Ares Senior Direct Lending Fund III

Presentation to Town of Palm Beach General Employee's Retirement System

November 2023

Disclaimer

This is a marketing communication. Please refer to the legal offering documentation of the product before making any final investment decision.

Sustainability-related aspects of the investments included herein, if applicable, should be read in conjunction with all of the characteristics or objectives as described in the legal offering documentation.

The currency of returns shown are in US Dollars. Returns may increase or decrease as a result of currency fluctuations.
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Benchmark (index) performance does not reflect the deduction of transaction costs, management fees, or other costs which would reduce returns. References to market or composite indexes, benchmarks or other measures of relative performance are for comparison purposes only. An investor cannot invest directly in an index.

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Risk Factors

Risk Factors – General. An investment in an Ares fund, strategy, account or vehicle entails a significant degree of risk and, therefore, should be undertaken only by investors capable of evaluating the risks of that investment and bearing the risks it represents. General risks about making an investment are provided below. This is a non-exhaustive list of risk factors and conflicts of interest that should be considered in evaluating before making an investment. Investors should review a more complete list of risks, conflicts and or other considerations as described in a PPM or other offering documentation involved in connection with making an investment. Prospective investors should carefully review that additional information for other risks and the investment strategy's objective process and investment techniques associated with a corresponding investment. Prospective investors should understand risks associated with the types of equity and debt investments to be made, as well as risks related specifically to the various private and or public investment strategy and more generally to investments involved in the strategy.

No Assurance of Investment Return. Neither Ares or the general partner can provide assurance that it will be able to choose, make and/or realize investments in any particular company, portfolio of companies or asset. Further, there can be no assurance that the fund or strategy will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the types of companies, assets and transactions described or that such returns will be comparable to the fund or strategy's targeted returns. The marketability and value of any such investment will depend upon many factors beyond the control of the fund or strategy, the manager. The expenses of the fund or strategy may exceed its income. The fund or strategy would bear the expenses of transactions that are not consummated, including any break-up fees. As a result, the fund or strategy could incur a substantial cost with no opportunity for a return. A prospective investor could lose the entire amount of its contributed capital, and therefore an investor should only invest in the fund or strategy if the investor can withstand a total loss of its investment.

Past Performance Not Indicative of Future Results. Past performance of the manager, and their respective investment professionals with respect to fund, strategy or other portfolios, investment vehicles or accounts may be not indicative of the future results that the fund or strategy will achieve. Similarly, the past performance of the manager, its affiliates and their respective investment professionals over a particular period is not indicative of the results that may be expected in future periods. Furthermore, the strategies and risks guiding the fund or strategy's investments may differ substantially from investments and strategies undertaken by the manager, and their respective investment professionals with respect to the prior funds or strategies.

Valuation of Investments. A meaningful portion of the fund or strategy's portfolio may be expected to be in private investments that may be valued by the manager given the lack of public market information. As such, the fair value of such investments may not be readily determinable. The investments are generally expected to be valued at a fair value as determined in good faith and in accordance with U.S. generally accepted accounting principles. The types of factors that may be considered in valuing the fund or strategy's investments include any restrictions on the marketability of such investments, the lack of a market for such investments, the control premium if any associated with such investments, the anticipated impact of immediate sale, the length of time before any such sales may become possible and the cost and complexity of any such sales and other relevant factors. Because such valuations are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, the manager's determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed and from valuations of third parties and may differ materially from the values that the fund or strategy may ultimately realize.

Allocation of Investment Opportunities. The fund or strategy may focus on illiquid and liquid debt and or illiquid and liquid equity investments. Certain investment opportunities appropriate for the fund or strategy may also be appropriate for other Ares funds or strategies, including those funds or strategies not within the same investment team and can range across the Ares investment platform. It is generally intended that, subject to Ares' allocation policy, the fund or strategy and other Ares funds or strategies, as applicable, which share common investment opportunities as determined in the sole discretion of the manager, allocate over time in a fair and equitable manner, taking into account relevant facts and circumstances and to the extent practicable, including but not limited to, pro-rata based on available capital, subject to the investment objectives, investment restrictions, liquidity, available capital, remaining investment period, leverage, diversification and other limitations applicable to the fund or strategy and such other Ares funds or strategies and as may otherwise be agreed by the respective Investment Committee of such funds or strategies. There can be no assurance that proportional allocations between the fund or strategy and any such other Ares funds or strategies will be achieved.

Ares and its affiliates currently manage, and in the future expect to manage, various other Ares funds or strategies, including by other investment teams, some of which may invest in securities, instruments, assets or obligations eligible for purchase by the fund or strategy. Other Ares funds or strategies include, for the avoidance of doubt, funds and accounts managed or advised by investment advisors that may be acquired or controlled by (or that otherwise become part of) Ares in the future. Situations in which other Ares funds or strategies may invest in the same or securities, instruments, assets or obligations eligible for purchase by the respective fund or strategy, present potential for conflicts of interest. The investment policies, fee arrangements and other circumstances of the overlap may occur with those of other Ares funds or strategies. It is generally intended that, subject to Ares' allocation policy, the fund or strategy and the other Ares funds or strategies, as applicable, which share common investment opportunities as determined in the sole discretion of the manager, taking into account relevant facts and circumstances and to the extent practicable, shall be allocated amongst the funds and strategies over a period of time, that is fair and equitable to the respective funds and strategies. There can be no assurance that proportional allocations between the fund or strategy and any such other Ares funds or strategies will be achieved.

Ares and its affiliates may, from time to time, be presented with investment opportunities that fall within the fund or strategy's investment objectives and the investment objectives of one or more other Ares funds or strategies. While Ares will seek to manage such conflicts of interest in good faith, there may be situations in which the interests of a fund or strategy with respect to a particular investment or other matter conflict with the interests of one or more of the other Ares funds and strategies. Neither the manager or Ares Management has any affirmative obligation to offer any investments to a particular fund strategy, or to inform the respective fund or strategy before offering investments to any other Ares fund or strategy. A copy of Ares' Investment Allocation Policy is available upon request.

Risk Factors

Illiquidity of Investments. An investment in the Fund requires a long-term commitment with no certainty of return. The market value of the Fund's investments will fluctuate with, among other things, changes in market rates of interest, general economic conditions, economic conditions in particular industries, the condition of financial markets and the financial condition of the issuers of the Fund's investments. Partly as a result of the foregoing, as well as general market inefficiencies respecting companies in varying stages of reorganizations and/or recapitalizations, a portfolio valuation for the Fund may not necessarily be indicative of actual results or amounts to be realized by the Fund from its investments.

Nature of the Fund's Investments. The Fund's assets will generally have no, or only a limited, trading market. The Fund's investment in illiquid assets may restrict its ability to dispose of investments in a timely fashion or for a fair price. Illiquid assets may trade at a discount from comparable, more liquid assets. The secondary market for middle-market loans is generally smaller and less liquid than the market for broadly-syndicated loans made to larger obligors. In addition, the Fund may invest in assets that may not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions. The prices realized from the sale of any of the Fund's assets could be less than the cost of such assets to the Fund or less than what may be considered the fair value of such assets.

Non-Controlling Investments. The Fund generally will not be in a position to control any company in which it (directly or indirectly) invests and, therefore, may not have a right to appoint a director and may have a limited ability to protect its interests in such companies and to influence such companies' management. In such cases, the Fund will be significantly reliant on the existing management and board of directors of such companies, which may include representation of other financial investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund.

General Risks of Debt Securities. Debt securities in general are subject to various risks including: (i) limited liquidity and secondary market support, (ii) the possibility that earnings of the relevant obligor may be insufficient to meet its debt service, (iii) the declining creditworthiness and potential for (or actual) insolvency of the relevant obligor of such debt during periods of economic downturn, (iv) that the relevant obligor may be a company serving only local or regional interests, (v) spread compression over the reference interest rate available for reinvestment during any period in which prepayments are received and/or (vi) subordination to the prior claims of other debt or senior lenders. Debt instruments are generally subject to market value volatility that may not be apparent from historical volatility studies and that could be significant at times. An economic downturn could severely disrupt the market for debt instruments and adversely affect the value of outstanding debt and the ability of the borrowers thereof to repay principal and interest.

Risks of Senior Capital Debt Securities. The Fund's assets are intended to primarily include directly originated senior secured loans, including unitranche loans, of performing, high quality middle-market companies ("Senior Capital Debt Securities"), which are subject to liquidity, market value, credit, interest rate, reinvestment and other risks. Senior Capital Debt Securities involve a high degree of risk with no certainty of any return of capital. There can be no assurance that the Manager will correctly evaluate the nature and magnitude of the various factors that could negatively affect the value or performance of such assets. These risks could be exacerbated to the extent that the portfolio is concentrated in one or more particular types of assets.

The value of the Fund's assets is volatile and may fluctuate due to a variety of factors that are inherently difficult to predict and are outside the control of the Fund and the Manager, including changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic or international economic or political events, developments or trends in any particular industry, or the financial condition of the obligors of the Fund's assets. In addition, the market for Senior Capital Debt Securities has experienced periods of volatility in the supply and demand for such loans, resulting in volatility in, among other things, spreads, interest rate floors, purchase price discounts, leverage, covenants, structure, and other terms. Moreover, Senior Capital Debt Securities generally have significant liquidity and market value risks since they are not generally traded in organized markets, but are traded (if at all) by banks and other institutional investors in privately negotiated transactions. Because loans are privately syndicated and loan agreements are privately negotiated and customized, loans are not purchased or sold as easily as publicly traded securities. In addition, historically the trading volume in the loan market, especially in the middle-market, has been small relative to the high-yield debt securities market.

Senior Capital Debt Securities are generally considered speculative in nature and may end up in default for a variety of reasons. A defaulted asset may become subject to either substantial workout negotiations or a restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted asset. In addition, such negotiations or restructuring may be quite extensive, protracted and costly over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such defaulted asset. The liquidity of a defaulted asset will be limited, and to the extent that a defaulted asset is sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon.

