

## June 2025 – Quarterly Report

Performance	1 month %	3 Months %	CYTD %	1 year %	3 years % p.a.	5 years % p.a.	Inception %
Fund return (gross) <sup>1</sup>	0.7	2.8	3.3	8.8	9.8	-	7.4
Fund return (net) <sup>2</sup>	0.7	2.8	3.3	8.8	9.8	-	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, 30 June 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.

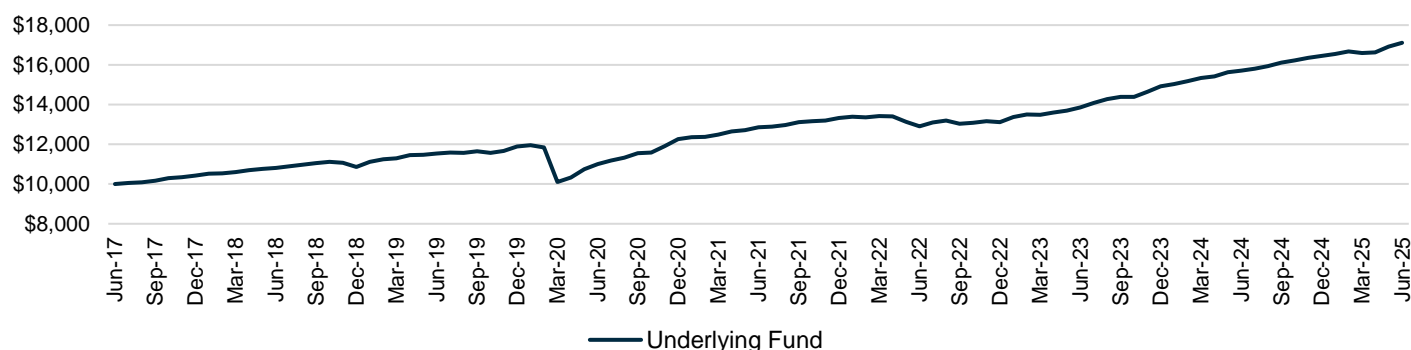
### Underlying Fund Overview

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

In June, the Fund saw gains from its currency hedges as the AUDUSD exchange rate continued to modestly rebound from its early April lows. Given the WAL of the existing hedges, we would expect the MoM MTM change to underperform the change in asset values due solely to FX by ~10-20bps (i.e., the Fund to underperform the Underlying Fund).

### 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.



### Underlying Fund Facts

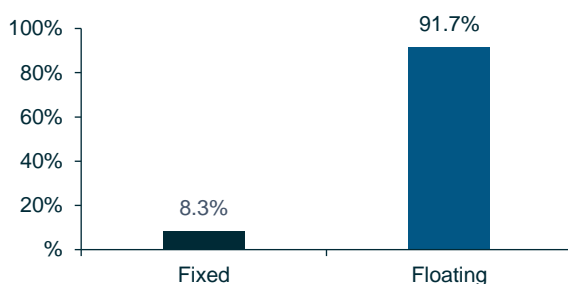
<b>Portfolio managers</b>	Mitch Goldstein, Greg Margolies, Michael Smith
<b>Inception date</b>	12 July 2017
<b>Management fee*</b>	1.25% p.a.
<b>Performance fee</b>	15% subject to a hurdle rate of 1.5% per quarter (6% annualised), and subject to a catch-up feature.
<b>Total Issuers</b>	898
<b>Total Managed Assets<sup>3</sup></b>	US\$7.32BN
<b>Sharpe Ratio<sup>7</sup></b>	1.11
<b>Standard Deviation</b>	3.66%
<b>Yield to Maturity (YTM)</b>	9.40%
<b>Distribution Rate (p.a.)<sup>7</sup></b>	8.44%
<b>Running Yield</b>	9.45%
<b>Interest rate duration</b>	0.54
<b>Spread Duration</b>	2.14

\* Stated management fee is 1.25% on total assets; as of 31/12/24 this was equivalent to 1.80% of NAV  
<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>	\$1,551M
<b>Management Fee</b>	Nil <sup>4</sup>
<b>Performance fee</b>	Nil <sup>4</sup>
<b>Buy/sell spread</b>	+0.10%/-0.00%
<b>Distribution Frequency</b>	Monthly
<b>Distribution Rate<sup>7</sup></b>	0.71%

