

ARSN 644 797 599 APIR HOW7354AU

March 2025 – Quarterly Report

Performance	1 month %	3 Months %	CYTD %	1 year %	3 years % p.a.	5 years % p.a.	Inception %
Fund return (gross) ¹	-0.6	0.5	0.5	7.2	7.2	-	7.2
Fund return (net) ²	-0.6	0.4	0.4	7.1	7.2	-	7.1

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. 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 2025.**

Underlying Fund

The Fund primarily invests in a diversified portfolio of global liquid and illiquid asset classes via its investment in the CION Ares Diversified Credit Fund (**Underlying Fund**). The Fund also invests in cash and foreign exchange hedging instruments. In this report, where we refer to the Fund's investments we generally do so on a 'look-through' basis; that is, we are referring to the underlying assets that the Fund is exposed to through its investment in the Underlying Fund.

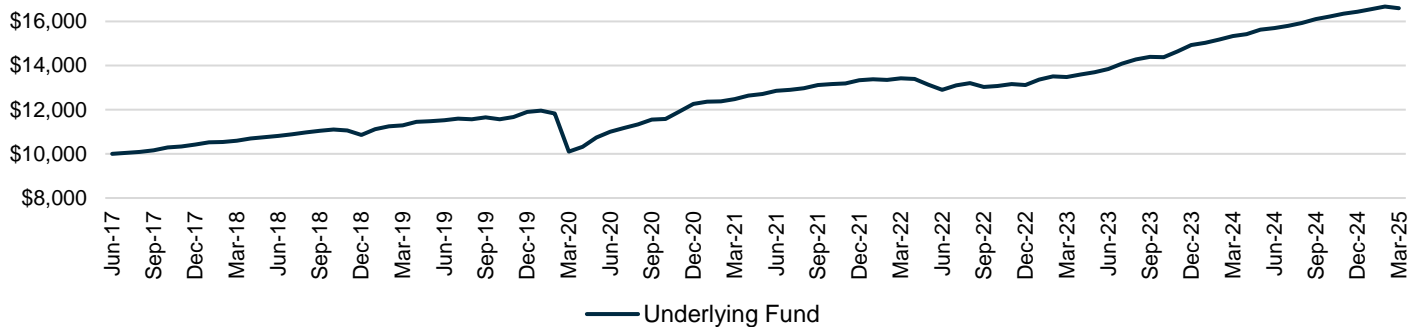
Underlying Fund Overview

The Underlying Fund's investment objective is to provide superior risk-adjusted returns across various market cycles by investing in a diversified portfolio of liquid and illiquid asset classes. The Underlying Fund seeks to capitalize on market inefficiencies and relative value opportunities throughout the entire global credit spectrum. The Underlying Fund seeks to achieve its investment objective by employing an opportunistic, dynamic, and unconstrained global credit investments strategy based on absolute and relative value considerations and its analysis of credit markets. It seeks risk-adjusted returns over full market cycles by creating and managing a portfolio with balanced exposures to multiple industry sectors and geographic regions, systematically allocating capital across multiple segments of the global fixed-income markets, including U.S. and non-U.S. credit instruments.

Performance Commentary

From an FX perspective, the 2 year and 3 year ends of the AUD USD forward curve moved moderately lower in March. With this movement of the curve, the Fund slightly trailed the Underlying Fund's performance in March.

Underlying Fund Growth of \$10,000 Since Inception (net of fees)⁹



⁹This graph illustrates the performance of a hypothetical \$10,000 investment made in this Fund from the inception date of the product. This is represented as the change in total return at monthly intervals. Total return is a measure of the change in NAV including reinvestment of all distributions and is presented on a net basis reflecting the deduction of fund expenses and applicable fees with expense support provided by CION Ares Management (CAM). The performance quoted represents past performance, is no guarantee of future results and may not provide an 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.