Interest Rate Risks of Debt Securities.
"Interest rate risk" refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of the Fund. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. This risk will be greater for long-term securities than for short-term securities. While the Fund may from time to time seek to hedge such risks (including through investments in treasury securities or derivative instruments), it does not intend to do so actively. There is no assurance that such measures, if implemented, will be effective.

Risk Factors

Nature of Investment in Senior Debt. Certain of the Fund's investments may include first and second lien senior secured debt. Such debt may (i) include term loans and revolving loans, (ii) pay interest at a fixed or floating rate and (iii) be acquired by way of purchase or assignment in the primary and secondary markets. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the legal documentation with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution.

The factors affecting an issuer's first and second lien loans, and its overall capital structure, are complex. Some first lien loans may not necessarily have priority over all other unsecured debt of an issuer. For example, some first lien loans may permit other secured obligations (such as overdrafts, swaps or other derivatives made available by members of the syndicate to the company) or involve first liens only on specified assets of an issuer. Issuers of first lien loans may have two tranches of first lien debt outstanding, each with first liens on separate collateral. Second lien loans are subordinate in right of payment to one or more senior secured loans of the related borrower and therefore are subject to additional risk that the cash flow of the related borrower and the property securing the loan may be insufficient to repay the scheduled payments to the Fund after giving effect to any senior secured obligations of the related borrower. Second lien senior loans are also expected to be a more illiquid investment than first lien senior secured loans for such reason. There also is less likelihood that the Fund will be able to sell participations in second lien loans that it originates or acquires, which would expose the Fund to increased risk.

Senior secured credit facilities may be syndicated to a number of different financial market participants. The documentation governing such facilities typically requires either a majority consent or, in certain cases, unanimous approval for certain actions in respect of the loan, such as waivers, amendments, or the exercise of remedies. In addition, voting to accept or reject the terms of a restructuring of a credit facility pursuant to a Chapter 11 plan of reorganization is usually done on a class basis. As a result of these voting regimes, the Fund may not have the ability to control any decision in respect of any amendment, waiver, exercise of remedies, restructuring or reorganization of an investment. Senior secured loans are also subject to other risks and can cause unsecured creditors to seek remedies to limit the Fund's potential recovery of such investments, including (a) the possible invalidation of a debt or lien as a "fraudulent conveyance"; (b) the recovery as a "preference" of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing; (c) equitable subordination claims by other creditors; (d) lender liability claims by the issuer of the obligations; (e) environmental liabilities that may arise with respect to collateral securing the obligations; (f) recharacterization claims in which certain creditors may seek to have the Fund's debt positions recharacterized as equity and therefore subordinate the Fund's claims to such creditors' claims; and (g) designating the vote (i.e., ignoring the customary class vote system) under a Chapter 11 plan of reorganization in which lenders are entitled to vote as a class.

Leveraged Loans. The Fund's investment strategy will be available on a leveraged basis through investments in the Leveraged Fund (as defined in the PPM). The Leveraged Fund will make use of leverage, directly or indirectly through one or more special purpose or holding vehicles, by incurring debt to finance Fund expenses or all or a portion of its investments. Although leverage has the potential to enhance overall returns that exceed the Leveraged Fund's overall cost of funds, it will further diminish returns (or increase losses on capital) to the extent overall returns are less than the cost of such borrowings. Accordingly, any event that adversely affects the value of an investment by the Leveraged Fund would be magnified to the extent leverage is used. The cumulative effect of the use of leverage by the Leveraged Fund in a market that moves adversely to the Leveraged Fund's investment could result in a loss to the Leveraged Fund that would be greater than if leverage had not been used. The Leveraged Fund may incur indebtedness on a portfolio-wide basis or against specific investments. Use of leverage by a subsidiary of the Leveraged Fund on a non-recourse basis or at the asset-level, will not be considered borrowing by the Leveraged Fund for any purposes under the Partnership Agreements. The use of leverage at the Leveraged Fund level will result in interest expense and other costs to the Leveraged Fund that may not be covered by distributions made to the Leveraged Fund or appreciation of its investments. The extent to which the Leveraged Fund uses leverage will have important consequences to investors, including the following: (i) greater fluctuations in the net assets of the Leveraged Fund, (ii) use of cash flow for debt service, distributions, or other purposes, (iii) to the extent that Fund revenues are required to meet principal payments, investors may be allocated income (and therefore tax liability) in excess of cash available by distribution and (iv) in certain circumstances the Leveraged Fund may be required to prematurely harvest investments to service its debt obligations. There also can be no assurance that the Leveraged Fund will have sufficient cash flow to meet its debt service obligations. As a result, the Leveraged Fund's exposure to losses may be increased due to the illiquidity of its investments generally. Unfavorable performance of a small number of such investments may result in amplified losses for the Leveraged Fund and limit the Leveraged Fund's ability to invest in the future.

Economic and Market Conditions. The success of the Fund's investment activities will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and U.S. and global political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by the Manager. Conditions such as financial market volatility, illiquidity and/or decline, a generally unstable economic environment (including as a result of a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) and/or a deterioration in the capital markets may negatively impact the availability of attractive investment opportunities for the Fund, the Fund's ability to make investments, the availability of funding to support the Fund's investment objectives, the performance and/or valuation of the Fund's investments, and/or the Fund's ability to dispose of investments. Such conditions could result in substantial or total losses to the Fund in respect of certain investments, which losses will likely be exacerbated by the presence of leverage at the Fund level or in a portfolio company's capital structure.

Risk Factors

LIBOR Reform. On March 5, 2021, the ICE Benchmark Administration (the "IBA"), the administrator of the London interbank offered rate ("LIBOR"), stated that as a result of its not having access to input data necessary to calculate LIBOR settings on a representative basis beyond the intended LIBOR cessation dates, it would have to cease publication of all 35 LIBOR settings of certain USD (1-week and 2-month) and GBP, EUR, CHF and JPY LIBOR as of December 31, 2021, and USD Overnight, 1-month, 3-month, 6-month and 12-month as of June 30, 2023, immediately after such dates. The FCA also issued a separate announcement confirming that the IBA had notified the FCA of its intent to cease providing all LIBOR settings as of the dates provided above. As a result of recent developments, alternative reference rates have been recommended and developing to replace the various LIBOR currencies and settings. In addition, there have been statements by the Federal Reserve that LIBOR is no longer fit to serve as the market's main benchmark; toward that end, a committee comprised of large banks that were brought together by the Federal Reserve Bank of New York and the Federal Reserve Board of Governors have endorsed a U.S.-dollar LIBOR replacement benchmark based on short-term loans known as repurchase agreements or "repo" trades, backed by U.S. Treasury securities, the Secured Overnight Financing Rate ("SOFR"). Although it is widely expected the forward-looking "Term SOFR" will be the replacement for the U.S. Dollar LIBOR settings, there can be no assurance that any replacement to LIBOR will gain wide market acceptance, nor whether multiple substitute benchmarks will develop that (taken as a whole) have sufficiently robust trading volumes. There can also be no assurance that any such replacement(s) or substitute(s) will necessarily be an improvement over LIBOR in its current (or modified) form. Any reduction or elimination of LIBOR as a global benchmark going forward could adversely affect the value and liquidity of the Fund's investments, especially if the Fund's investments bear interest based on LIBOR, and/or could cause an absence of available investments until an alternative benchmark becomes generally accepted in the marketplace. In addition, an increase in alternative types of financing at the expense of LIBOR-based corporate loans may have a material adverse effect on the market value of the Fund's investments, which, in turn, could have a material adverse effect on the Fund's ability to achieve its investment objectives.

Middle-Market Companies. The obligors of the Fund's assets will primarily be privately owned middle-market businesses. Investment in middle-market companies involves a high degree of business and financial risk, which can result in substantial losses and, accordingly, should be considered speculative. There is generally no publicly available information about these businesses, and the Fund will rely on the Manager's and its affiliates' ability to obtain, through its own diligence and/or through third-party diligence, adequate information to evaluate the potential returns from investing in these companies. If the Manager is unable to uncover all material information about these companies, the Manager may not make a fully informed investment decision, and the Fund may lose money on its investments.

Some obligors may not meet net income, cash flow and other coverage tests typically imposed by lenders. Numerous factors may affect an obligor's ability to repay its related obligations, including the failure to meet its business plan, a downturn in its industry or continuing negative economic conditions. A deterioration in an obligor's financial condition and prospects may be accompanied by deterioration in the collateral securing the Fund's assets. Such deterioration might impair the ability of such obligor to obtain refinancing or force it to seek to have the Fund's asset restructured.

Loans to middle-market businesses generally carry more inherent risks than loans to larger, publicly traded businesses. These middle-market companies generally have more limited access to capital and higher financing costs, may be in a weaker financial position, may need more capital to expand or compete, and may be unable to obtain financing from public capital markets or from traditional sources, such as commercial banks. Middle-market businesses typically have narrower product lines and smaller market shares than larger businesses. Therefore, they tend to be more vulnerable to competitors' actions and market conditions, as well as general economic downturns. These businesses may also experience substantial variations in operating results. These companies also may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence. Typically, the success of a middle-market business also depends on the management talents and efforts of one or two persons or a small group of persons. Therefore, the death, disability or resignation of one or more of such persons could have a material adverse impact on the obligor and its ability to repay its obligations. In addition, middle-market businesses often need substantial additional capital to expand or compete and will often have borrowed money from other lenders and may need additional capital to survive any economic downturns. Accordingly, loans made to middle-market companies involve higher risks than loans made to companies that have larger businesses, greater financial resources or who are otherwise able to access traditional credit sources.

Conflicts of Interest. Ares manages various funds and strategies and the management of these funds and strategies can give rise to conflicts of interest between the investors of a single fund or strategy and differing fund or strategy. Because Ares provides concurrent advisory services to our investors for which the investment mandates, compensation and fee arrangements (including with respect to performance fees and fee offsets) and other circumstances differ from strategy to strategy, the potential for Ares to receive greater fees from certain funds or strategies creates a potential conflict of interest with respect to the allocation of investment opportunities, as funds or strategies that pay higher fees may create incentives to direct investment ideas to, and/or to allocate investments in favor of such a fund or strategy. In addition, Ares, from time to time, also enters into accounts directly or indirectly with single or multiple investors that commit significant capital into a particular fund or strategy and or across the broader Ares platform. Such arrangements often include Ares granting certain preferential terms to these specific investors, including co-investment rights, a waiver or reduction of management fees or performance fees or carried interest, a blended management fee, and/or performance fee or carried interest rates that are lower than those applicable to respective fund or strategy in which those investors are currently invested.