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

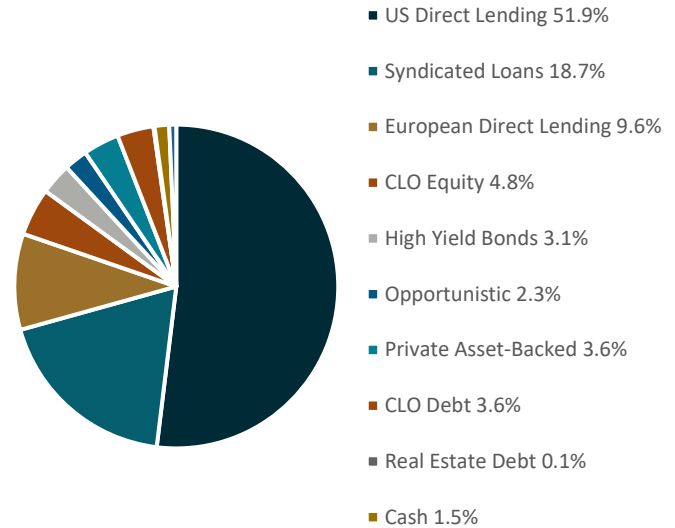


### Underlying Fund Top 10 Holdings<sup>5</sup>

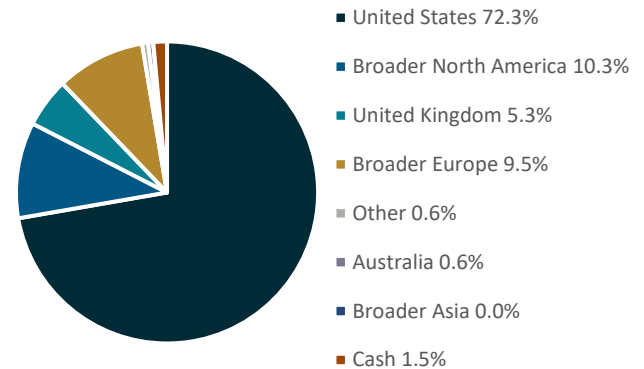
Global Medical Response	1.3%
Citrix	1.0%
Global Music Rights	0.9%
Enviva Partners	0.9%
FinEquity Holdings	0.8%
Spruce Bidco	0.8%
eCapital	0.8%
Kaseya	0.8%
Banyan Software	0.7%
High Street Insurance Partners	0.7%

### 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.

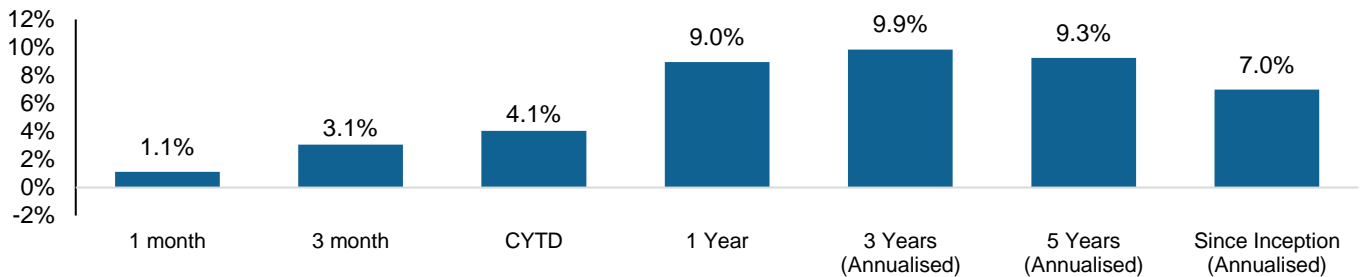
<sup>7</sup> There can be no guarantee that the distribution rate will accrue at such amount and there is no assurance that distributions will be maintained at the targeted level or at all.

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

Software and Services	21.8%
Health Care Equipment and Services	10.0%
Structured Products	9.9%
Financial Services	8.6%
Commercial and Professional Services	7.9%
Insurance	7.1%
Consumer Services	5.1%
Capital Goods	4.2%
Other	23.9%
Cash	1.5%

