

## February 2025 – Monthly Report

| Performance                      | 1 month<br>% | 3 Months<br>% | CYTD<br>% | 1 year<br>% | 3 years<br>% p.a. | 5 years<br>% p.a. | Inception<br>% |
|----------------------------------|--------------|---------------|-----------|-------------|-------------------|-------------------|----------------|
| Fund return (gross) <sup>1</sup> | 0.4          | 2.4           | 1.0       | 9.0         | 7.6               | -                 | 7.5            |
| Fund return (net) <sup>2</sup>   | 0.4          | 2.4           | 1.0       | 8.9         | 7.6               | -                 | 7.4            |

<sup>1</sup> Returns are calculated before fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.

<sup>2</sup> 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, 28 February 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.

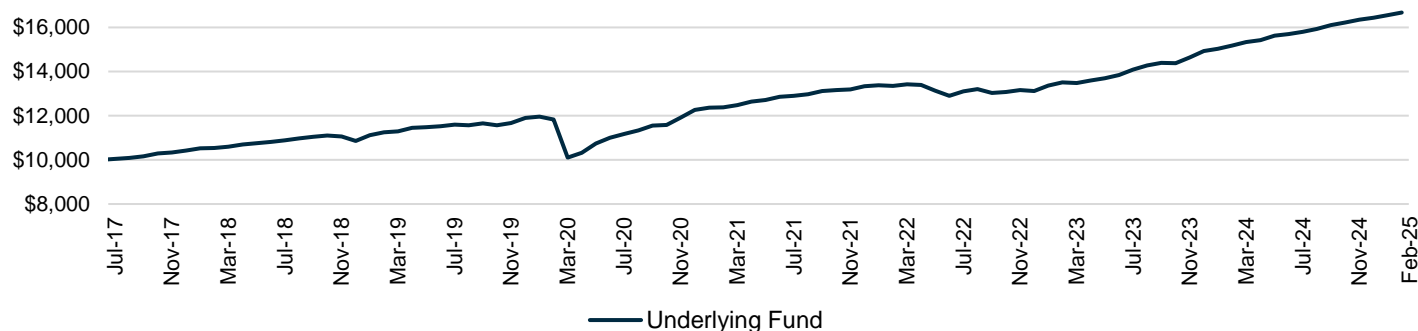
### Underlying Fund Overview

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 AUD USD forward curve moved lower in February by around 40pips on the 2-year forwards. With this movement of the curve, the Fund slightly trailed the Underlying Fund's performance in February.

### Underlying Fund Growth of \$10,000 Since Inception (net of fees)<sup>9</sup>



<sup>9</sup>This 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.



The ratings noted herein relate only to Ares Diversified Credit Fund and may not be representative of any given client's experience and should not be viewed as indicative of Ares' past performance or its funds' future performance. All investments involve risk, including loss of principal. Ares has provided compensation in connection with obtaining or using these ratings. Please refer to endnotes for additional important information.

### Underlying Fund Facts

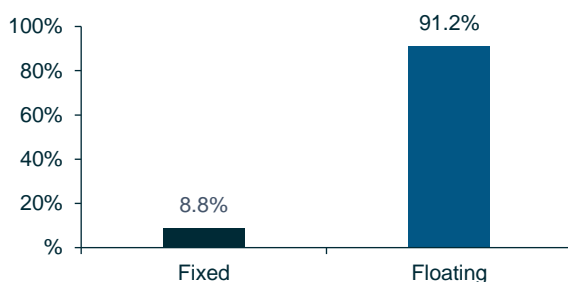
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| <b>Portfolio managers</b>                   | Mitch Goldstein, Greg Margolies, Michael Smith   |
| <b>Inception date</b>                       | 12 July 2017   |
| <b>Management fee</b>                       | 1.25% p.a.   |
| <b>Performance fee</b>                      | 15% subject to a hurdle rate of 1.5% per quarter (6% annualised), and subject to a catch-up feature. |
| <b>Total Issuers</b>                        | 837  |
| <b>Total Managed Assets<sup>3</sup></b>     | US\$6.74BN   |
| <b>Sharpe Ratio<sup>7</sup></b>             | 1.11   |
| <b>Standard Deviation</b>                   | 3.69%  |
| <b>Yield to Maturity (YTM)</b>              | 9.62%  |
| <b>Distribution Rate (p.a.)<sup>7</sup></b> | 8.39%  |
| <b>Running Yield</b>                        | 9.50%  |
| <b>Interest rate duration</b>               | 0.47   |
| <b>Spread Duration</b>                      | 2.15   |

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

### Fund Facts

|                                      |                  |
|--------------------------------------|------------------|
| <b>Inception date</b>                | 17 December 2020 |
| <b>Fund FUM</b>                      | \$1,377M         |
| <b>Management Fee</b>                | Nil <sup>4</sup> |
| <b>Performance fee</b>               | Nil <sup>4</sup> |
| <b>Buy/sell spread</b>               | +0.25%/-0.00%    |
| <b>Distribution Frequency</b>        | Monthly          |
| <b>Distribution Rate<sup>7</sup></b> | 0.71%            |