Underlying Fund Facts

Portfolio managers	Mitch Goldstein, Greg Margolies, Michael Smith
Inception date	12 July 2017
Management fee*	1.25% p.a.
Performance fee	15% subject to a hurdle rate of 1.5% per quarter (6% annualised), and subject to a catch-up feature.
Total Issuers	850
Total Managed Assets³	US\$6.81BN
Sharpe Ratio⁷	1.08
Standard Deviation	3.67%
Yield to Maturity (YTM)	9.73%
Distribution Rate (p.a.)⁷	8.48%
Running Yield	9.53%
Interest rate duration	0.56
Spread Duration	2.25

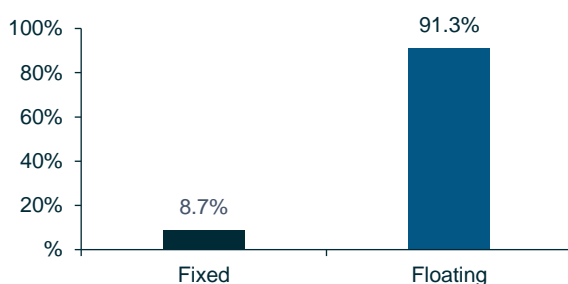
*Stated management fee; 1.80% p.a. of NAV

³Total assets (including any assets attributable to financial leverage) minus accrued liabilities (other than debt representing financial leverage)

Fund Facts

Inception date	17 December 2020
Fund FUM	\$1,421M
Management Fee	Nil ⁴
Performance fee	Nil ⁴
Buy/sell spread	+0.10%/-0.00%
Distribution Frequency	Monthly
Distribution Rate⁷	0.70%

Interest Type⁶

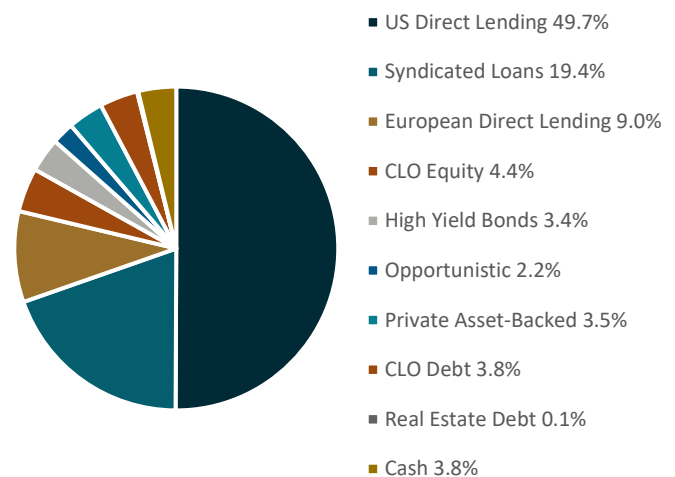


Underlying Fund Top 10 Holdings⁵

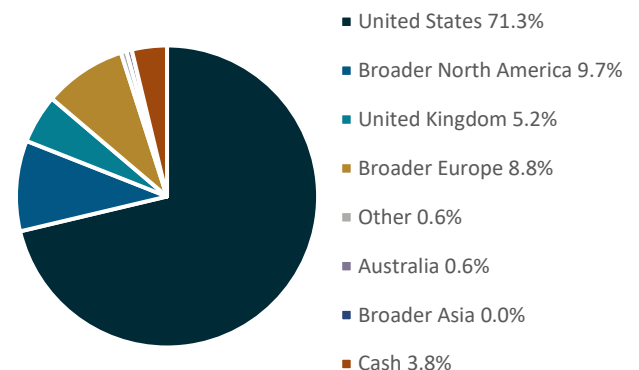
Global Medical Response	1.2%
Citrix	1.1%
Global Music Rights	0.9%
FinEquity Holdings	0.9%
Spruce Bidco	0.8%
eCapital	0.8%
Enviva Partners	0.8%
Central Square Security	0.8%
High Street Insurance Partners	0.8%
Kaseya	0.7%

Underlying Fund Allocation⁵

Asset Allocation



Geographic Allocation



⁴The only fee is a recoverable expense, which is currently 3 bps.

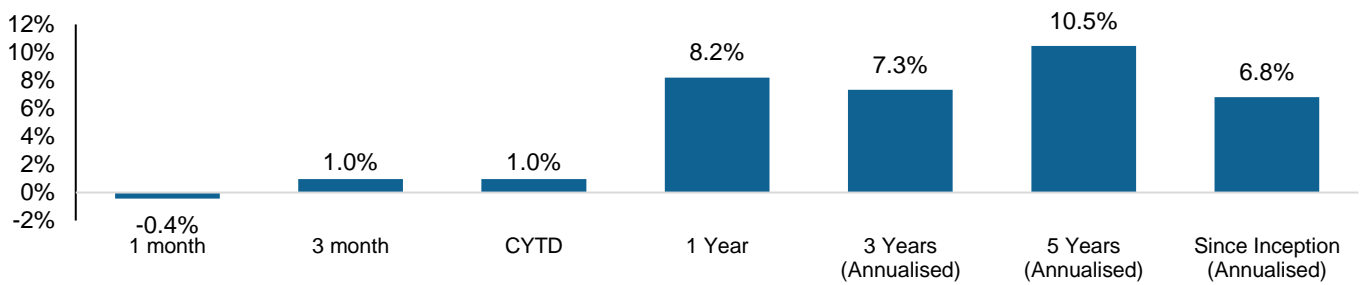
⁶Excludes cash, other net assets, and equity instruments.