Ares Management

» With approximately $395 billion in assets under management, Ares Management Corporation is a global alternative investment manager operating an integrated platform across five business groups

Profile

Founded	1997
AUM	$395bn
Employees	~2,800
Investment Professionals	~975
Global Offices	35+
Direct Institutional Relationships	~2,090
Listing: NYSE – Market Capitalization	$31.0bn[1]

Global Footprint[2]

The Ares Differentiators

- **Power of a broad and scaled platform enhancing investment capabilities**
- **Deep management team with integrated and collaborative approach**
- **20+ year track record of compelling risk adjusted returns through market cycles**
- **A pioneer and leader in leveraged finance, private credit and secondaries**

	Credit	Private Equity	Real Assets	Secondaries	Other Businesses
AUM	$268.9bn	$34.3bn	$63.9bn	$23.3bn	$4.6bn
Strategies	Direct Lending	Corporate Private Equity	Real Estate Equity	Private Equity Secondaries	Ares Insurance Solutions[4]
	Liquid Credit	Special Opportunities	Real Estate Debt	Real Estate Secondaries	Ares Acquisition Corporation[5]
	Alternative Credit	APAC Private Equity[3]	Infrastructure Opportunities	Infrastructure Secondaries	
	APAC Special Situations		Infrastructure Debt	Credit Secondaries	

Note: As of September 30, 2023. AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and registered investment adviser.
Past performance is not indicative of future results.
1. As of October 26, 2023.
2. New Delhi office is operated by a third party with whom Ares Asia maintains an ongoing relationship relating to the sourcing, acquisition and/or management of investments.
3. APAC Private Equity not included in AUM amounts as of September 30, 2023 given the acquisition closed on October 2, 2023.
4. AUM managed by Ares Insurance Solutions excludes assets which are sub-advised by other Ares' investment groups or invested in Ares funds and investment vehicles.
5. AUM includes Ares Acquisition Corporation ("AAC") and Ares Acquisition Corporation II ("AACT").

Evolution of the U.S Banking System and Private Credit

- Historically, banks were meaningful underwriters and lenders to middle market companies; however, their presence in the market has significantly diminished over the years due to a variety of factors

Bank consolidation coupled with stringent banking regulations have significantly curtailed bank underwriting

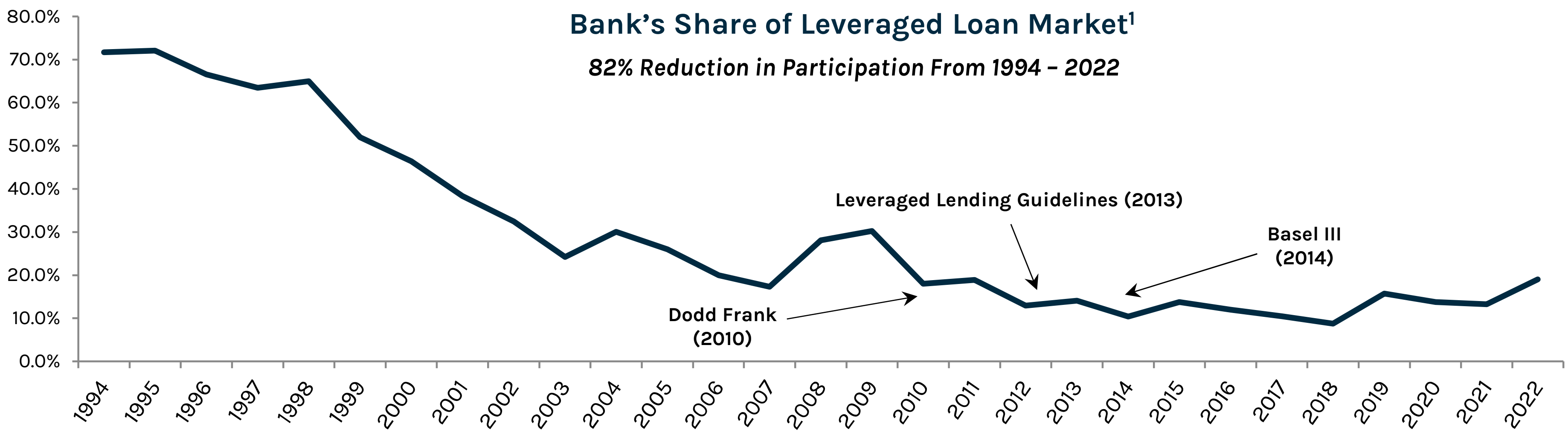
Pre-Crisis *1989-2007*	Credit Crisis and Fallout *2008-2012*	Bank Regulation and Private Credit Acceptance *2013+*	Increased Role of Private Credit *Present Day*
• **Consolidation wave** - large banks acquire smaller banks • **Diminishing lending capabilities** of mid-market banking platforms • **Rise of non-bank lenders** and institutional investors	• Regulators increase **capital and risk standards** • **Banks refocus** towards lower risk lending • Growing borrower **acceptance of non-bank lenders**	• **Growing demand from borrowers** underserved by current banking system • Global demand for private credit **from institutional investors** supported by low global interest rates	• Companies value **consistency and reliability of capital**, particularly during periods of volatility in traditional capital markets • Direct lending dry powder is **only 18%** of private equity buyout dry powder[1] • Private credit has become a **stable source of capital** for small, medium and large cap companies

1. Source: Preqin. As of September 30, 2023.

Banks Continue to Retrench from Middle Market Direct Lending

» Historical bank participation in middle market lending has been replaced by private lenders

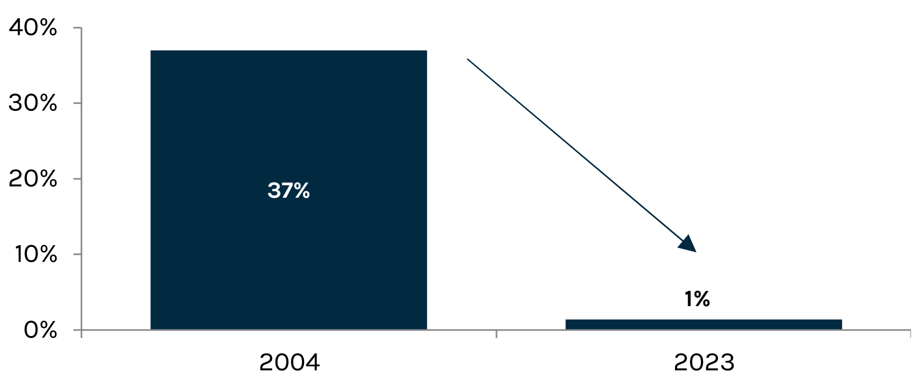
Banks Continue to Retrench from Middle Market Direct Lending



The Shift to Megadeals in the Liquid Markets has Created Opportunity

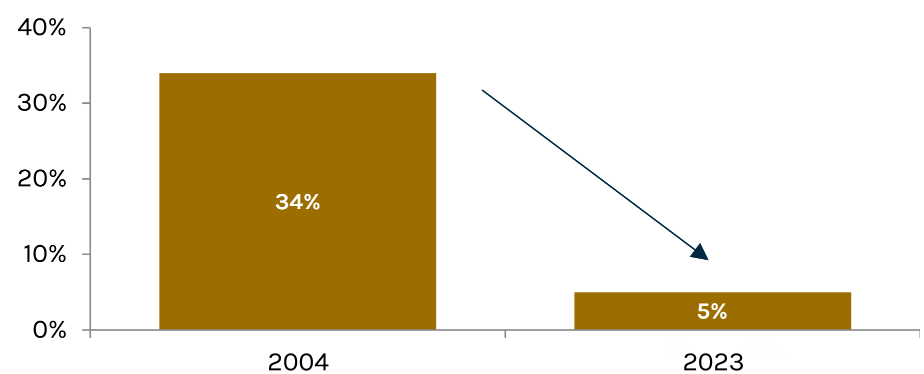
~$1.4 Trillion High Yield Market[2]

% of deals with less than $300 mm tranche size



~$1.5 Trillion Leveraged Loan Market[3]

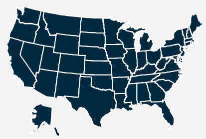
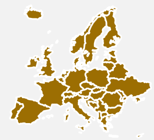
% of loans with less than $300 mm tranche size



For illustrative purposes only. **Please refer to endnotes for additional important information.**

Ares Direct Lending: An Established Global Platform

We believe we are the largest and best positioned direct lender globally

	The Development of Ares' Direct Lending Platform			Ares Global Direct Lending Today
Founded	2004	2007	2009	
Region	U.S. 	Europe 	Asia-Pacific 	
AUM[1]	$118 bn	€57 bn	$12 bn	$191 bn+
Investment Professionals / Offices[2]	190 / 6	85 / 6	71 / 10	345+ / 22
Net Invested Capital Since Inception[3]	$131 bn	€56 bn	$11 bn	$200 bn+
LTM Committed Capital[4]	$20 bn	€11 bn	$1 bn	$30 bn+
Investments Since Inception[5]	2,000+	335+	250+	2,585+

Note: As of September 30, 2023, unless otherwise stated. No representation is being made that any investor will or is likely to achieve profits or losses similar to those shown. Actual results may vary substantially.

Please refer to Endnotes for additional important information.