### Interest Type<sup>6</sup>

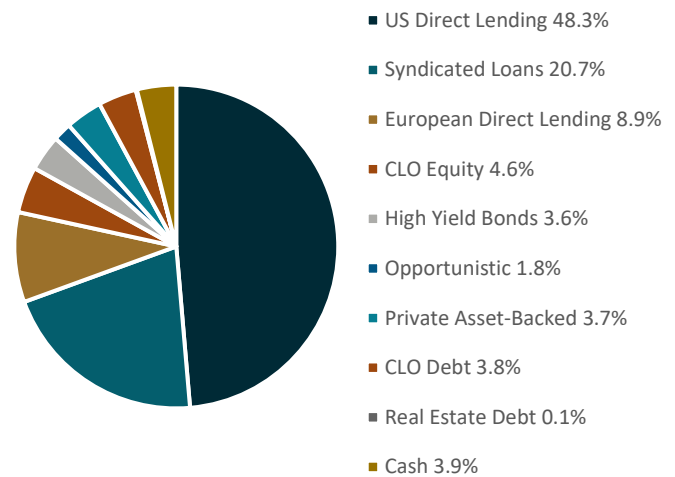


### Underlying Fund Top 10 Holdings<sup>5</sup>

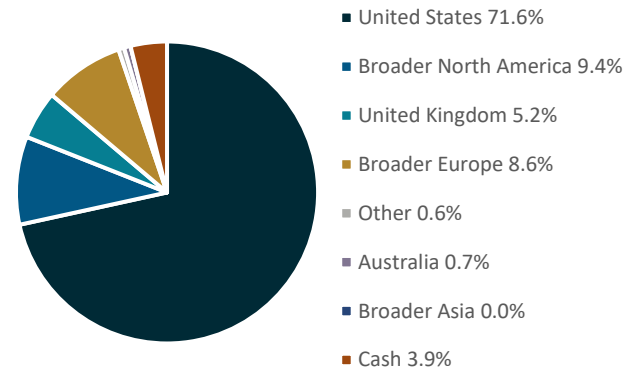
|                                |      |
|--------------------------------|------|
| Global Medical Response        | 1.2% |
| Citrix                         | 1.1% |
| Global Music Rights            | 0.9% |
| Enviva Partners                | 0.9% |
| FinEquity Holdings             | 0.9% |
| Spruce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

### Underlying Fund Allocation<sup>5</sup>

#### Asset Allocation



#### Geographic Allocation



<sup>4</sup> The only fee is a recoverable expense, which is currently 3 bps.

<sup>6</sup> Excludes cash, other net assets, and equity instruments.

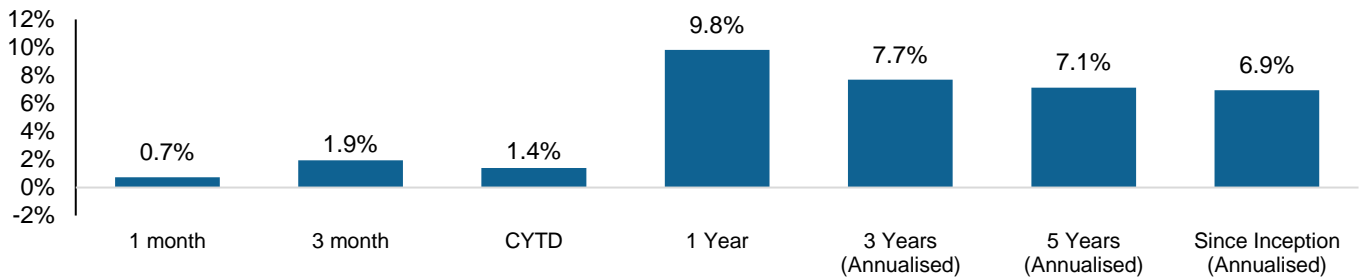
<sup>7</sup> There can be no guarantee that the distribution rate will accrue at such amount and there is no assurance that distributions will be maintained at the targeted level or at all.

### Underlying Fund Industry Allocation<sup>5</sup>

|                                      |       |
|--------------------------------------|-------|
| Software and Services                | 22.0% |
| Structured Products                  | 9.7%  |
| Health Care Equipment and Services   | 9.0%  |
| Financial Services                   | 8.6%  |
| Commercial and Professional Services | 7.0%  |
| Insurance                            | 6.7%  |
| Consumer Services                    | 5.1%  |
| Media and Entertainment              | 4.3%  |
| Other                                | 23.8% |
| Cash                                 | 3.9%  |

<sup>5</sup> As of 28 February 2025. Holdings and allocations, unless otherwise indicated, are based on the total portfolio and subject to change without notice. Data shown is for informational purposes only and not a recommendation to buy or sell any security

## Underlying Fund Historical Performance<sup>8</sup>



<sup>8</sup>As of 28 February 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 4.08% 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.

### 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:

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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.

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