⁷There can be no guarantee that the distribution rate will accrue at such amount and there is no assurance that distributions will be maintained at the targeted level or at all.

Underlying Fund Industry Allocation⁵

Software and Services	21.6%
Structured Products	9.5%
Health Care Equipment and Services	9.3%
Financial Services	8.6%
Commercial and Professional Services	7.8%
Insurance	6.7%
Consumer Services	5.0%
Capital Goods	4.2%
Other	23.4%
Cash	3.8%

Underlying Fund Historical Performance⁸



⁸As of 31 March 2025. Returns of the CION Ares Diversified Credit Fund Class I Shares. Returns are in USD and include reinvestment of distributions and reflect fund expenses inclusive of recoupment of previously provided expense support. The expense ratio was 4.03% as of December 31, 2024 excluding interest expense. Expense ratios are annualised and calculated as a percentage of estimated average net assets. Share values will fluctuate, therefore if repurchased, they may be worth more or less than their original cost. Past performance is not indicative of future results. The performance shown is on a 'look-through' basis to the performance of the Underlying Fund. The performance of the Fund may not exactly replicate the performance of the Underlying Fund.

Market Overview

Markets started off the year in positive territory amid increased confidence surrounding a potential uptick in M&A activity and bank resurgence along with optimism around the Federal Reserve's ("Fed") go-forward path for rates. However, as the new administration began to implement its proposed policies, that optimism gave way to heightened uncertainty and market volatility. Risk assets came under pressure as a result, with sentiment growing weaker amid increased tariff concerns and a murkier economic growth picture. The Fed announced their plans to hold rates steady for the foreseeable future, taking a wait-and-see approach, owing to their belief that the economy will likely face a period of higher prices and weaker growth amid trade policy uncertainty. While volatility increased, default rates remained benign with companies able to service their debt due to healthy balance sheets. The S&P 500 returned -4.27% for the quarter, as investors digested the negative news flow and increased risk of an economic slowdown. Specific to leveraged credit, markets came under pressure in March but the sell-off was orderly and returns for the quarter were positive. Syndicated loans (proxy: S&P UBS Leveraged Loan Index) returned +0.61% quartering 1Q'25 as a result of an attractive carry profile and a more balanced technical backdrop. High yield bonds (proxy: ICE BofA US High Yield Constrained Index) returned +0.94%, with performance driven by higher rated cohorts. Leveraged loan activity was driven by repricing and refinancing, totaling to \$182bn and \$94bn respectively.³ High yield bond net issuance totaled \$17.1bn, experiencing a 14% year-over-year increase.⁴ Within private credit, year-to-date volumes totaled \$34.8bn as March 31, versus \$33bn over the same period a year ago; however, Q1 volumes remained lower relative to more recent quarters.⁵ Despite the dearth of M&A activity, direct lenders acknowledge that sponsors are realizing the need to go to market soon, which provides additional pipeline opportunities for lenders such as Ares.

Underlying Fund Commentary

Throughout the quarter, the Underlying Fund maintained its overweight exposure to corporate direct lending, while actively rotating exposures across liquid and alternative credit markets, capitalizing on relative value opportunities and market dislocations. Within liquid credit, we acted on the firm technical backdrop and decreased the allocation to syndicated loans and high yield bonds, as we rotated into opportunities across direct lending and alternative credit. Within illiquid credit, the Underlying Fund continued to actively deploy capital in the corporate and asset-based direct lending space, where the yield premium outpaces that of liquid corporate credit. Our proficiency in sourcing transactions across the middle market has sustained a robust pipeline of opportunities, underscoring the strength and scale of the Ares platform. Further, the incumbent portfolio is largely concentrated in domestic companies in defensive industries, which we believe will provide a layer of protection from shifts in trade policy. Our investment groups continue to maintain an active dialogue with both sponsors and management teams in an effort to mitigate risks and identify potential opportunities.

