

ARSN 639 123 112 APIR HOW4476AU

April 2023 - Monthly Fact Sheet

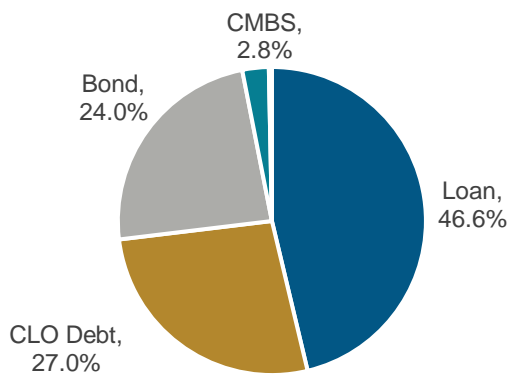
Performance	1 Month %	3 Month %	FYTD %	1-Year %	2-Year % p.a.	5-Year % p.a.	Inception % p.a.
Fund return (gross) ¹	1.1	1.0	6.5	1.9	1.8	-	5.3
Fund return (net) ²	1.0	0.8	5.7	1.0	1.0	-	4.6
Bloomberg AusBond Bank Bill Index	0.3	0.8	2.3	2.4	1.2	-	0.8
Active return	0.7	0.0	3.4	-1.4	-0.2	-	3.8

¹Returns are calculated before fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.
²Returns 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, 30 April 2023.**

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 spread³	+0.40% / -0.40%
Strategy FUM	\$76.8 M

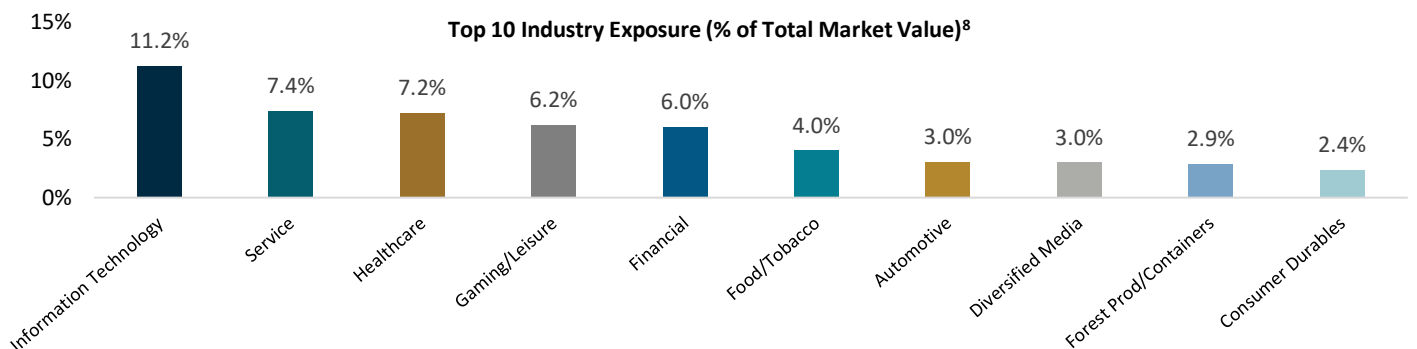
Fund Features	
Attractive income:	The Fund aims to provide a stable income stream for investors by seeking to offer monthly distributions.
Focus on downside protection:⁴	Ares believes protecting principal is key to superior performance and therefore places emphasis on dampening volatility and minimising 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.

Asset Class Allocation⁶



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 Mar 2023
Number of issuers	259	-11
Weighted Average Spread (L+)	324	+2
Current Yield (AUD-Hedged)	6.23%	-0.03%
Yield to Worst (AUD-Hedged)	5.98%	-0.38%
Current Yield (Unhedged)	7.63%	+0.19%
Yield to Worst (Unhedged)	7.38%	-0.17%
Duration	0.87	-0.03
Spread Duration	3.59	-0.07
Weighted Average Credit Quality ⁷	BB+	-
Total Investment Grade Exposure	57.27%	-1.21%



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.

