Ares Global Credit Income Fund

ARSN 639 123 112 APIR HOW4476AU

May 2024 - Monthly Fact Sheet

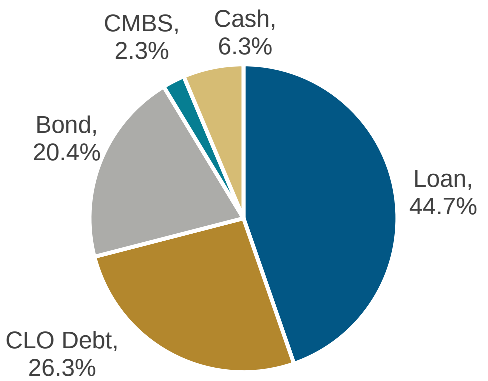
Performance – Class A	1 Month %	3 Month %	6 Month %	1-Year %	2-Year % p.a.	3-Year % p.a.	4-Year % p.a.	Inception % p.a.
Fund return (gross)[1]	1.1	2.4	5.0	10.4	7.4	4.4	6.0	6.4
Fund return (net)[2]	1.0	2.2	4.6	9.5	6.6	3.6	5.3	5.7
Bloomberg AusBond Bank Bill Index	0.4	1.1	2.2	4.3	3.5	2.3	1.7	1.7
Active return	0.6	1.1	2.4	5.2	3.1	1.3	3.5	4.0

[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. **Data Source: Fidante Partners Limited, 31 May 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	$152.3 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.

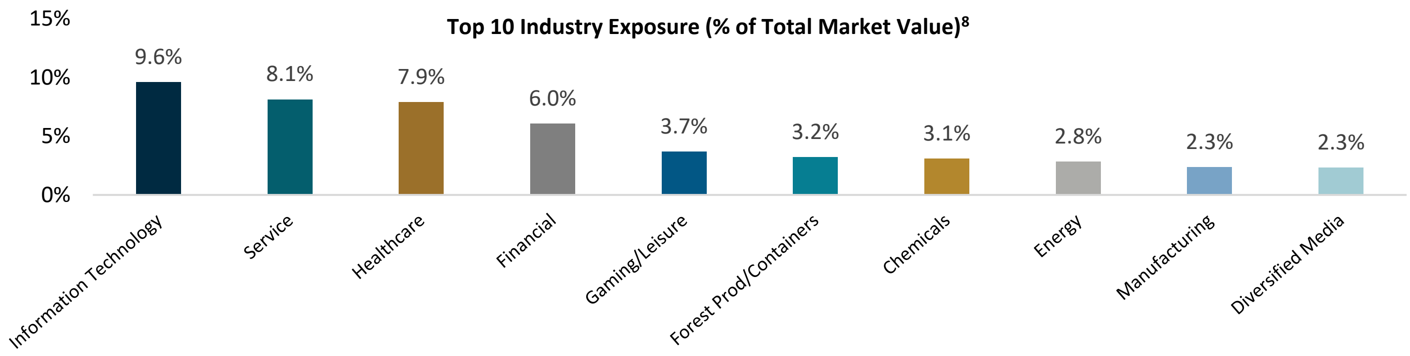
Focus on downside protection:[4] Ares believes protecting principal is key to superior performance and therefore places emphasis on dampening volatility and minimising defaults.

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.

