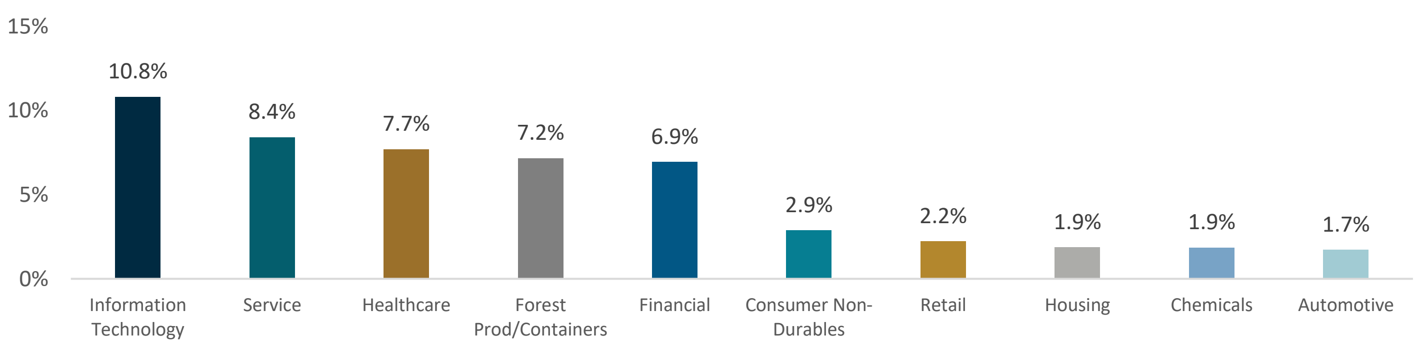
Dynamic asset allocation: The Fund has the ability to dynamically allocate capital based on the best relative value opportunities across industries, issuers and regions within the credit spectrum.

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 28 Feb 2021
Number of issuers	67	-9
Weighted Average Spread (L+)	351	+6
Current Yield (Fx Adjusted to AUD)	3.88%	-0.03%
Yield to Worst (Fx Adjusted to AUD)	4.02%	+0.07%
Weighted Average Credit Quality (S&P)	BB-	-
Total Investment Grade Exposure	55.28%	+3.05%

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 (34.6% and 6.0% portfolio market value as of 31 March 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

In March, performance across global capital markets was driven by vaccine optimism and accommodative monetary and fiscal support. U.S. equities outperformed credit with S&P 500 returns of 4.38%[1] for the month, as sentiment was buoyed by a faster than anticipated vaccine distribution and strong fourth quarter 2020 corporate earnings. Spreads in U.S. leveraged credit continued to tighten into quarter-end and lower quality paper, along with more cyclical segments, drove returns, as investor concerns over elevated inflation and interest rate volatility were overshadowed by improving global growth trends and the rollout of a $1.9 trillion stimulus plan.

As it pertains to the high yield market, expectations for significant economic growth and strong corporate profits coupled with a large wave of rating upgrades provided a supportive tailwind to the asset class, resulting in U.S. high yield bonds returning 0.17%[2] in March. Primary market activity for the month reached the highest volume on record as 95 bond deals priced for $64.8 billion and refinancing volume totaled $49.8 billion.[3] Meanwhile, outflows from high yield funds persisted for the fourth consecutive month due to a material move higher in rates, with the 10-year Treasury spiking north of 1.7%[4] for the first time since January 2020.

U.S. leveraged loans returned 0.06%[5] in March as market conditions moderated and loan accounts digested the previous month's heavy supply. For the year-to-date period, U.S. loans have outperformed bonds, posting gains of 2.01% through March(5). Rising interest rates and record CLO origination, coupled with improving fundamentals and lower default expectations, continues to drive demand for the asset class. Notably, loan fund inflows totaled $2.7 billion in March, following February and January's inflows of $4.2 billion and $4.2 billion, respectively.[3] Robust demand helped digest heavy supply, as $89.0 billion of new-issue loans priced in March, bringing quarter-to-date gross issuance to $301.4 billion, the second highest quarterly print on record.[3]

Meanwhile, U.S. CLOs delivered mixed performance in March; however, for the year-to-date period, returns across all CLO rating tranches experienced positive gains amid falling CLO debt costs and a resurgence of leveraged loan issuance.[6] Significant liability spread tightening and M&A activity continues to fuel momentum in the new issue market. Specifically, total CLO issuance, including refinancings and resets, surged to $136.5 billion in the first quarter of 2021.[7]

U.S. investment grade credit lagged the broader market rally, returning -1.25%[8] for the month, as heavy bond supply and a flight toward short duration paper amid rate volatility weighed on performance. Specifically, investment grade gross issuance totaled $196 billion in March which was 30% above the last four-year March average of $151 billion.[3]

Meanwhile, European high yield bonds and leveraged loans returned 0.49%[9] and 0.00%[10] in March, respectively. European loan market conditions moderated throughout the month, as valuations approached post-crisis tights. For the year-to-date period, performance across European liquid credit markets has been firm, as accommodative monetary and fiscal policy measures have overshadowed slower than expected vaccine distribution and rising virus cases in the region.

Market Outlook

Despite the positive momentum during the first quarter of the year, the beginning of April has brought about some potential headwinds.

The U.S. seems on track for herd immunity by mid-2021, but a worrying new variant may delay that timeline. Meanwhile, Europe has extended lockdowns amid rising cases and vaccine production and distribution setbacks. The job market also remains challenging, as illustrated by the fact that initial U.S. claims for state unemployment rose for the second consecutive week after new claims hit a pandemic low. However, optimism remains for the overall economic recovery. Significant progress with vaccinations and the $1.9 trillion fiscal stimulus package are likely to provide a tailwind over the near term. Additionally, Biden's recently announced $2.3 trillion infrastructure plan should prove to be an extremely beneficial stimulus for the economy if passed. The Federal Reserve ("the Fed") has continued its supportive stance, but this may shift if inflation rises beyond target levels. Looking ahead, we are continuing to keep a sharp focus on credit selection as we expect outperformance this year will still be dictated by avoiding the "losers" as the economic recovery continues. We believe that interest rates are still biased upwards and are positioning portfolios accordingly.

Fund Commentary

The Ares Global Credit Income Fund ("the Fund") delivered positive returns in March, 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 rating upgrades. Specifically, performance was driven by the Single-B cohort of the high yield allocation, as lower quality paper outperformed in March amid increased appetite for risk. Within the Structured Credit allocation, the Fund's CLO Debt exposure was accretive to performance, as rate volatility bolstered investor demand for floating rate CLO debt tranches. In terms of portfolio positioning, we took profits on our below-investment grade bond exposure and rotated into Single-B rated loans and BBB rated CLO debt securities. 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 the proliferation of COVID-19 variant strains and halting of certain vaccine rollouts, 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 markets. While the fundamental picture continues to improve, we note that significant risks to the economy remain at play including COVID-19 mutations and interest rate volatility. 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 31 March 2021. Sources: (1) S&P 500. (2) ICE BofA US High Yield Index "H0A0". (3) JPM. (4) ICE BofA Current 10-Year US Treasury Index "GA10". (5) Credit Suisse Leveraged Loan Index "CSLLI". (6) CLOIE. (7) LCD. (8) Bloomberg Barclays U.S. Aggregate Bond Index. (9) ICE BofA European Currency High Yield Constrained Index Hedged to EUR. (10) 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 March 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 31 March 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-00117

For further information, please contact:

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

---