Shifting to performance, the Underlying Fund generated positive returns for the eleventh consecutive quarter and experienced positive contribution from its largest asset classes in scope. The allocation to corporate direct lending across both U.S. and European geographies was the leading contributor to returns, adding a combined 251 basis points of return, as the elevated base rate environment persisted, and underlying portfolio companies remained healthy. Within liquid credit, syndicated loans positively contributed, adding 21 basis points of return and high yield bonds slightly detracted, due to fluctuating treasury yields throughout the period. Within alternative credit, the allocation to CLO debt benefitted from strong investor demand and tight spreads in the secondary market while widening liability costs served as a headwind for the portfolio's CLO equity exposure. A source of high current income, the allocation to private ABS was the third highest contributor to performance over the quarter.

Asset Class*	Contribution
US Direct Lending	Positive
European Direct Lending	Positive
Private ABS	Positive
Syndicated Loans	Positive
Real Assets	Positive
Alternative Credit: CLO Debt	Positive
HY Bonds	Negative
Opportunistic	Negative
Alternative Credit: CLO Equity	Negative

*Presented in order of contribution to Underlying Fund returns. As of March 31, 2025.

Outlook

Market volatility increased significantly following the “Liberation Day” announcement in the U.S. and larger than expected tariffs, which upended economic forecasts and weakened investor sentiment. While credit markets have not been immune to the volatility, they have remained orderly, especially when compared to equities. Despite ongoing market volatility, hard economic data remains solid, and the Fed is maintaining current interest rates as it awaits further data print releases. With base rates remaining elevated for the foreseeable future, the Underlying Fund’s income profile should continue to provide a buffer for price volatility due to its 92.7% allocation towards floating rate assets. On the deployment front, we maintain a robust pipeline of corporate and asset-based lending opportunities. Within corporate direct lending, we continue to benefit from incumbency and remain focused on deploying capital across the middle market, with a focus on defensive industries and companies that generate revenue via services, as opposed to products that may be exposed to supply chain risks. Specific to alternative credit, we continue to participate in a diverse array of transactions as banks seek to execute capital relief transactions across sectors such as residential, consumer and fund finance. We are pleased with the Underlying Fund’s current positioning, which is anchored in defensive, self-originated assets. Leveraging the Underlying Fund’s flexible mandate, we continue to tactically shift exposures to areas of the credit market offering the most compelling relative value. We believe this active, dynamic approach positions us well to capture attractive risk-adjusted returns as opportunities evolve across global credit markets. Looking ahead, we remain vigilant in assessing broader macroeconomic developments and their potential implications for portfolio companies and overall lending conditions.

References to “downside protection” or similar language are not guarantees against loss of investment capital or value.

Index Definitions

The S&P UBS Leveraged Loan Index is designed to mirror the investable universe of the US dollar-denominated leveraged loan market. The index inception is January 1992. The index frequency is daily, weekly, and monthly. New loans are added to the index on their effective date if they qualify according to the following criteria: 1) Loan facilities must be rated “5B” or lower. That is, the highest Moody’s/S&P ratings are Baa1/BB+ or Ba1/BBB+. For unrated loans, the initial spread must be 125 basis points or higher above the benchmark reference reset rate. 2) Only fully funded term loan facilities are included. 3) The tenor must be at least one year. 4) Issuers must be domiciled in developed countries; issuers from developing countries are excluded.

The ICE BofA US High Yield Constrained Index (“HUC0”) tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody’s, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one-year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of \$250 million. In addition, qualifying securities must have risk exposure to countries that are members of the FX-G10, Western Europe or territories of the US and Western Europe. Index constituents are market capitalization weighted, provided the total allocation to an individual issuer does not exceed 2%. Inception date: December 31, 1996.

For further information, please contact:

Fidante Partners Investor Services | p: 1300 721 637 | e: info@fidante.com.au | w: www.fidante.com

The information in this document has been prepared for wholesale investors only. It is current as at the date of publication and is provided by Ares Australia Management Pty Ltd ABN 51 636 490 732 AFSL 537666 (AAM), the investment manager of the Ares Diversified Credit Fund (ARSN is 644 797 599) (the Fund). AAM is a subsidiary of Ares Management Corp (“Ares Corp,” together with any of its affiliated entities “Ares”). Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (Challenger Group) and the 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. Investors should consider whether the information is suitable to their circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. The Information Memorandum (IM) for the Fund, issued by Fidante, should be considered before deciding whether to acquire or hold units in the Fund. The IM can be obtained by calling 13 51 53. 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. 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 Ares or its related bodies corporate.

