Ares Global Credit Income Fund

ARSN 639 123 112 APIR HOW4476AU

September 2020 - Monthly Fact Sheet

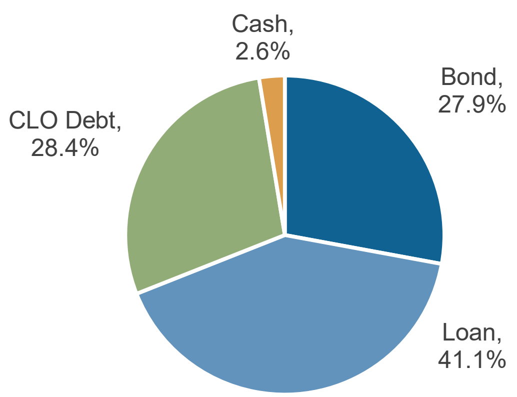
Performance	1 month %	Quarter %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.	Inception % p.a.
Fund return (gross)[1]	0.5	3.1	3.1	-	-	-	6.7
Fund return (net)[2]	0.7	3.2	3.2	-	-	-	6.5
Bloomberg AusBond Bank Bill Index	0.0	0.0	0.0	-	-	-	0.0
Active return	**0.7**	**3.1**	**3.1**	**-**	**-**	**-**	**6.5**

[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, 30 September 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	$8.4 M
Distribution Frequency	Monthly

Asset Class Allocation



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: Ares believes protecting principal is key to superior performance and therefore places emphasis on dampening volatility and minimising defaults.

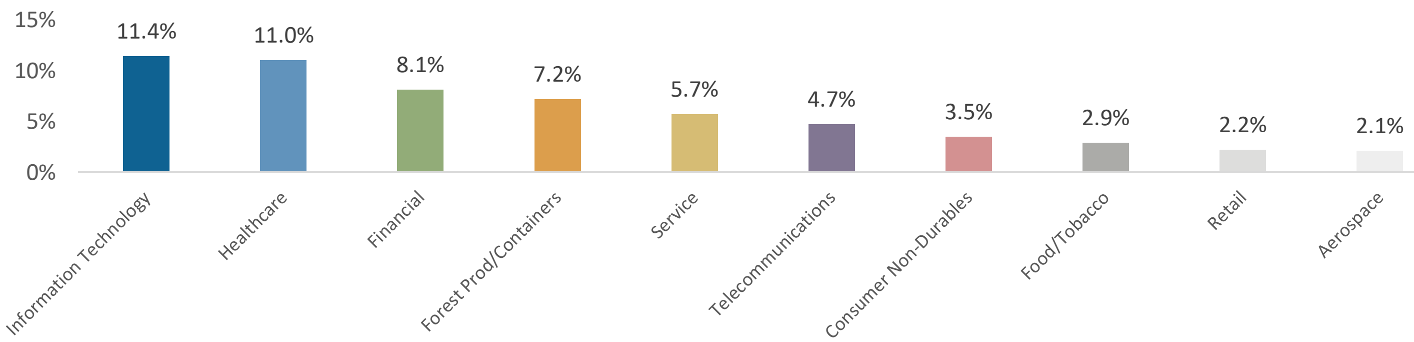
Dynamic asset allocation: The Fund has the ability to dynamically allocate capital based on the best relative value opportunities across industries, issuers and regions within the credit spectrum.

Diversification: 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 Aug 2020
Number of issuers	81	-7
Weighted Average Spread (L+)	326	+29
Current Yield (Fx Adjusted to AUD)	3.93%	+0.23%
Yield to Worst (Fx Adjusted to AUD)	3.85%	+0.58%
Weighted Average Credit Quality (S&P)	BB	-
Total Investment Grade Exposure	54.7%	+1.0%

Top 10 Industry Exposure (% of Total Market Value)[2]



[2] Credit Suisse Industry Distribution. Excludes collateralised loan obligations and cash (28.4%and 2.6% portfolio market value as of 30 September 2020 respectively).
[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.

Market Commentary

Performance across global capital markets was mixed in September, as the re-emergence of coronavirus hot spots and election headlines drove a wave of market volatility. After a months-long rally, risk assets slipped in September amid elevated uncertainty surrounding a contentious U.S. presidential contest coupled with fading prospects of a 2020 fiscal stimulus plan. In corporate credit markets, the first half of September consisted of a record pace of capital market activity and range-bound spreads, whereas the back-half included sizeable withdrawals, higher yields and lighter issuance.