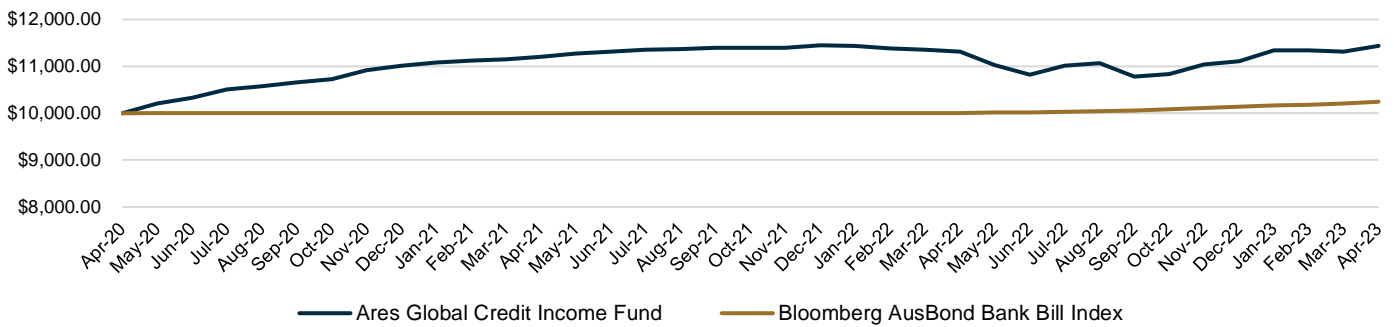
⁵ Diversification does not assure profit or protect against market loss.

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.

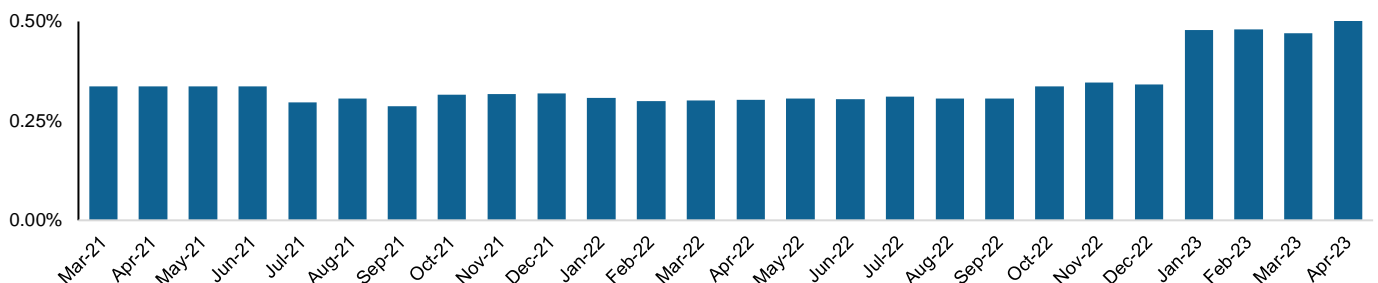
⁸ Credit Suisse Industry Distribution. Excludes CLO debt, CMBS and cash (27.0%, 2.8% and -0.3% as of 30 April 2023, respectively).

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

Risk assets rallied in April amid a combination of moderating inflation, better-than-expected corporate earnings, and easing banking fears. While markets remained relatively stable, weaker economic data prints, including slowing economic growth and initial signs of cracks in the U.S. labour market, pointed towards a mixed macroeconomic environment.

U.S. high yield bonds returned 0.97%¹ during the month amid a strong technical backdrop. Notably, capital market conditions for high yield improved with 24 bonds pricing for \$18.8 billion over the course of the month, following a mere \$5.6 billion in March. Further, retail inflows accelerated in April with U.S. high yield funds reporting \$6.2 billion of inflows over the course of month.²

U.S. loans performed in line with fixed rate peers, returning 0.95%³ in April. The asset class experienced moderating retail outflows and significant ratings decompression, with lower quality cohorts outperforming. Specifically, U.S. loan funds reported outflows of \$2.0 billion in April, following \$6.0 billion of outflows in March. Meanwhile, U.S. loan primary market activity remained slow with only \$19.0 billion of loan paper pricing over the course of the month.²

CLO debt securities posted positive returns as well with all ratings tranches generating gains due to a relatively stronger technical in the underlying loan market.⁴ While CLO spreads are providing attractive buying opportunities for investors, deal-making remains challenged due to unfavourable equity arbitrage and macroeconomic uncertainty.⁵

U.S. investment grade bonds underperformed below lower rated peers, returning 0.61%⁶ in April. Positive performance in the asset class during the month was supported by light supply and steady retail inflows.

