Ares Global Credit Income Fund

ARSN 639 123 112 APIR HOW4476AU

January 2023 - Monthly Fact Sheet

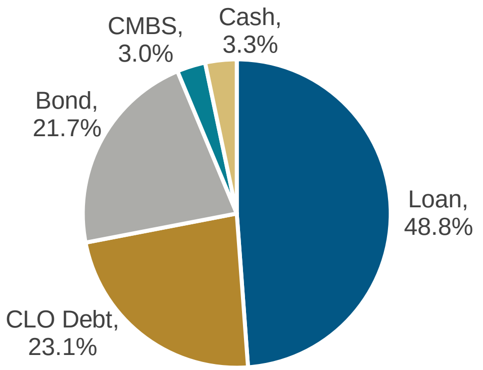
Performance	1 Month %	3 Month %	FYTD %	1-Year %	2-Year % p.a.	5-Year % p.a.	Inception % p.a.
Fund return (gross)[1]	2.1	4.8	5.4	0.0	1.9	-	5.4
Fund return (net)[2]	2.0	4.6	4.8	-0.9	1.1	-	4.7
Bloomberg AusBond Bank Bill Index	0.3	0.8	1.4	1.5	0.8	-	0.6
Active return	**1.8**	**3.8**	**3.4**	**-2.4**	**0.3**	**-**	**4.1**

[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. **Data Source: Fidante Partners Limited, 31 January 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 spread[3]	+0.40% / -0.40%
Strategy FUM	$71.5 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.

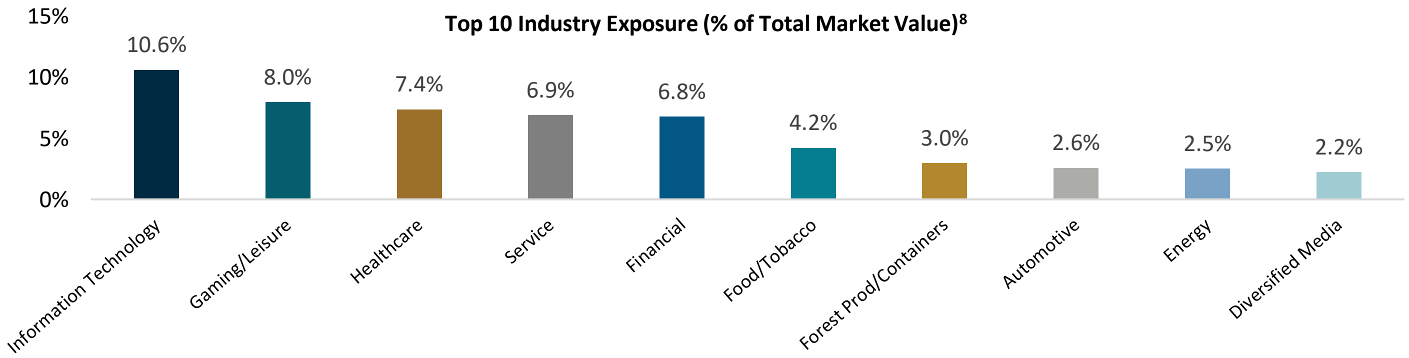
Focus on downside protection:[4] Ares believes protecting principal is key to superior performance and therefore places emphasis on dampening volatility and minimising defaults.

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.

