CION Ares Diversified Credit Fund

An Institutionally Managed Global Credit Strategy

CION | ARES

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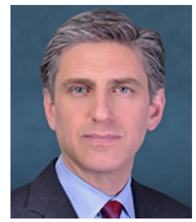
MICHAEL REISNER
Co-CEO
CION Investments

Mr. Reisner serves as Co-Founder, Co-Chief Executive Officer and Co-President of CION Investment Group, LLC as well as CION Investment Corp. (“CIC”), CION Ares Management, LLC and CION Ares Diversified Credit Fund (“CADC”).

Mr. Reisner serves on the investment committee of CIC as well as the Investment Allocation Committee of CADC. He joined CION in 2001. Mr. Reisner was formerly Chief Financial Officer from January 2007 through April 2008. Mr. Reisner was also formerly Executive Vice President — Originations from February 2006 through January 2007. Mr. Reisner was Senior Vice President and General Counsel from January 2004 through January 2006.

Mr. Reisner was Vice President and Associate General Counsel from March 2001 until December 2003. Previously, from 1996 to 2001, Mr. Reisner was an attorney in private practice in New York. Mr. Reisner received a J.D., cum laude, from New York Law School and a B.A. from the University of Vermont.



GREG MARGOLIES
Partner, Head of Markets
Ares

Mr. Margolies is a Partner in the Ares Credit Group, the Head of Markets for Ares, and a member of the Management Committee of Ares Management and is Vice President of CION Ares Diversified Credit Fund. Additionally, Mr. Margolies serves as a member of the Ares Credit Group’s Global Structured Credit Investment Committee, the Ares Dynamic Credit Allocation Fund Investment Committee and the Ares Private Equity Group’s Special Situations Funds Investment Committee. Prior to joining Ares in 2009, Mr. Margolies served as a Managing Director and Global Head of Leveraged Finance and Capital Commitments at Merrill Lynch & Co. and was a member of the Executive Committee for Merrill Lynch’s Global Investment Banking Group. Previously, Mr. Margolies was Co-Head of the DB Capital Mezzanine Fund. Mr. Margolies serves on the Board of Directors for the International Organization for Women and Development and the Advisory Council for University of Michigan’s Life Science Institute. Mr. Margolies holds a B.A. from the University of Michigan in International Economics and Finance and an M.B.A. from the University of Pennsylvania Wharton School of Business.

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Some funds managed by Ares or its affiliates may be unregistered private investment partnerships, funds or pools that may invest and trade in many different markets, strategies and instruments and are not subject to the same regulatory requirements as mutual funds, including mutual fund requirements to provide certain periodic and standardized pricing and valuation information to investors. Fees vary and may potentially be high.

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REF: CP-00025

Risks

An investment in shares of the Fund's common stock involves a high degree of risk and considered speculative. Potential investors should carefully consider the risk factors described in the prospectus before deciding to invest. An investment in the Fund is subject to, among others, the following risks:

- There is not expected to be any secondary trading market in the Shares.
- Unlike an investor in most closed-end funds, Shareholders should not expect to be able to sell their Shares regardless of how the Fund performs. An investment in the Fund is considered illiquid.
- If a Shareholder is able to sell its Shares outside the quarterly repurchase process, the Shareholder likely will receive less than their purchase price and the then current NAV per Share.
- An investor MAY pay a sales load up to 5.75%, depending on share class.
- Unlike most closed-end funds, the Shares are not listed on any securities exchange. The Fund will provide liquidity through quarterly offers to repurchase a limited amount of the Fund's shares (at least 5%).
- There is no assurance that monthly distributions paid by the Fund will be maintained at the targeted level or that dividends will be paid at all.
- The Fund's distributions may be funded from unlimited amounts of offering proceeds or borrowings, which may constitute a return of capital and reduce the amount of capital available to the Fund for investment. Any capital returned to Shareholders through distributions will be distributed after payment of fees and expenses.
- A return of capital to Shareholders is a return of a portion of their original investment in the Fund, thereby reducing the tax basis of their investment. As a result from such reduction in tax basis, Shareholders may be subject to tax in connection with the sale of Fund Shares, even if such Shares are sold at a loss relative to the Shareholder's original investment.
- The Fund's distributions may result from expense reimbursements from CION Ares Management, LLC ("CAM" or the "Advisor"), which are subject to repayment by the Fund. Shareholders should understand that any such distributions are not based on the Fund's investment performance, and can only be sustained if the Fund achieves positive investment performance in future periods and/or CAM continues to make such expense reimbursements. Shareholders should also understand that the Fund's repayments will reduce the distributions that a Shareholder would otherwise receive.