Large and Cycle-Tested Direct Lending Team

With 190 investment professionals, we believe we have one of the largest teams originating and managing companies

U. S. Direct Lending Investment Committee

Mark Affolter Partner 34 years	Michael Arougheti Partner 30 Years	Kipp deVeer Partner 28 Years	Michael Dieber Partner 37 Years	Mitch Goldstein Partner 29 Years	Jim Miller Partner 24 Years	Kort Schnabel Partner 25 Years	Michael Smith Partner 28 Years

New York

Ryan Brauns Partner	Damayra Cacho Partner	Brent Canada Partner	Karen De Castro Partner
Brian Goldman Partner	Spencer Ivey Partner	Mark Liggitt Partner	Jana Markowicz Partner
Peter Ogilvie Partner	Scott Rosen Partner	Craig Shirey Partner	Patrick Trears Partner
Chris York Partner	Aashish Dhakad Managing Director	Dan DiBona Managing Director	Dan Dirscherl Managing Director
Brooke Epstein Managing Director	Kara Herskowitz Managing Director	Bruce Hodges Managing Director	Arjun Misra Managing Director
Adam Schatzow Managing Director	Damian Sclafani Managing Director	Matthew Tworecke Managing Director	Joan Fang Principal
Ryan Helfrich Principal	Joseph Koerwer Principal	Margaret Osmulski Principal	James Redmond Principal
Zachary Schwartz Principal	James Vena Principal	Craig Barone Vice President	Brooke Benjamin Vice President
Emily Burke Vice President	David Engelbert Vice President	Eddy Frances Vice President	Nicholas Gratto Vice President
William Hendrickson Vice President	Miles Jackson Vice President	Jennifer Liu Vice President	Chrissy Padula Vice President
Gabriel Sturzoiu Vice President	Thomas Vosbeek Vice President	Julia Wein Vice President	Andrew Barth Senior Associate
Gus Kerin Senior Associate	Timothy Krumsiek Senior Associate	Christina Zajkowski Senior Associate	James Zhao Senior Associate

+28 Analysts and Associates

Los Angeles

Douglas Dieter Partner	Brian Kim Partner
Neil Laws Partner	Jason Park Partner
Mike Zugay Partner	Andrew Chen Managing Director
James Granello Managing Director	Matt Stoner Managing Director
Tara Arens Principal	John Clark Principal
Vishal Gandhi Principal	Kris Talgo Principal
Hiren Bahal Vice President	Brett Candland Vice President
Kalan Patel Vice President	Dom Smith Vice President
William Bendarghate Senior Associate	Julia Brady Senior Associate
Daniel Cohen Senior Associate	Jake Pompeo Senior Associate
Katherine Rendleman Senior Associate	Stephen Yu Senior Associate

+ 13 Analysts and Associates

Chicago

Rajiv Chudgar Partner	Andrew Kenzie Managing Director
Brian Moncrief Managing Director	Amy Klemme Principal
Robert Brown Vice President	Daniel Graber Vice President
Brendan Moran Vice President	Anna Van Kula Vice President
Will Code Senior Associate	Michael Murri Senior Associate

+ 5 Analysts and Associates

Atlanta / Dallas

Carl Drake Partner	Chris York Partner
Owen Hill Managing Director	JP Kril Senior Associate

+ 1 Associate

Ivy Hill Asset Management – New York

Shelly Cleary Partner	Steven Alexander Managing Director	Jon Blum Managing Director	Adam James Managing Director
Stephanie Setyadi Managing Director	Michael Bedore Principal	Joseph Ehardt Principal	Mary Jurgensen Principal
Avi Ahuja Vice President	Ryan Rattay Vice President		

+ 4 Associates

Ares Commercial Finance – Various Locations

Ryan Cascade Partner	Mitch Drucker Partner	John Nooney Partner	Sridharan Kannan Managing Director
Nicholas McDearis Managing Director	Bryan Rozum Managing Director		

Portfolio Management – Various Locations

Daniel Katz Partner & Co-Head	Adam Ferrarini Partner	Phil LeRoy Partner	Stephen Chehi Managing Director
Andrew Hua Managing Director	Joe Urciuoli Managing Director	Abner Kwon Principal	Zlatan Bojadzic Vice President
Anthony Galli Vice President	Daniel LaWare Vice President	Nate Simon Vice President	Chelsea Brophy Senior Associate
Varun Gupta Senior Associate	Maeve Manley Senior Associate	Arianna Shapiro Senior Associate	Andrew Wood Senior Associate

+ 28 Analysts and Associates

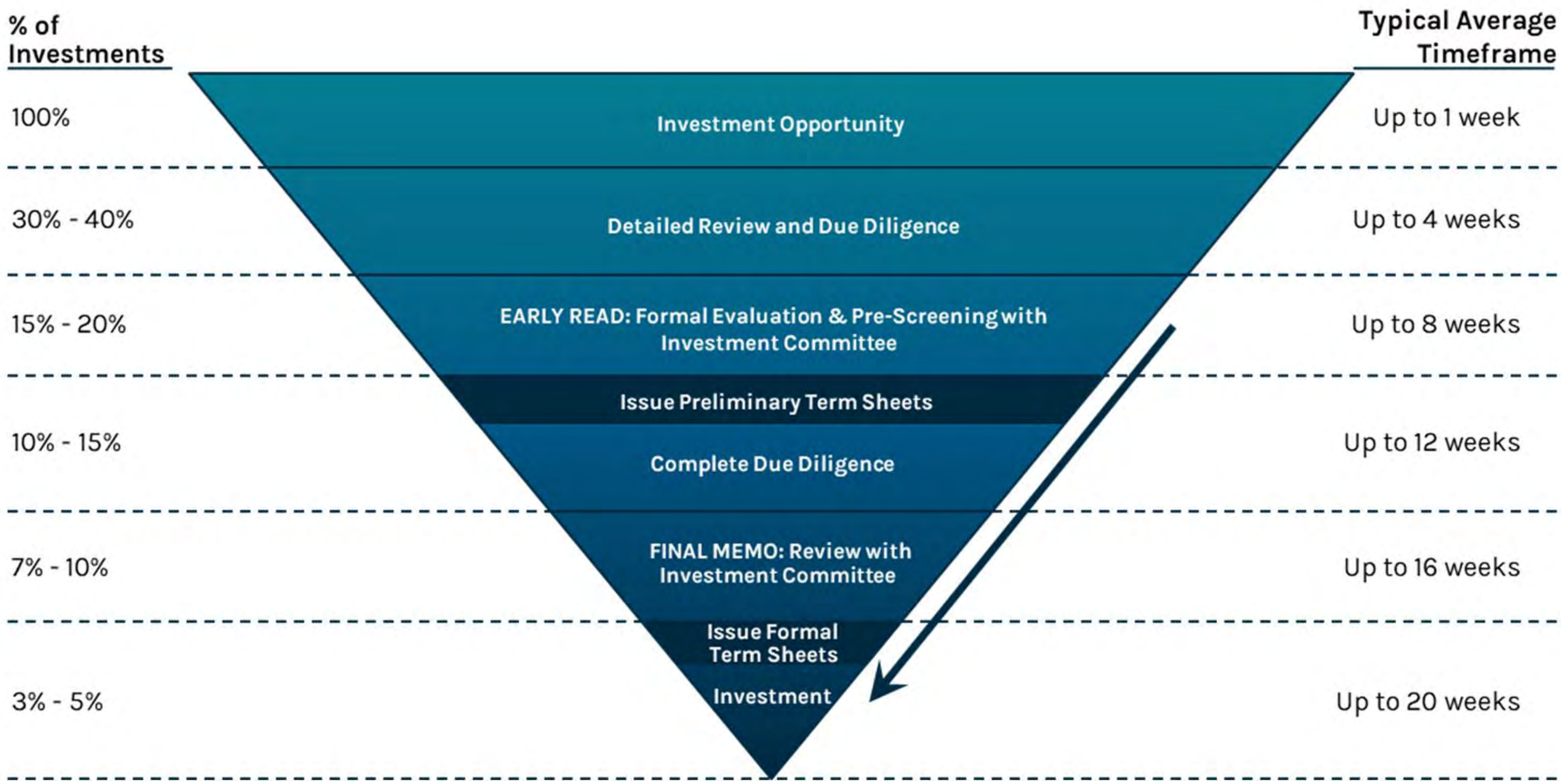
- 10+ years with the firm
- 5+ years with the firm
- Less than 5 years with the firm

Note: As of September 30, 2023

Ares U.S. Direct Lending Investment Process

» We focus on generating a wide universe of deal flow and applying a consistent and rigorous diligence approach

- Our flexible product suite seeks to generate a wide funnel of potential investment opportunities and can provide clients a one-stop financing solution for small, medium and large sized companies
- This allows us to be highly selective in constructing well-diversified portfolios by sponsor, industry, company size and vintage



Our investment approach focuses on capital preservation, low return volatility and minimization of downside risk

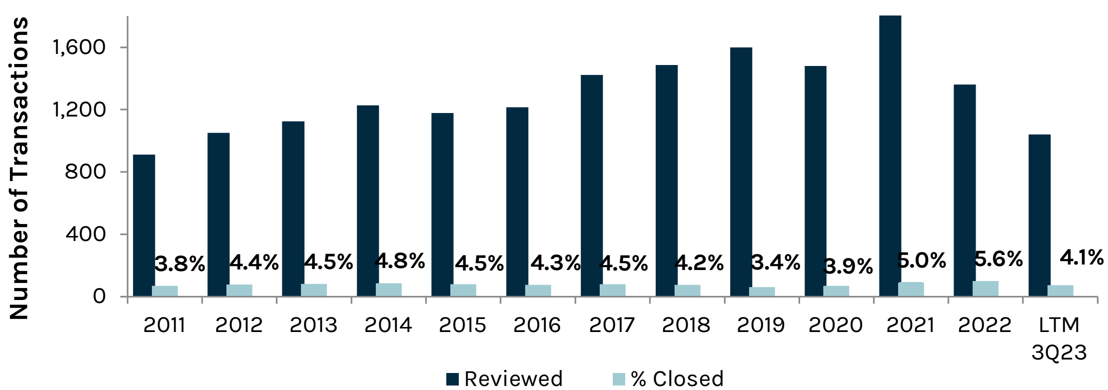
Note: For illustrative purposes only. Subject to change at any time. Diversification does not assure profit or protect against market loss. References to downside protection are not guarantees against loss of investment capital or value. There is no guarantee that the Fund will be able to implement its strategy or achieve its investment objectives.
All investments involve risk, including the loss of principal. Please refer to the beginning of the presentation for a list of risk factors.