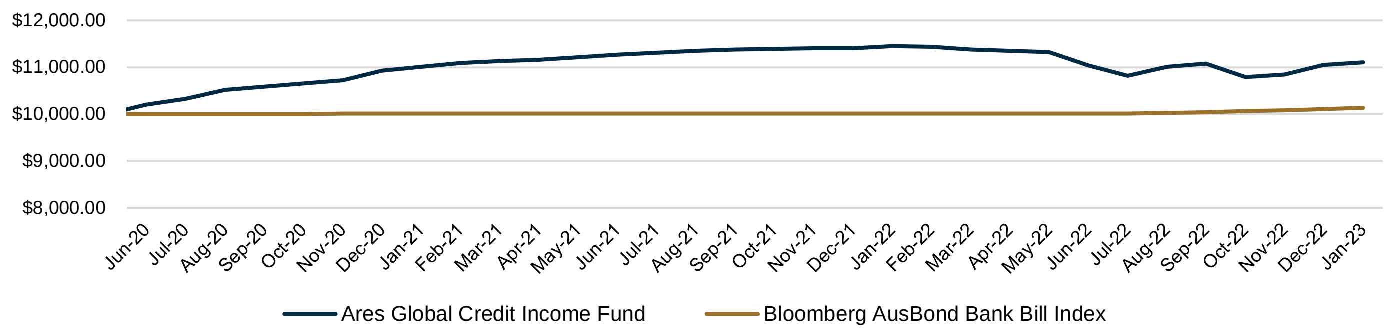
Leading global investment team: The Fund offers access to a leading global investment team with 20+ years of experience investing in global credit markets. The experienced management team applies an integrated and collaborative approach using the scale and power of the platform seeking to deliver compelling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

Key Attributes	Fund	Change from 31 Dec 2022
Number of issuers	272	+2
Weighted Average Spread (L+)	314	-
Current Yield (AUD-Hedged)	6.02%	+0.36%
Yield to Worst (AUD-Hedged)	6.13%	-0.54%
Current Yield (Asset Level Yield)	7.24%	+0.19%
Yield to Worst (Asset Level Yield)	7.35%	-0.70%
Weighted Average Credit Quality[7]	BB+	-
Total Investment Grade Exposure	59.01%	+0.32%



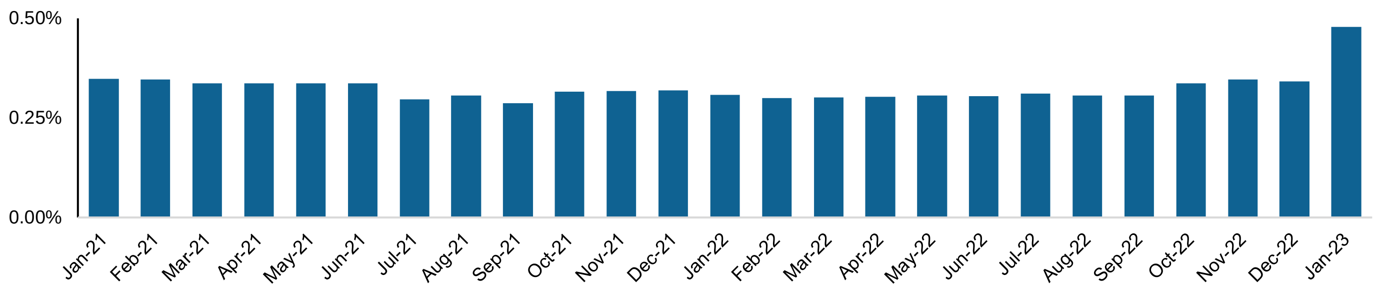
[3] Source: Ares. During normal market conditions, bid/ask spreads have averaged 25 -100bps, however, during periods of volatility, we have observed spreads widen out to 300-400bps.
[4] References to "downside protection" or similar language are not guarantees against loss of investment capital or value.
[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 (23.1%, 3.0% and 3.3% as of 31 January 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.

2-Year Annualized 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

Global risk assets rallied during January on the back of cooling inflation expectations and the prospect of the Federal Reserve ("Fed") slowing down its pace of interest rate hikes.