<sup>5</sup> As of 30 June 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 30 June 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 were met with a turbulent start to the year due to elevated geopolitical tensions and uncertainty around trade policy, culminating with the Trump administration's "Liberation Day" announcement in early April. Despite a drawdown heading into and immediately following the announcement, markets recovered swiftly due to positive trade developments and resilient hard economic data, both of which lead to improved sentiment. While tariff arrangements have been better than initially feared, the Federal Reserve (the "Fed") has employed a "wait and see" approach with regard to future interest rate activity given the true impact of tariffs remains uncertain. Amid expectations of continued patience from the Fed, market forecasts currently reflect two rate cuts through year-end, which is less than what was expected heading into the year. While price volatility was elevated, companies had a solid corporate earnings season and credit metrics remained stable. Despite the uncertain backdrop, equity and credit markets have experienced positive returns year-to-date following the risk rally toward the end of the first half of 2025. The S&P 500 returned +10.94% for the quarter, rebounding significantly from the downdraft in the first quarter. Credit markets have underperformed equities, but have exhibited less volatility. Syndicated Loans (proxy: S&P UBS Leveraged Loan Index) returned +2.33% for the quarter due to an attractive carry profile, stable technicals, and steady retail inflows. While capital markets activity took a pause in early April, bank lending resumed with a continued focus on repricings and refinancings. quartering 2Q, gross and net loan issuance totaled \$104bn and \$42bn, respectively. High yield bonds (proxy: ICE BofA US High Yield Constrained Index) returned +3.57% for the quarter, benefitting from the rally in equities and decline in treasury yields. Notably, this quarter was the most active quarter from a new issue perspective, outpacing their highest net issuance since June 2023, totaling \$24.0bn. Specific to private credit, M&A volumes have remained challenged, with the anticipated surge of M&A not yet coming to fruition. As a result, competition for new issuance between the public and private loan markets has been elevated. Due to this competitive landscape, pricing for deals has grinded tighter, but all in yields remain above historical averages. Corporate fundamentals remain stable, with earnings growth moderating but still positive across most sectors and companies maintaining healthy balance sheets and liquidity.

## Underlying Fund Commentary

Throughout the quarter, the Underlying Fund maintained its overweight exposure to corporate direct lending, while actively reducing exposure in liquid markets to provide capital for private asset-backed opportunities in the alternative credit space. Within liquid credit, we capitalized on the firm technical backdrop and decreased the allocation to syndicated loans and high yield bonds, taking advantage of relative value opportunities and pricing mismatches amid intra-quarter volatility. Those asset sales de-risked the volatility profile of the Underlying Fund 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 universe, where the yield premium outpaces that of more liquid markets. Our ability to source compelling investment opportunities across each asset class is driven by the strength of our relationships, proactive engagement, and a scaled incumbent portfolio. We maintain active dialogue with banks and financial sponsors, which provides early access to deal flow and valuable market insights, which we believe helps inform better investment decisions.

Shifting to performance, the Underlying Fund generated positive returns for the twelfth consecutive quarter and experienced positive contribution from all 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 377 basis points of return, amid a sustained elevated base rate environment and continued fundamental strength among the underlying portfolio companies. Within liquid credit, syndicated loans and high yield bonds added 121 basis points of return, driven by a combination of income and price appreciation amid positive macro developments. Within alternative credit, CLO debt benefitted from consistent investor demand, which ultimately pushed spreads tighter. Lastly, the allocations to private ABS and CLO equity also contributed positively to performance over the quarter.

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

\*Presented in order of contribution to Underlying Fund returns. As of June 30, 2025.

## Outlook

As we begin the third quarter, volatility within the market has tempered down and market technicals have continued to strengthen. Specific to credit markets, syndicated loans and high yield bonds have seen continued strong issuance, signaling that the capital markets are open. That said, inflation has slowly ticked up as we begin to see the initial effects of tariffs flowing through, which is driving heightened attention on the Fed as market participants await guidance on the trajectory of future rate cuts. Given the future economic picture remains unclear, the market expected the Fed to hold rates steady until it gains more clarity around hard data. For now, rates remain elevated which serves as a tailwind for the Underlying Fund, as 91.7% of the portfolio is invested in floating rate assets. Specific to direct lending, we continue to benefit from our scale and incumbency, and remain committed to deploying capital across the middle market, with a strategic emphasis on resilient sectors and service-oriented businesses that are less susceptible to supply chain disruptions. Within alternative credit, we continue to participate in private asset-backed opportunities and prefer CLO equity relative to debt opportunities, further offsetting our reduced loan risk posture in the liquid cohort. We are pleased with the Underlying Fund's current positioning as it is anchored in directly originated assets, providing a defensive posture. Furthermore, the Underlying Fund's flexible mandate allows us to dynamically rotate exposures across both private and public credit markets, best positioning us to capture attractive risk-adjusted returns as opportunities present themselves across the global credit market. Looking ahead, we remain vigilant in assessing broader macroeconomic developments and their potential implications for portfolio companies and lending conditions more broadly.

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:

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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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