Direct Origination Focus

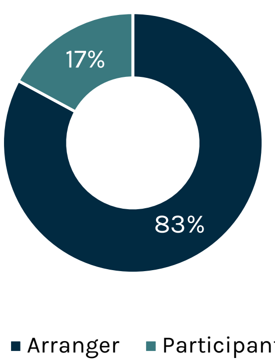
We believe that our direct origination capabilities allow for optimal asset selectivity

Ares U.S. Direct Lending - Closing Conversion Rates[1]

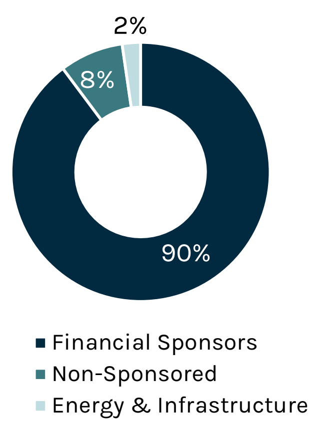
High degree of selectivity, with an average ~4.4% closing rate since 2011



Ares' Underwriting Role[2]

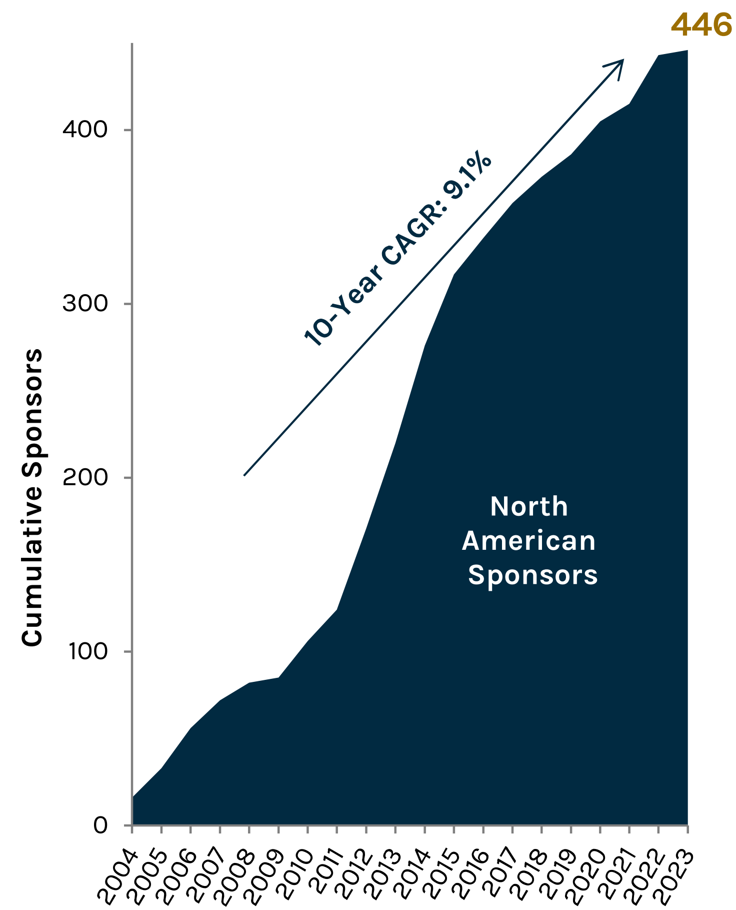


Sourcing: Portfolio Composition[2]



Relationships: We have closed at least 1 investment with 446 financial sponsors[3]*

Multiple investments with ~235 sponsors



During any period, Ares is typically processing 200 to 300 deals at various stages of due diligence and review

Note: All data is as of September 30, 2023 unless otherwise indicated. *As of June 30, 2023.
Please refer to Endnotes for additional important information.

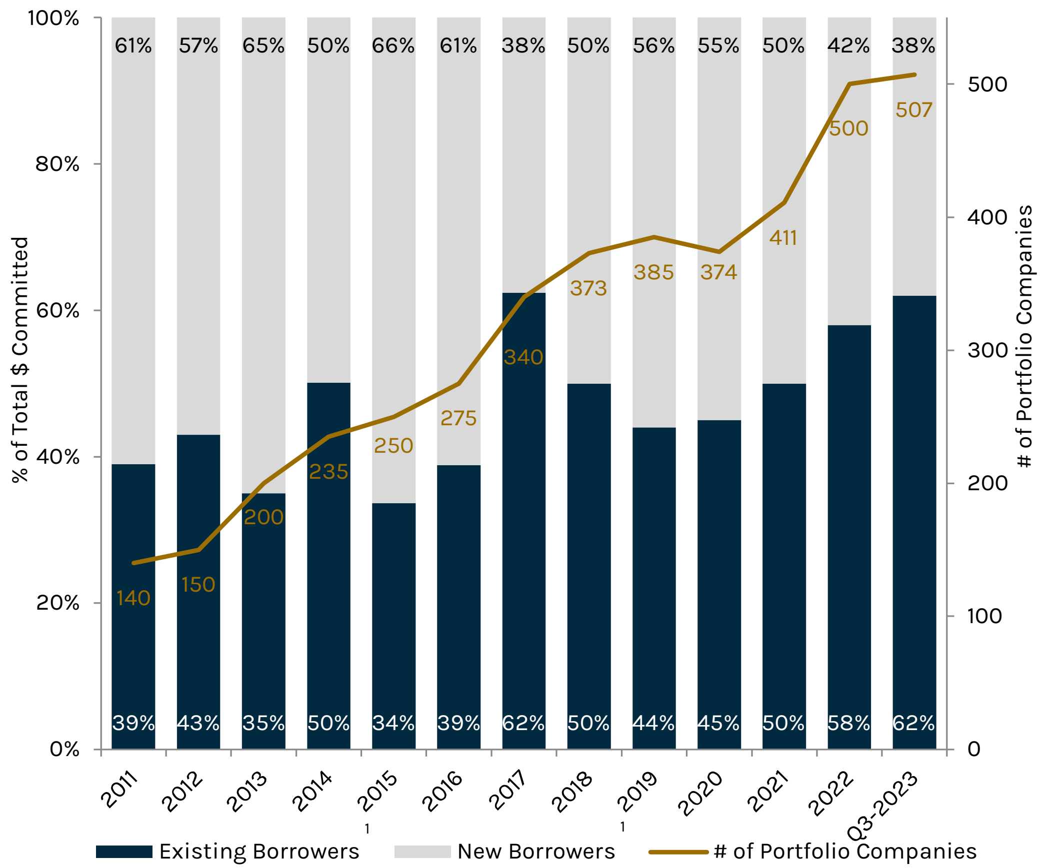
Incumbency Allows Us to Grow With Our Performing Companies

» Incumbency has provided a consistent and reliable stream of deployment opportunities through the years

Incumbency Differentiators

- Ease of use and incumbent knowledge provides Ares first look at follow-on financings
- Information edge given access to management teams and financial reporting
- Original terms are often maintained, allowing for stable pricing with strong governance controls
- Buy and build platforms alongside a sizable portfolio help to drive future deal flow
- Aids selectivity and helps sustain high quality deployment in challenging markets

Commitments to Existing vs. New Borrowers[1]



Over the last five years, approximately 50% of our yearly commitments have been to existing borrowers

1. As of September 30, 2023. Represents the entire Ares U.S. Direct Lending portfolio, including ARCC, ARCC's investments in the SSLP subordinated certificates, of which the SSLP then made an investment in a new or existing borrower of the SSLP, respectively, all SMAs, CADEX, and Commingled Funds (SDL I, SDL II, APCS I, APCS II, ACF, ASME). Excludes investments acquired in the Annaly acquisition. Excludes investments acquired in the Allied acquisition.
Excludes Ivy Hill Asset Management investments.

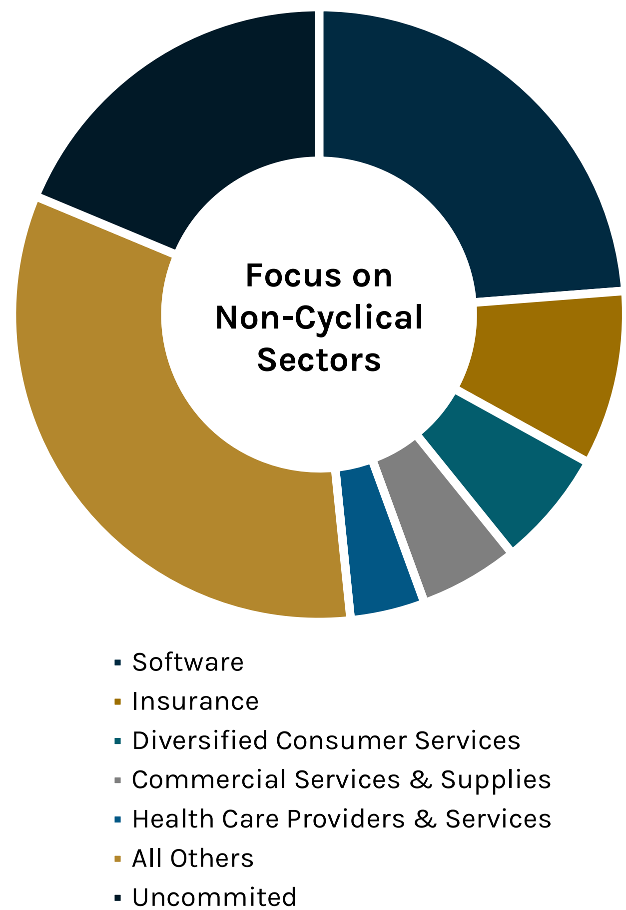
Sector Experience and Industry Diversification

- Sector specialization increases our deal flow and allows us to get invested in differentiated companies and industries

Ares U.S. Direct Lending Specialty Verticals

- Software
- Financial Services
- Specialty Healthcare
- Infrastructure Debt
- Non-Sponsored
- Consumer
- Sports, Media & Entertainment