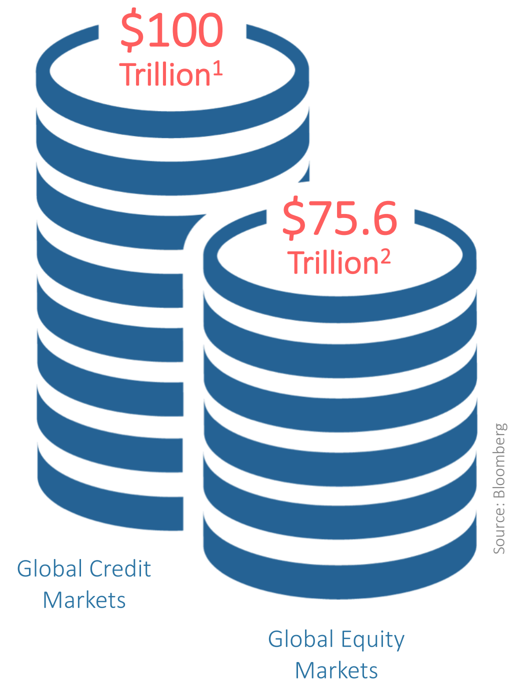
Most of the credit instruments in which the Fund invests will be rated below investment grade by rating agencies or would be rated below investment grade if they were rated. Credit instruments that are rated below investment grade (commonly referred to as "high yield" securities or "junk bonds") are regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. Because of the risks associated with investing in high yield securities, an investment in the Fund should be considered speculative. Some of the credit instruments will have no credit rating at all.

CION provides individual investors direct access to institutional credit opportunities and deep experience

What is the Credit Market?

The credit market refers to the marketplace through which companies and governments issue debt to investors in exchange for regular interest payments.

Ranging from government-backed treasury bonds to more complex, illiquid structures, global credit markets have eclipsed $100 Trillion[1] in outstanding assets.



Note: This does not represent the Fund's investable universe. The Fund is permitted to only invest in certain credit assets, which relates to an investable universe of approximately $5 trillion. For further detail potential investors should carefully consider the risk factors described in the prospectus before deciding to invest.

1. Source: BIS Data as of December 31, 2016.
2. Source: Bloomberg World Exchange Market Capitalization Index as of December 31, 2016

The Credit Universe

Traditional Fixed Income

- U.S. Government Treasuries & Agency Bonds
- Municipal Bonds
- Investment Grade Corporate Bonds
- Sovereign Debt

Alternative Credit

- Non-IG Corporate Credit (High Yield & Syndicated Loans)
- Structured Credit (CLO debt/equity & Specialty finance)
- Real Estate Debt (Directly originated commercial real estate properties)
- Direct Lending (Directly originated middle market loans)

Note: This does not encompass the entire credit universe and there are markets that may have been excluded.