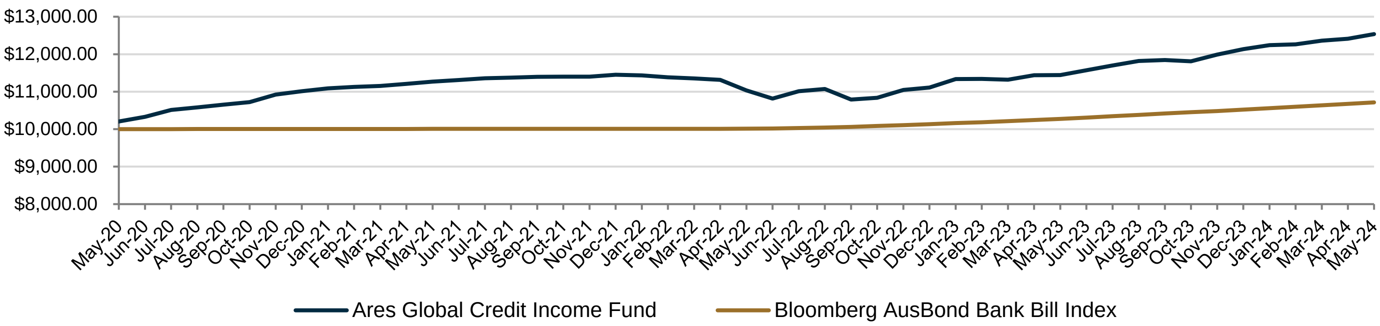
Leading global investment team: The Fund offers access to a leading global investment team with 20+ years of experience investing in global credit markets. The experienced management team applies an integrated and collaborative approach using the scale and power of the platform seeking to deliver compelling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

Key Attributes	Fund	Change from 30 Apr 2024
Number of issuers	288	+1
Weighted Average Spread (L+)	354	-7
Current Yield (AUD-Hedged)	7.26%	-0.10%
Yield to Worst (AUD-Hedged)	6.69%	-0.27%
Current Yield (Unhedged)	8.10%	-0.11%
Yield to Worst (Unhedged)	7.54%	-0.29%
Duration	1.15	-0.02
Spread Duration	3.70	-0.23
Weighted Average Credit Quality[7]	BB	-
Total Investment Grade Exposure	54.81%	+1.38%



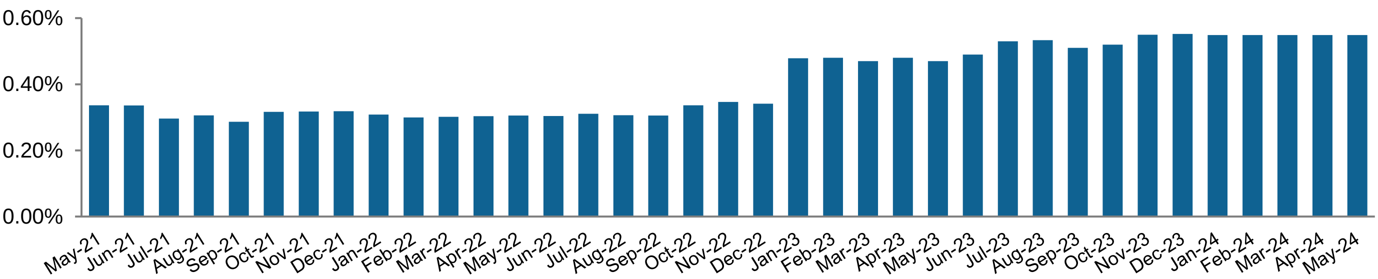
[3] Source: Ares. During normal market conditions, bid/ask spreads have averaged 25 -100bps, however, during periods of volatility, we have observed spreads widen out to 300-400bps.
[4] References to “downside protection” or similar language are not guarantees against loss of investment capital or value.
[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 was strong amid a relatively benign macroeconomic backdrop, resilient corporate earnings and firm technicals. With labor markets remaining robust and inflation continuing to hover above target levels, the market continued to push out expectations for rate cuts in the U.S.