SDL Funds Industry Stratification[1]



We will seek to deploy SDL III in a diversified manner, similar to SDL I and SDL II

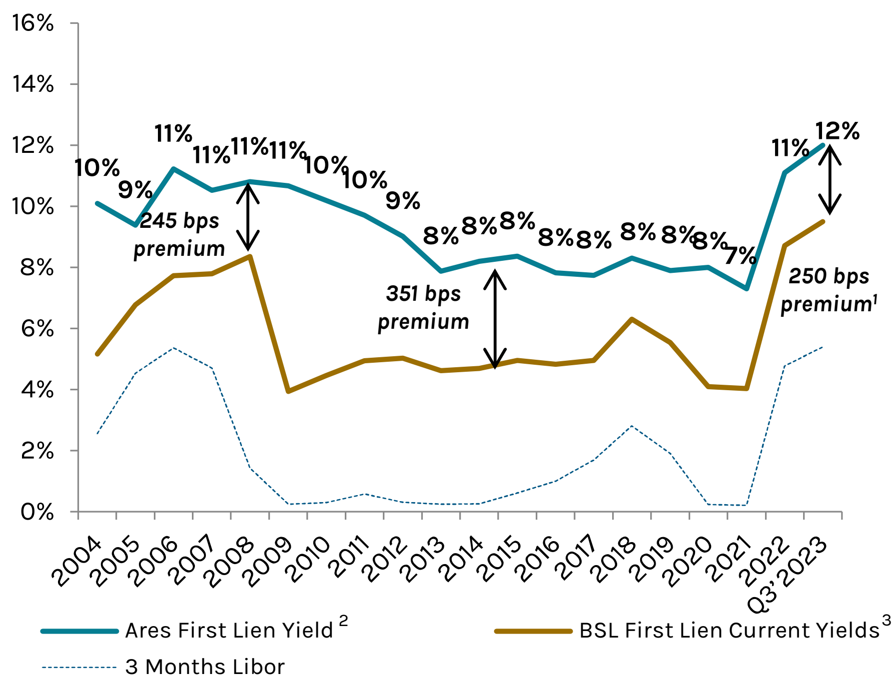
Note: All data is as of September 30, 2023 unless otherwise indicated. Diversification does not assure profit or protect against market loss. There is no guarantee that the Fund will be able to implement its strategy or achieve its investment objectives. **All investments involve risk, including the loss of principal. Please refer to the beginning of the presentation for a list of risk factors.**

1. Based on current commitments for the combined SDL I and SDL II fund portfolios.

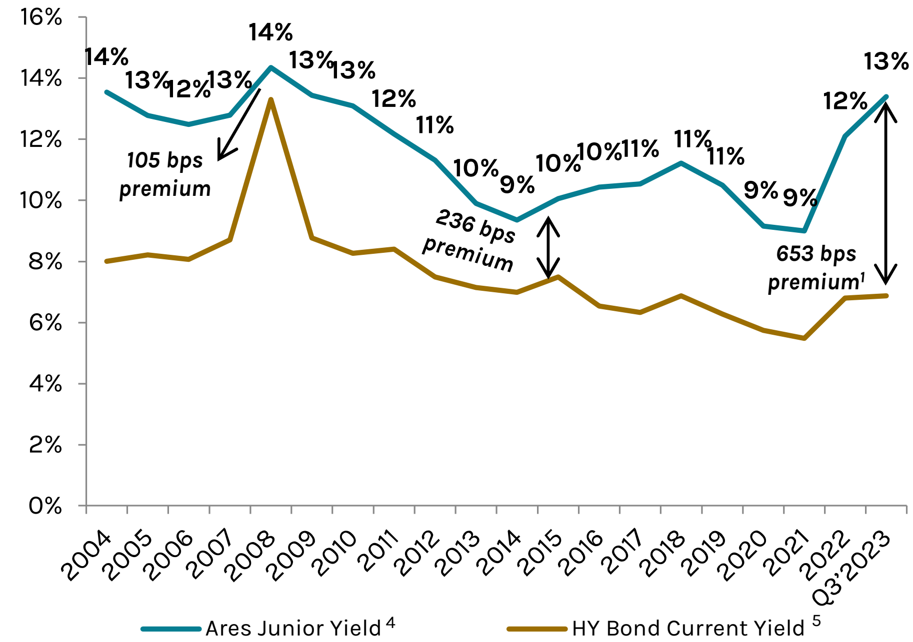
Yield Premium Sustained Over Time

- We believe our assets represent attractive relative value in this interest rate environment and have historically provided a yield premium to the broadly syndicated and high yield markets

First Lien*



Junior Debt*



Non-Accrual / Defaults (as of Q2 2023)	
Ares U.S. Direct Lending First Lien Average Annual Defaults[6]	0.10%
Ares U.S. Direct Lending Junior Debt Average Annual Defaults[6]	0.31%
Leveraged Loans[7]	2.06%
High Yield Bonds[7]	3.62%

Average Annual (Losses) / Gains (as of Q2 2023)	
Ares U.S. DL First Lien Average Annual (Losses) / Gains – Realized[8]	(0.01%)
Ares U.S. DL Junior Debt Average Annual (Losses) / Gains – Realized[8]	(0.02%)
Leveraged Loans[7]	(0.97%)
High Yield Bonds[7]	(2.21%)

Floating Rate Structures | Low Volatility of Returns | Lower Loss Rates | Strong Terms and Documentation

Note: As of September 30, 2023, unless otherwise noted. For illustrative purposes only. *Portfolio yields are representative of a gross portfolio at each data point in time and do not represent a return to investors. Results are hypothetical and have inherent limitations, and no representation is being made that any account will or is likely to achieve results like those shown. BSL First Lien Current Yields represented by the Credit Suisse Leveraged Loan Index ("CSLLI") and HY Bond Current Yield represented by the ICE BofA US High Yield Constrained Index ("HUC0"). **Please refer to Endnotes for additional information and an important index disclosure.**

Ares Senior Direct Lending Funds Summary

» While SDL I is fully invested, we are currently deploying the remaining capital for SDL II

SDL I	SDL II
Harvesting	**Investing**
2018 *Vintage*	**2021** *Vintage*
$5.4 billion *Fund Size (including leverage)*	**$14.9 billion** *Fund Size (including leverage)*
11.2% / 6.7% *Net IRR – Levered / Unlevered*[1]	**14.9% / 9.0%** *Net IRR – Levered / Unlevered*[3]
13.5% / 9.5% *LTM Net Distribution Yield– Levered / Unlevered*[2]	**16.0% / 12.4%** *LTM Net Distribution Yield – Levered / Unlevered*[4]
0.5% *Average Position Size*	**0.4%** *Average Position Size*

Note: As of September 30, 2023, unless otherwise stated. Past performance is not indicative of future results and reflects realized and unrealized investments. No assurance can be made that unrealized values will be realized as indicated. The use of leverage magnified the potential for gain or loss on the amount invested and may increase the risk of investment. **Please refer to Endnotes for additional important information.**

ARES

Endnotes

Index Definitions and Disclosure

- **The Credit Suisse Institutional Leveraged Loan Index ("CSLLI")** is designed to mirror the investable universe of the $US-denominated leveraged loan market. The index inception is January 1992. The index is priced daily and rebalanced 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+. If unrated, the initial spread level must be Libor plus 125 basis points or higher. 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 Master II Constrained Index ("HUC0")** tracks the performance of US Dollar denominated below investment grade corporate debt publicly issued in the US domestic market with a maximum issuer exposure of 2%. The index is priced daily and rebalanced monthly. The returns of the benchmark are provided to represent the investment environment existing during the time period shown. For comparison purposes the index includes the reinvestment of income and other earnings but does not include any transaction costs, management fees or other costs. ICE BANK OF AMERICA IS LICENSING THE ICE BofA INDICES AND RELATED DATA "AS IS," MAKES NO WARRANTIES REGARDING SAME, DOES NOT GUARANTEE THE SUITABILITY, QUALITY, ACCURACY, TIMELINESS, AND/OR COMPLETENESS OF THE ICE BofA INDICES OR ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM, ASSUMES NO LIABILITY IN CONNECTION WITH THEIR USE, AND DOES NOT SPONSOR, ENDORSE, OR RECOMMEND ARES MANAGEMENT, OR ANY OF ITS PRODUCTS OR SERVICES.
- **The S&P 500 Index** is a stock market index tracking the stock performance of 500 large companies listed on stock exchanges in the United States.
- **The VIX Index** is the Chicago Board Options Exchange's CBOE Volatility Index, a measure of the stock market's expectation of volatility based on S&P 500 index options.
- **The Morningstar LSTA US Leveraged Loan Index** is a market-value weighted index designed to measure the performance of the US leveraged loan market. The index inception is December 1996. The index was calculated on a monthly basis from December 31, 1996 to December 31, 1998. From January 1, 1999 until March 30, 2007 it was calculated on a weekly basis. From April 1, 2007 onwards it has been calculated daily. New loans are added to the index on their effective date if they qualify according to the following criteria: 1) Loan facilities must senior secured. 2) Have a minimum initial spread of Base Rate + 125 bps. 3) The tenure must be at least one year. 4) Minimum initial issue size must be $50.0 million.

Indices are provided for illustrative purposes only and not indicative of any investment. They have not been selected to represent appropriate benchmarks or targets for the strategy. Rather, the indices shown are provided solely to illustrate the performance of well-known and widely recognized indices. Any comparisons herein of the investment performance of a strategy to an index are qualified as follows: (i) the volatility of such index will likely be materially different from that of the strategy; (ii) such index will, in many cases, employ different investment guidelines and criteria than the strategy and, therefore, holdings in such strategy will differ significantly from holdings of the securities that comprise such index and such strategy may invest in different asset classes altogether from the illustrative index, which may materially impact the performance of the strategy relative to the index; and (iii) the performance of such index is disclosed solely to allow for comparison on the referenced strategy's performance to that of a well-known index. Comparisons to indices have limitations because indices have risk profiles, volatility, asset composition and other material characteristics that will differ from the strategy. The indices do not reflect the deduction of fees or expenses. You cannot invest directly in an index. No representation is being made as to the risk profile of any benchmark or index relative to the risk profile of the strategy presented herein. There can be no assurance that the future performance of any specific investment, investment strategy, or product will be profitable, equal any corresponding indicated historical performance, or be suitable for a portfolio.