Private Credit is On the Rise

93%

of institutional investors believe that their private debt portfolios have met or exceeded performance expectations over the past 12 months[1]

62%

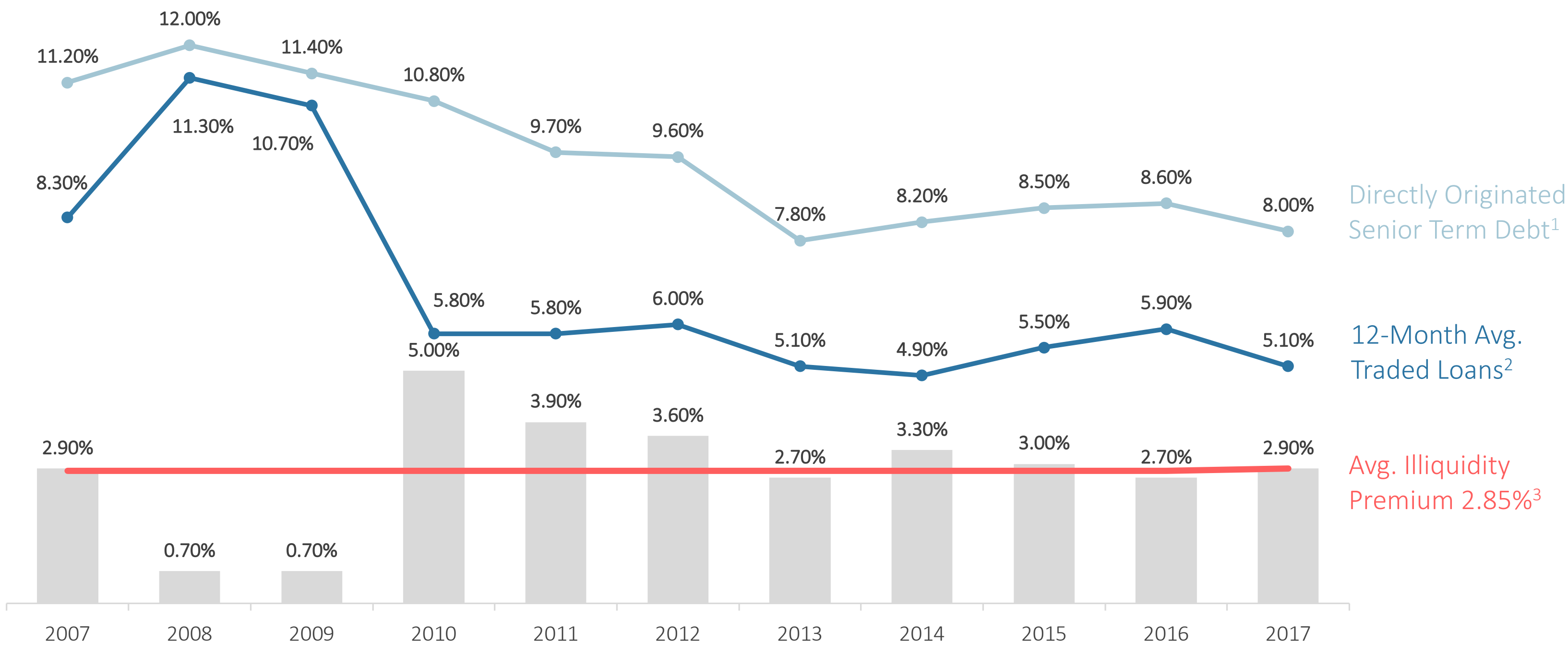
of institutional investors plan to increase their allocation to private debt over the longer term[1]

$595B

Private debt AUM grew from $147B to $595B between 2006-2016[1]

1. Source: Preqin Investor Outlook: Alternative Assets H2 2017

Illiquid Credit is Outperforming



1. Source: Ares company filings as of September 30, 2017. Includes all first lien debt securities of the Ares Credit Group's U.S. direct lending strategy (excludes venture investments, oil & gas investments, 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 Ares Capital Corporation, the Senior Secured Loan Program, the Senior Direct Lending Program and other funds managed by Ares U.S. direct lending. ARCC inception was in October 2004. The performance results shown are pro forma returns which have been compiled by Ares. Pro forma performance results may have inherent limitations, and no representation is being made that any account will or is likely to achieve profits or losses similar to those shown.
2. KKR Credit Analysis sourced from Bloomberg as of September 30, 2017.
3. Represents the annual difference between Directly Originated Senior term debt and the 12-Month Avg. Traded Loans.

How is this delivered to individual investors?