U.S. high yield bonds posted a 1.14%[1] return in May amid strong earnings, supportive treasuries, and sizeable retail inflows. Notably, demand for the asset class increased during the month with high yield funds reporting $4.9 billion of inflows, following $4.6 billion of outflows in April.[2] Meanwhile, primary market activity for high yield remained elevated with $33.6 billion of bonds pricing over the course of the month.[2]

U.S. leveraged loans returned 0.91%[3] during the month as prices continued to benefit from steady inflows, robust CLO origination and limited net-new issuance. While primary market activity increased in May with $159.7 billion of loans pricing over the course of the month, ex-refinancing and repricing issuance only totaled $11.5 billion. Meanwhile, loan funds reported $3.8 billion of inflows, its ninth month of inflows in the past eleven 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 $44.7 billion ($22.6 billion ex-refi/resets) of CLOs issued year-to-date through May month-end.[5]

U.S. investment grade bonds returned 1.70%[6] during the month amid a rally in yields, partly driven by weaker economic data indicating a slowdown in growth.

Meanwhile, European high yield bonds and leveraged loans returned 0.93%[7] and 1.14%[8] in May, respectively. Investor optimism over a widely anticipated rate cut from the European Central Bank ("ECB") in June provided a tailwind for risk assets during the month. Meanwhile, European leveraged credit market technicals remained firm in May and continued to apply downward pressure on spreads. Notably, €2.7 billion of European loans and €11.4 billion of high yield bonds priced over the course of the month. Importantly, the wave of refinancing activity in the European loan and high yield space persisted in May and continued to be well absorbed by investors.

Market Outlook

Leveraged credit markets have rallied thus far in June as prices and spreads continue to be supported by healthy balance sheets, a robust technical environment, and improving capital markets access. In June's payroll report, while job growth rebounded and average hourly earnings rose, leading indicators for critical inflation components including housing, auto insurance and medical services suggested an economic slowdown. Markets are pricing in the first Federal Reserve ("Fed") interest rate cut towards the end of this year and are expecting higher-for-longer rates given moderate inflation persists amid a resilient labor market. Conversely, the ECB has begun to ease and reduced its key rate from 4% to 3.75%. We believe the divergence of monetary policy between the U.S. and Europe could present interesting opportunities for active managers in the near-term. Regarding fundamentals, Q1'24 corporate earnings have been better-than-expected and accompanied by improving forward guidance and a significant increase in refinancing activity as issuers remain keenly focused on refinancing near-term maturities. That said, single-name dispersion increased as the lagging effect of tighter monetary policy has pressured some corporate balance sheets. Meanwhile, the technical environment is expected to remain supportive due to an increase in capital market activity and continued demand from institutional and retail investors. Looking ahead, we continue to closely monitor potential headwinds including the 2024 elections and the potential impacts of elevated geopolitical tensions. We remain focused on security selection as we expect single-name dispersion to increase in the coming months amid the shifting rate environment in the U.S. and Europe.

Fund Commentary

The Ares Global Credit Income Fund ("AGCIF" or the "Fund") returned 1.05% gross and 0.98% net for the month of May. The portfolio's allocations to bank debt and high yield bonds were the largest contributors to returns in May, 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, particularly among European credits. 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 robust CLO origination.

During the month, we maintained our higher quality risk posture and continued to focus on identifying opportunities arising from today's evolving economic environment. In terms of positioning, we maintained our current underweight fixed rate exposure but are modestly decreasing loans and building cash in the event of future spread widening. Within the portfolio's loan allocation, we will also look to increase our exposure to Double-B rated loans at the margin as we migrate to a higher quality stance. From a sector perspective, we remain overweight defensive sectors with favorable supply-demand dynamics and earnings trajectories, as well as sectors more upstream in supply chains and companies with strong pricing power, 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 of discounted risk positions, the majority of which have defined catalysts. Specific to structured credit, we remain focused on transactions with top tier managers that we know well, and continue to make relative value swaps as wider paper becomes available. From a geographical perspective, we have begun increasing our European high yield exposure, given attractive cross-border relative value against the backdrop of easing monetary policy from the ECB. Importantly, we continue to be mindful of increased dispersion in credit fundamentals in the months ahead and remain focused on security selection. 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 May 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.

Views expressed are those of the Ares Global Credit Income Fund Portfolio Managers as of 31 May 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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