Despite the risk-off sentiment in the last two weeks of the month, U.S. leveraged loans were resilient and posted modest gains of 0.69%(1), as investor appetite was buoyed by revived CLO issuance and higher repayment activity. Although primary market new issuance picked up in September to reach $40 billion, the overall year-to-date pace still lags prior years. However, a positive forward calendar and expected slowdown in CLO origination may prove to be a headwind for the loan market over the short-term. High yield bonds fared worse than leveraged loans during September, returning -1.04%(2), its first loss since March. Although the market held in for the first half of the month, the last two weeks saw higher retail outflows driven by ETFs, heavy refinancing supply and de-risking ahead of the U.S. presidential election, all of which drove softness in the secondary market, particularly in the higher quality segment of the market. U.S. investment grade credit posted losses of -0.05%(3), largely due to record new issue supply which weighed on performance. The Federal Reserve's (the "Fed") pledge to keep interest rates near zero through at least 2023 has prompted corporate issuers to tap the market at attractive costs, resulting in year-to-date high-grade bond issuance of $1.54 trillion.

European leveraged credit markets outperformed their U.S. counterparts for the second consecutive month, as high yield bonds and leveraged loans returned -0.58%(4) and 0.74%(5), respectively. Despite re-imposed lockdowns following a surge in coronavirus cases and ever-present Brexit uncertainties, expectations of additional stimulus from the European Central Bank ("ECB") and a weaker U.S. dollar provided a positive technical backdrop.

Returns were mixed across the CLO capital structure for September, due to broader credit market volatility and an uptick in CLO supply as a result of tightening liability costs. Higher quality tranches experienced mark-to-market losses, while Triple-B rated and Single-B rated tranches remained relatively flat and Double-B rated CLO debt outperformed.(6)

The Ares Global Credit Income Fund ("the Fund") posted positive returns in September, despite the broader risk-off sentiment that developed across capital markets during the second half of the month. The Fund's underlying allocations to global bank loans and corporate bonds were positive contributors to returns, with the primary driver of performance being its exposure to U.S. corporate bonds. The Fund's Single-A CLO debt allocation weighed on performance, as spreads in higher quality tranches of the CLO secondary market widened during the month.

From a portfolio positioning perspective, we rotated out of Triple-B rated bonds, and into Triple-B rated CLO debt, which contributed to the Fund's increased yield in September. From a ratings perspective, we continued to decrease Double-B rated exposure and increase our Single-B loans exposure, mostly through purchases in the primary market. Consequently, this investment activity drove an increase in the weighted average coupon and spread of the portfolio while also raising its LIBOR floor exposure. From a sector perspective, we continued to favor defensive, non-cyclical industries such as information technology and healthcare, and increased allocations in telecommunications and consumer non-durables.

Looking forward, we remain focused on higher quality names in defensive sectors as we continue to reduce cyclical and COVID-affected exposure. We continue to actively re-position the portfolio, remaining defensively positioned while seeking relative value opportunities that arise due to ongoing volatility. As we move into a period of elevated uncertainty with the looming U.S. presidential election and continued threat of an uptick in COVID-19 cases, 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.

Market Outlook

Following a weak conclusion to 3Q'20 and despite the first cases of COVID-19 in the White House, credit markets have rallied in early October due to a firm technical bid, as new issue slowed to a more manageable pace and retail inflows resumed. From a macro perspective, we expect volatility in coming weeks driven by a barrage of headlines related to 3Q'20 earnings results, COVID-19 trends, fiscal stimulus negotiations and the impending U.S. election. Despite these potential headwinds, we believe the leveraged finance markets remain attractive due to steadily declining global yields, elevated single-name dispersion and heightened uncertainty, which we believe underscore the need for active, nimble managers. As we navigate this uncertainty, we believe our continued focus on credit fundamentals will allow us to deliver attractive returns in today's credit picker's market.

As of September 30, 2020. [1] Credit Suisse Leveraged Loan Index. [2] ICE BofA High Yield Master II Index. [3] Bloomberg Barclays U.S. Aggregate Bond Index Source: Iec BofA. [4] ICE BofA European Currency High Yield Constrained Index Hedged to EUR. [5] Credit Suisse Western European Leveraged Loan Index Hedged to EUR. [6] Source: CLOIE.

Views expressed are those of the Ares Global Credit Income Fund Portfolio Managers as of 30 September 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. Although these views are not intended to be a forecast of future events, a guarantee of future results, or investment advice, any forward-looking statements are not reliable indicators of future events and no guarantee is given that such activities will occur as expected or at all. This information has been prepared from sources believed to be reliable, but the accuracy and completeness of the information cannot be guaranteed. Information and opinions expressed by either Ares Australia Management or its affiliates are current as at the date indicated, are subject to change without notice, and do not take into account the particular investment objectives, financial situation or needs of individual investors.

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 and portfolio company information herein is as of 30 September 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.

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