Note: Please refer to the following legend for full names of vehicles displayed in this presentation

- ARCC = Ares Capital Corporation
- SSLP = Senior Secured Lending Program
- SDL I = Ares Senior Direct Lending Fund I
- SDL II = Ares Senior Direct Lending Fund II
- APCS I = Ares Private Credit Solutions I
- APCS II = Ares Private Credit Solutions II
- ACF = Ares Commercial Finance
- ASME = Ares Sports Media Entertainment Fund

Endnotes

<u>"Banks Continue to Retrench from Middle Market Direct Lending"</u>

1. Source: S&P's LCD Q4'2022 Leveraged Lending Review.
2. Source for market size and tranche sizes: ICE BofA Global High Yield Index as of September 30, 2023. The High Yield Index represents the ICE BofA Developed Markets High Yield Constrained Index ("HYDC"). ICE BofA Developed Markets High Yield Constrained Index (HYDC) contains all securities in The ICE BofA Global High Yield Index from developed markets countries, but caps issuer exposure at 2%. Developed markets is defined as an FX-G10 member, a Western European nation, or a territory of the US or a Western European nation. The FX-G10 includes all Euro members, the US, Japan, the UK, Canada, Australia, New Zealand, Switzerland, Norway and Sweden. Index constituents are capitalization-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. Issuers that exceed the limit are reduced to 2% and the face value of each of their bonds is adjusted on a pro-rata basis. Similarly, the face values of bonds of all other issuers that fall below the 2% cap are increased on a pro-rata basis. In the event there are fewer than 50 issuers in the Index, each is equally weighted and the face values of their respective bonds are increased or decreased on a pro-rata basis. Accrued interest is calculated assuming next-day settlement. Cash flows from bond payments that are received during the month are retained in the index until the end of the month and then are removed as part of the rebalancing. Cash does not earn any reinvestment income while it is held in the index. The index is rebalanced on the last calendar day of the month, based on information available up to and including the third business day before the last business day of the month. No changes are made to constituent holdings other than on month end rebalancing dates. Inception date: December 31, 1997.
3. Source for market size and tranche sizes: Credit Suisse Leveraged Loan Index and Credit Suisse Western European Leveraged Loan Index as of September 30, 2023.
    - The Credit Suisse Leveraged Loan Index ("CSLLI") is designed to mirror the investable universe of the $US-denominated leveraged loan market. The index inception is January 1992. The index frequency is daily, weekly and monthly. New loans are added to the index on their effective date if they qualify according to the following criteria: 1) Loan facilities must be rated "5B" or lower. That is, the highest Moody's/S&P ratings are Baa1/BB+ or Ba1/BBB+. If unrated, the initial spread level must be Libor plus 125 basis points or higher. 2) Only fully-funded term loan facilities are included. 3) The tenor must be at least one year. 4) Issuers must be domiciled in developed countries; issuers from developing countries are excluded.
    - The Credit Suisse Western European Leveraged Loan Index ("CSWELLI") is designed to mirror the investable universe of the leveraged loan market of issues which are denominated in US$ or Western European currencies. The issuer has assets located in or revenues derived from Western Europe, or the loan represents assets in Western Europe, such as a loan denominated in a Western European currency. Loan facilities must be rated "5B" or lower. That is, the highest Moody's/S&P ratings are Baa1/BB+ or Ba1/BBB+. Only fully funded term loan facilities are included and the tenor must be at least one year. Minimum outstanding balance is $100 million and new loans must be priced by a third-party vendor at month-end. The index inception is January 1998.

Endnotes

"Ares Direct Lending: An Established Global Platform"

1. As of September 30, 2023. U.S. Direct Lending AUM amounts include ARCC, the Senior Secured Loan Program ("SSLP"), Senior Direct Lending Program ("SDLP"), private commingled funds, separately managed accounts, and funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and a registered investment adviser. E.U. Direct Lending AUM includes the Ares portion of the ESSLP; excludes the GECFB portion of ESSLP. Reflects funded capital from inception.
2. Offices as of September 30, 2023. Luxembourg is not an originating office and excluded from the Europe total. Ares has a presence in Sydney, Australia through its joint venture, Ares Australia Management Pty Ltd (AAM), with Fidante Partners Limited, a wholly owned subsidiary of Challenger Limited. Jakarta and New Delhi offices are operated by a third party with whom Ares SSG maintains an ongoing relationship relating to the sourcing, acquisition and/or management of investments; 1 employee onboarding on February 1, 2023 will be based in Jakarta office, which is operated by a wholly owned subsidiary of Ares Asia Credit as of September 30, 2023.
3. As of September 30, 2023 for Ares U.S. Direct Lending and as of June 30 2023 for European Direct Lending and Ares SSG. Includes Ares SSG Special Situations funds, Secured Lending funds and Australia/NZ Unitranche fund. U.S. invested capital includes capital deployed by ARCC, the Senior Secured Loan Program ("SSLP"), the Senior Direct Lending Program ("SLDP"), funds and SMAs. For investments made through the SSLP and the SDLP, invested capital represents the total facility amount funded by the SSLP and the SDLP. Excludes capital deployed by Ares Commercial Finance and Ivy Hill Asset Management. Excludes $1.8 billion of assets acquired as part of ARCC's acquisition of Allied Capital Corporation on April 1, 2010. Excludes $2.5 billion of assets acquired as part of ARCC's acquisition of American Capital on January 3, 2017. Invested capital represents the book value of investments net of OID and syndications within one year of investment closing and excludes warrants, CLO investments, LP/vehicles and investments inherited from portfolio acquisitions. For investments made through the SSLP, invested capital represents the total facility amount funded by the SSLP.
4. As of September 30, 2023 for U.S. Direct Lending and as of June 30, 2023 for European Direct Lending and Ares Asia Credit. Gross committed investments.
5. U.S. Direct Lending data is as of September 30, 2023 and includes First Lien investments (excluding syndication and other fees or income and includes all realized First Lien investments of the Credit Group's U.S. direct lending team (excluding venture investments, oil & gas investments, private asset backed securities, investments warehoused or held for seasoning and syndication purposes (including investments held for less than 30 days and other investments determined to be temporarily held by Ares in conjunction with syndication processes), and investments inherited from portfolio acquisitions), including investments made through Ares Capital Corporation and from separately managed accounts and other funds)) and U.S. Direct Lending Junior Debt investments (includes all second lien, mezzanine, and other private high yield debt investments of the Credit Group's U.S. direct lending team (excluding warrants and investments held for less than 30 days and investments inherited from portfolio acquisitions)), including more than 90% from Ares Capital Corporation and the remaining from separately managed accounts and other funds. EDL transactions as of June 30, 2023 and exclude the Barclays portfolio purchase. Ares Asia Credit transactions is as of June 30, 2023 and includes Ares Asia Special Situations funds and Secured Lending funds. U.S. invested capital includes capital deployed by ARCC, the Senior Secured Loan Program ("SSLP"), the Senior Direct Lending Program.

Endnotes

<u>"Direct Origination Focus"</u>

1. Calculation based on Ares U.S. Direct Lending's reviewed and closed transactions with new portfolio companies (excludes any additional investments in existing portfolio companies) in each calendar year excluding equity-only investments and legacy investments from portfolio acquisitions. As of September 30, 2023.
2. Calculated based on the cost basis of Ares U.S. Direct Lending's portfolio as of September 30, 2023, excluding equity-only investments and legacy investments from portfolio acquisitions.
3. Ares U.S. Direct Lending data as of June 30, 2023.

<u>"Yield Premium Sustained Over Time"</u>

1. Premium shown as of September 30, 2023.
2. Includes all unrealized first lien investments at each data point in time of the Credit Group's U.S. direct lending team (excluding venture investments, oil & gas investments, private asset backed securities, investments warehoused or held for seasoning or syndication purposes (including investments held for less than 30 days and other investments determined to be temporarily held by Ares in conjunction with syndication processes), and investments inherited from portfolio acquisitions), including investments made through Ares Capital Corporation (NASDAQ: ARCC) and from separately managed accounts and other funds. Yield reflects the weighted average yield on debt and other income producing securities and is computed as (a) annual stated interest rate of yield earned plus the net annual amortization of original issue discount and market discount of premium earned on accruing debt and other income producing securities, divided by (b) total accruing debt and other income producing securities at fair value.
3. Reflects annual current yield of first lien assets in the Credit Suisse Leveraged Loan Index (CSLLI). The CSLLI index may differ from the Ares first lien strategy by having a higher proportion of CCC or lower rated loans, larger loan facilities, cyclical sectors, USD-only global denominated leveraged loans, and publicly traded loans. The Ares strategy primarily holds private assets with no immediate market, and may benefit from an illiquidity premium and higher upfront fees compared to the index.
4. Includes all unrealized second lien, mezzanine, and other private high yield debt investments at each data point in time of the Credit Group's U.S. direct lending team (excluding warrants and investments held for less than 30 days and investments inherited from portfolio acquisitions), including more than 90% from Ares Capital Corporation (NASDAQ: ARCC) and the remaining from separately managed accounts and other funds. Yield reflects the weighted average yield on debt and other income producing securities and is computed as (a) annual stated interest rate of yield earned plus the net annual amortization of original issue discount and market discount of premium earned on accruing debt and other income producing securities, divided by (b) total accruing debt and other income producing securities at fair value. Asset yields do not represent returns to investors.
5. Reflects annual current yield of the ICE BofA US High Yield Constrained (HUC0) index. The HUC0 index may differ from the Ares junior strategy by having larger loan facilities, cyclical sectors, USD-only global denominated leveraged loans, and loans in the liquid broadly syndicated market. The Ares strategy primarily holds private assets with no immediate market, and may benefit from an illiquidity premium and higher upfront fees compared to the index.
6. Represents Ares U.S. Direct Lending Senior and Junior Debt average annual defaults rates from inception in October 8, 2004 through to June 30, 2023. The default rate shown has been compiled by Ares. Represents the annualized defaulted invested capital as a percentage of total invested capital since inception.
7. Represents the average default rate from October 8, 2004 through June 30, 2023. Source for First Lien is Credit Suisse Institutional Leveraged Loan Index ("CSLLI") as of June 30, 2023. Source for High Yield Bond Data is the ICE BofA US High Yield Master II Constrained Index ("HUC0") as of June 30, 2023.
8. Represents Ares U.S. Direct Lending Senior and Junior Debt average loss rate from inception in October 8, 2004 through to June 30, 2023. The loss rate shown and has been compiled by Ares. Defined as total gains/(losses) on assets with a payment default as a % of total invested capital since inception, divided by number of years since inception. For realized investments, includes interest, fees, principal proceeds, and related expenses. An investment that has experienced a payment default is placed on Non-Accrual status by Accounting; however, prior to placing a loan on Non-Accrual status, Ares U.S. Direct Lending may elect to grant a waiver or amendment related to such default and, in such case, the investment would not be placed on Non-Accrual.