U.S. high yield bonds had their strongest start to the year since 2019, returning 3.91%[1] in January amid receding near-term recession risks, elevated yields, and improving capital markets access. In contrast to H2'2022, lower rated bonds outperformed the higher quality segment of the market as recession fears moderated. Primary issuance improved in January, the heaviest since January of last year, with 25 bonds pricing for a total of $20.5 billion over the course of the month. Meanwhile, U.S. high yield funds reported inflows of $352 million, the third monthly inflow out of the last four months for the asset class.[2]

Similarly, U.S. leveraged loans generated the asset class's largest gain since May 2020, returning 2.57%[3] in January amid an improved macro backdrop, elevated yields, stable CLO demand, and limited capital markets activity. U.S. loan primary market activity slowed in January, as banks remained focused on select higher quality refinancings and Mergers & Acquisitions (M&A) transactions. Meanwhile, U.S. loan funds reported outflows of $825 million, the lightest monthly outflow over the previous nine months.[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] CLO origination picked up in January against the backdrop of declining liability costs and growing appetite for the asset class given its attractive relative value compared to other fixed income assets.

U.S. investment grade bonds rallied alongside fixed rated peers, returning 3.08%[6] in January, as slowing inflation, the expectation of a Fed Pivot as well as cheap valuations buoyed performance for the asset class.

In Europe, high yield bonds and leveraged loans returned 3.23%[7] and 2.73%[8], respectively. European credit markets rallied during the month as investor sentiment was supported by optimism surrounding declining energy prices, increasingly dovish central bank rhetoric and better-than-expected economic data in the Eurozone driving credit spreads tighter.

Market Outlook

Risk assets continued to rally into early February amid improving economic data and increased capital markets activity. In addition to a supportive technical backdrop, several positive macro factors are impacting the global growth and inflation narrative, including three consecutive months of downside inflation prints, an abrupt change in China's COVID-19 policy, an improved European growth outlook due to an unusually warm winter, and resilient labor markets. As a result, the lower quality segment of the market continues to outperform in 2023 as investors look to enhance carry trades, duration and credit risk within their portfolios. While the market perceived the most recent FOMC meeting to be dovish, rhetoric regarding the near-term path for policy was more balanced. Specifically, Fed Chair Powell's remarks suggest he is less worried about overtightening and more concerned about the risk of doing too little. Meanwhile, issuers have reported better-than-feared Q4'2022 earnings thus far; however, a greater percentage of companies are reducing guidance. We believe meticulous credit selection will be essential this year as rating downgrades and earning misses are expected to increase driven by rising borrowing costs and margin pressures, resulting in greater dispersion. As the corporate fundamental backdrop becomes more challenged, the expectation is for default rates to modestly tick higher in the next 12 months. We believe that in the wake of increased dispersion, disciplined and opportunistic credit pickers that take advantage of the volatility will be rewarded.

Fund Commentary

The Ares Global Credit Income Fund ("AGCIF" or the "Fund") returned 2.10% gross and 2.04% net for the month of January.

Performance across all asset classes was positive, with the portfolio's allocations to high yield and bank loans being the largest contributors to performance. The portfolio's allocation to high yield benefitted from disciplined credit selection within the Double-B rated cohort, while the portfolio's allocation to bank debt benefited from both disciplined credit selection and an overweight allocation to Single-B rated loans. The portfolio's structured credit exposure was also accretive to performance as CLO debt continued to benefit from strong returns within the underlying loan asset class during the month.

Despite January's risk rally, we continue to maintain our lower risk posture, given concerns around slowing global growth and the potential for geopolitical headwinds. In terms of positioning, we remain overweight floating rate assets while seeking to modestly increase our exposure to corporate bonds, due to the discount benefit and overall higher quality nature of the asset class relative to loans, in addition to our view that high yield will benefit from lower rates in the event of a recession. Meanwhile, we are looking to add discount opportunities in high quality companies and extending short-duration loans into attractive new issue. Within corporate credit, we are overweight defensive sectors with favorable supply-demand dynamics and earnings trajectories, such as technology, with a few cyclical plays (building products), 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, such as retail and pharmaceuticals. Overall, we expect continued volatility in the months ahead and therefore are positioned defensively. 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 remain underweight Europe, but are reducing our underweight exposure given decreased tail risk in the region and improved relative value versus the U.S. Importantly, we continue to view the current environment to be an attractive entry point and long-term buying opportunity given the relatively healthy fundamental backdrop alongside attractive forward return potential.

As of 31 January 2023. 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 January 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 31 January 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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