The rating issued for Ares Diversified Credit Fund – assigned November 2024 are published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2025 Lonsec. All rights reserved.

Bond Adviser Pty Limited assigned a rating of "Highly Recommended" in the global credit securities category to Ares Diversified Credit Fund in October 2024. The rating is assigned based on BondAdviser's analysis of the Fund's strategy & performance, processes and policies, risk management, governance, and quantitative analysis, and against the assessment criteria as set out in BondAdviser's Alternative Investment Fund Research Methodology [221017 Alternative Investment Fund Research Methodology vF.pdf](#). The methodology has limitations, and the rating should not be construed as financial product advice.

Marketing communication

This is a marketing communication. Please refer to the legal documentation of the Fund before making any final investment decisions. This is not an offer to sell, or a solicitation to purchase, any security or other financial instrument, or a solicitation of interest in any fund, account or investment strategy.

Contents of the communication

Any offer or solicitation with respect to any securities that may be issued by any investment vehicle managed or sponsored by Ares Management or one of its affiliated entities (each an "**Ares Fund**") will be made only by means of a definitive offering memorandum (as modified or supplemented from time to time, a "**Memorandum**"). You should refer to the Memorandum and/or limited partnership agreement ("**Partnership Agreement**") and any other subscription documents relating to the relevant Ares Fund before making any investment decision.

The Memorandum, Partnership Agreement and subscription documents will contain complete information concerning the rights, privileges and obligations of investors in the relevant Ares Fund. The information contained in any such Memorandum, Partnership Agreement or subscription documents will supersede this communication and any other marketing materials (in whatever form) issued or communicated by Ares Management.

This communication contains information about Ares and certain of its personnel and affiliates and the historical performance of certain Ares Funds and/or investment vehicles whose portfolios are managed by Ares. This information is supplied to provide information as to Ares' general portfolio management experience. Neither Ares nor any third party makes any representation or warranty (express or implied) with respect to the information contained herein (including, without limitation, information obtained from third parties) and Ares expressly disclaims any and all liability based on or relating to the information contained in, or errors or omissions from, this communication; or based on or relating to your use of the communication; or any other written or oral communications transmitted to you in the course of your evaluation of Ares or a potential investment in any Ares Fund.

The content of this communication should not be construed as legal, tax, or investment advice. Regarding sustainability-related aspects of the investment included herein the decision to invest in the Fund should take into account all the characteristics or objectives as described in the legal documentation of the Fund.

Recipient

These materials are not intended for distribution to, or use by, any person in any jurisdiction or country where such distribution or use would be contrary to law or regulation.

Forward-looking statements

This communication may contain "forward-looking" statements that are not purely historical in nature. Any such statements are based upon estimates, projections, plans and assumptions about future events or conditions (not all of which will be specified herein). They are intended only as illustrations and by their nature are uncertain. No representations are made as to the accuracy of such statements. Not all relevant events or conditions may have been considered in developing such statements and assumptions. The achievement of results and objectives is dependent upon a multitude of factors, many of which are beyond the control of Ares and/or any referenced portfolio company. The statements may not consider or address all aspects of a referenced portfolio investment, including aspects that might be material or important. You must not rely upon any forward-looking statement contained in this communication, and you acknowledge and agree that you shall have no claim at law or in equity by virtue of anything contained in or omitted from any such statement. Past performance is not indicative of future results. There is no assurance that an Ares Fund will be able to generate returns for its investors (as stated herein or otherwise).

Third-party information

Certain information contained in this communication has been obtained from sources outside Ares, which in certain cases have not been updated through the date hereof. While such information is believed to be reliable for purposes used herein, no representations are made as to the accuracy or completeness thereof and none of Ares, its funds, nor any of their affiliates takes any responsibility for, and has not independently verified, any such information.

About Ares Wealth Management Solutions

As a global brand of Ares Management Corporation, Ares Wealth Management Solutions oversees the product development, distribution, marketing and client management activities of investment offerings for the global wealth management channel. AWMS' mission is to provide advisors and their clients access to innovative, solutions-oriented investment opportunities across Ares' platform of industry leading primary and secondary strategies across the credit, private equity, real estate and infrastructure asset classes.

Through its range of institutional and retail structures, coupled with excellent client service and educational resources, AWMS helps investors diversify their portfolios with private market solutions that seek to deliver consistent, long-term growth. For more information, please visit www.areswms.com.au.

REF: AAM-00642