Endnotes

"Ares Senior Direct Lending Funds Summary"

1. As of September 30, 2023. The inception date for the since inception internal rate of return is January 31, 2019, which is the date of SDL I's first capital draw. The IRR is the discount rate that makes the net present value of all cash flows equal to zero and includes the impact of realized and unrealized investments. The IRR is a fund level calculation and is based on capital contributed to SDL I, distributions from SDL I, and the net asset value of SDL I, which includes the unrealized fair value of investments. Since IRRs are fund-level, they take into consideration the timing of contributions and distributions to and from SDL I. Valuations, and particularly valuations of private investments and private companies, are inherently uncertain, they may fluctuate over short periods of time and may be based on estimates. Ares' determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed and may differ materially from the values that may ultimately be realized. Returns include the reinvestment of income and other earnings and reflect the deduction of all trading expenses. Gross IRRs do not reflect the deduction of management fees, performance fees, as applicable, and operating and administrative expenses. Net IRRs are calculated after giving effect to management fees, performance fees, fund-level taxes and other expenses. The net IRR includes limited partners that pay reduced management fees and, therefore, the management fee rate used in calculating net IRR is a blended rate of full fee and reduced fee limited partners; the net IRR of a limited partner that does not benefit from a fee discount would be lower. The since inception net IRR for the underlying funds in the Ares Senior Direct Lending Fund are as follows: Ares Senior Direct Lending Fund (Delaware), L.P.: 10.8%, Ares Senior Direct Lending Fund (Cayman), L.P.: 10.9%, Ares Senior Direct Lending Fund (Cayman) B, L.P.: 10.6%, Ares Senior Direct Lending Parallel Fund (L), L.P.: 11.0%, Ares Senior Direct Lending Parallel Fund (L) Feeder, L.P.: 10.7%, Ares Senior Direct Lending Parallel Fund (U), L.P.: 6.4%, and Ares Senior Direct Lending Parallel Fund (U) B, L.P.: 6.4%. SDL I utilizes a subscription line during the investment period and for general cash management purposes. The net IRRs would generally be lower had the applicable SDL I Fund called capital from limited partners instead of utilizing the subscription line (the SDL I subscription line had $170.0 million outstanding as of September 30, 2023).
2. There can be no assurance that distributions will continue to be made at this level or at all. The quarterly distribution yield as of September 30, 2023 – 3.3% for the levered sleeve and 2.4% for the unlevered sleeve – represents the distribution yield based on the distribution earned during the quarter as of September 30, 2023 divided by the weighted average of total outstanding drawn capital for SDL I during the quarter as of September 30, 2023. The quarterly distribution yield for the underlying funds in the Ares Senior Direct Lending Fund are as follows: Ares Senior Direct Lending Fund (Delaware), L.P. yielded 3.4%, Ares Senior Direct Lending Fund (Cayman), L.P. yielded 3.3%, Ares Senior Direct Lending Fund (Cayman) B, L.P. yielded 3.3%, Ares Senior Direct Lending Parallel Fund (L) Feeder, L.P. yielded 3.2%, Ares Senior Direct Lending Parallel Fund (L), L.P. yielded 3.1%, Ares Senior Direct Lending Parallel Fund (U), L.P. yielded 2.4%, and Ares Senior Direct Lending Parallel Fund (U) B, L.P. yielded 2.5%. All metrics are LP-level and exclude Ares' capital and rebates. As of September 30, 2023, the LTM distribution yield of 12.8% for the levered fund and 8.6% for the unlevered fund. The 12-month distribution yield is based on the distributions earned during the quarters ending June 30, 2022 and September 30, 2023 divided by the weighted average of total outstanding drawn capital for the SDL I Funds during the quarters ending June 30, 2022 and September 30, 2023. The 12-month distribution yield for the underlying funds in SDL I are as follows: Ares Senior Direct Lending Fund (Delaware), L.P. yielded 13.5%, Ares Senior Direct Lending Fund (Cayman), L.P. yielded 13.0%, Ares Senior Direct Lending Fund (Cayman) B, L.P. yielded 13.0%, Ares Senior Direct Lending Parallel Fund (L), L.P. yielded 13.0%, Ares Senior Direct Lending Parallel Fund (L) Feeder, L.P. yielded 12.6%, Ares Senior Direct Lending Parallel Fund (U), L.P. yielded 8.7% and Ares Senior Direct Lending Parallel Fund (U) B, L.P. yielded 8.8%. All metrics are LP-level and exclude Ares' capital.
3. As of September 30, 2023. The inception date for the since inception internal rate of return is January 11, 2022, which is the date of SDL II's first capital draw. The IRR is the discount rate that makes the net present value of all cash flows equal to zero and includes the impact of realized and unrealized investments. The IRR is a fund level calculation and is based on capital contributed to SDL II, distributions from SDL II, and the net asset value of SDL II, which includes the unrealized fair value of investments. Since IRRs are fund-level, they take into consideration the timing of contributions and distributions to and from SDL II. Valuations, and particularly valuations of private investments and private companies, are inherently uncertain, they may fluctuate over short periods of time and may be based on estimates. Ares' determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed and may differ materially from the values that may ultimately be realized. Returns include the reinvestment of income and other earnings and reflect the deduction of all trading expenses. Gross IRRs do not reflect the deduction of management fees, performance fees, as applicable, and operating and administrative expenses. Net IRRs are calculated after giving effect to management fees, performance fees, fund-level taxes and other expenses. The net IRR includes limited partners that pay reduced management fees and, therefore, the management fee rate used in calculating net IRR is a blended rate of full fee and reduced fee limited partners; the net IRR of a limited partner that does not benefit from a fee discount would be lower. The since inception net IRR for the underlying funds in the Ares Senior Direct Lending Fund II are as follows: Ares Senior Direct Lending Fund II (Delaware), L.P.: 14.9%, Ares Senior Direct Lending Fund II (Cayman), L.P.: 14.0%, Ares Senior Direct Lending Fund II (Cayman) B, L.P.: 14.0%, Ares Senior Direct Lending Parallel Fund II (L), L.P.: 13.6%, Ares Senior Direct Lending Parallel Fund II (L) Feeder, L.P.: 13.5%, Ares Senior Direct Lending Parallel Fund II (U), L.P.: 8.7%, and Ares Senior Direct Lending Parallel Fund II (U) Feeder, L.P.: 8.4%. SDL II utilizes a subscription line during the investment period and for general cash management purposes. The net IRRs would generally be lower had the applicable SDL II Fund called capital from limited partners instead of utilizing the subscription line. The SDL II subscription line had $879.6 million outstanding as of September 30, 2023.

Endnotes

"Ares Senior Direct Lending Funds Summary" (cont'd)

4. There can be no assurance that distributions will continue to be made at this level or at all. The quarterly distribution yield as of September 30, 2023 – 3.7% for the levered sleeve and 3.0% for the unlevered sleeve – represents the distribution yield based on the distribution earned during the quarter as of September 30, 2023 divided by the weighted average of total outstanding drawn capital for SDL II during the quarter as of September 30, 2023. The quarterly distribution yield for the underlying funds in the Ares Senior Direct Lending Fund II are as follows: Ares Senior Direct Lending Fund II (Delaware), L.P. yielded 4.1%, Ares Senior Direct Lending Fund II (Cayman), L.P. yielded 3.7%, Ares Senior Direct Lending Fund II (Cayman) B, L.P. yielded 3.7%, Ares Senior Direct Lending Parallel Fund II (L) Feeder, L.P. yielded 3.6%, Ares Senior Direct Lending Parallel Fund II (L), L.P. yielded 3.7%, Ares Senior Direct Lending Parallel Fund II (U) Feeder, L.P. yielded 2.9%, and Ares Senior Direct Lending Parallel Fund II (U), L.P. yielded 3.2%. All metrics are LP-level and exclude Ares' capital and rebates. As of September 30, 2023, the LTM distribution yield of 16.0% for the levered fund and 11.3% for the unlevered fund. The 12-month distribution yield is based on the distributions earned during the quarters ending June 30, 2022 and September 30, 2023 divided by the weighted average of total outstanding drawn capital for the SDL II Funds during the quarters ending June 30, 2022 and September 30, 2023. The 12-month distribution yield for the underlying funds in SDL II are as follows: Ares Senior Direct Lending Fund II (Delaware), L.P. yielded 16.3%, Ares Senior Direct Lending Fund II (Cayman), L.P. yielded 15.8%, Ares Senior Direct Lending Fund II (Cayman) B, L.P. yielded 15.8%, Ares Senior Direct Lending Parallel Fund (L), L.P. yielded 15.3%, Ares Senior Direct Lending Parallel Fund (L) Feeder, L.P. yielded 15.1%, Ares Senior Direct Lending Parallel Fund (U), L.P. yielded 11.5% and Ares Senior Direct Lending Parallel Fund (U) B, L.P. yielded 11.3%. All metrics are LP-level and exclude Ares' capital.

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