European leveraged credit markets rallied alongside their U.S. counterparts during the month, with high yield bonds and leveraged loans returning 0.45%⁷ and 1.20%⁸ respectively. The constructive tone for risk assets in Europe was driven by declining inflation, an upward surprise in European economic growth and stable corporate earnings. From a technicals perspective, European primary markets exhibited a strong rebound in April, while demand remained robust during the month.

Market Outlook

Risk assets produced mixed performance in the first week of May as regional bank stress and increasing concerns over debt ceiling dynamics kept investors on edge. As expected, the FOMC raised the Fed Funds rate 25 basis points in May and forward guidance hinted that a pause is likely forthcoming. While the European Central Bank (“ECB”) slowed its pace of interest rate increases with a 25 basis point hike in May, they also signaled more tightening is expected. From a macro perspective, GDP data for Q1’2023 came in below expectations, which was surprising given strong Q1’23 corporate earnings. Notably, 64% of S&P 500 companies have reported earnings thus far, 70% are beating expectations while 71% are beating revenue estimates. Meanwhile, sprouting signs of U.S. labor market softness suggest that the cumulative amount of policy tightening is starting to have its desired effect on labor demand. Looking forward, the low level of implied volatility in markets is puzzling given we continue to see a trickle of slowing economic data. We continue to closely monitor potential downstream effects from bank stress and a general contraction in credit availability that further exacerbates the tightening in lending standards. Overall, we expect choppy market conditions to continue in 2023, and we continue to have an up-in-quality bias.

Fund Commentary

The Ares Global Credit Income Fund (“AGCIF” or the “Fund”) returned 1.10% gross and 1.04% net for the month of April. Performance across asset classes was positive, with the portfolio’s allocations to structured credit and bank loans being the largest contributors to strong performance. The portfolio’s allocation to CLO debt benefitted from strong returns within the Triple-B rated cohort, while the portfolio’s allocation to bank loans generated attractive returns in large part due to credit selection within the Single-B rated cohort.

During the month, we maintained our higher quality risk posture and continued to focus on identifying opportunities arising from today’s complex economic environment. In terms of positioning, we remain overweight floating rate assets and are more focused on downgrade risk rather than default risk. Within corporate credit, we are 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 are underweight sectors that are more susceptible to consumer discretionary income weakness, input cost pressures and general cyclicality. We continue to closely watch companies that have outsized exposure to small-medium enterprises, who could potentially be more impacted by the deposit outflows and funding issues at regional banks. We are also monitoring certain sectors where liquidity may be challenging, such as certain segments of the technology and healthcare sectors. Specific to structured credit, we continue to favor transactions with top tier managers that we know well and are maintaining our exposure given attractive relative value for high quality assets. From a geographical perspective, we continue to bring our exposure to Europe in-line with market weighting given decreased tail risk in the region and improved relative value versus the U.S. Importantly, we anticipate increased dispersion in credit fundamentals in the months ahead and believe our dynamic and active approach to portfolio management remains critical to navigating volatility and unearthing relative value opportunities in the current economic environment.



Views expressed are those of the Ares Global Credit Income Fund Portfolio Managers as of 30 April 2023 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 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 April 2023 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.

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This material has been prepared by Ares Australia Management Pty Ltd ABN 51 636 490 732, AFSL 537 666 (AAM), the investment manager of the Ares Global Credit Income Fund (ARSN 639 123 112) (the Fund) and is current as at the date of publication. Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (Challenger Group) and is the issuer and responsible entity of the Fund. Other than information which is sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this publication, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at www.fidante.com should be considered before making a decision about whether to buy or hold units in the Fund(s). To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not indicative of future performance. Any projections are based on assumptions which we believe are reasonable but are subject to change and should not be relied upon. Fidante has entered into arrangements with Ares and AAM in connection with the distribution and administration of financial products managed by Ares or AAM. In connection with those arrangements, Fidante or AAM may receive remuneration or other benefits. Fidante is not an authorised deposit-taking institution (ADI) for the purpose of the Banking Act 1959 (Cth), and its obligations do not represent deposits or liabilities of an ADI in the Challenger Group (Challenger ADI) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Fidante. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. The performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group nor AAM or its related bodies corporate.

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