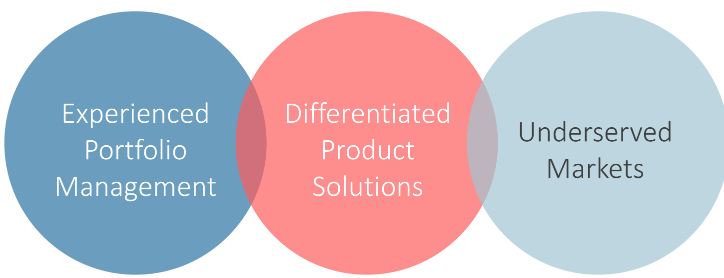
CION Investments

CION Investments ("CION") is a leading manager of alternative investment solutions that focus on alternative credit strategies for individual investors.

Solutions-Based Alternative Investments

CION provides investors with direct access to solutions-based credit focused alternative investments that are not readily available through traditional investment managers. Our alternative investments platform offers differentiated product solutions, experienced portfolio management, and investments targeting underserved markets — features that are not easily replicated or commoditized.

With a foundation built on more than 30 years of credit investing, CION is an expert in originating, underwriting, managing and distributing credit strategies.



CURRENT OFFERINGS

CION INVESTMENT CORPORATION

A middle market-focused business development company

Advisor: CION Investment Management
Private Debt Investments
94.5% Senior Secured Debt
94% Floating Rate
AUM: $1.7B

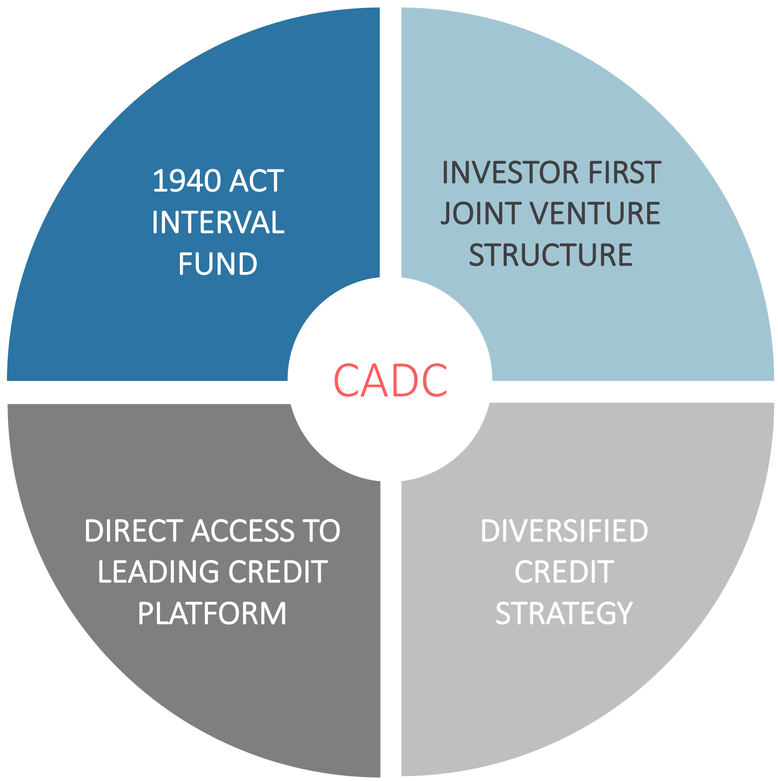
CION ARES DIVERSIFIED CREDIT FUND

A continuously offered closed-end interval fund

Advisor: CION Ares Management
Strategy: Global Multi-Credit
Class A Ticker: CADEX
Class C Ticker: CADCX
Class I Ticker: CADUX
Class L Ticker: CADWX

Data as of October 2017.

What is CADC?


1940 ACT INTERVAL FUND
INVESTOR FIRST JOINT VENTURE STRUCTURE
CADC
DIRECT ACCESS TO LEADING CREDIT PLATFORM
DIVERSIFIED CREDIT STRATEGY

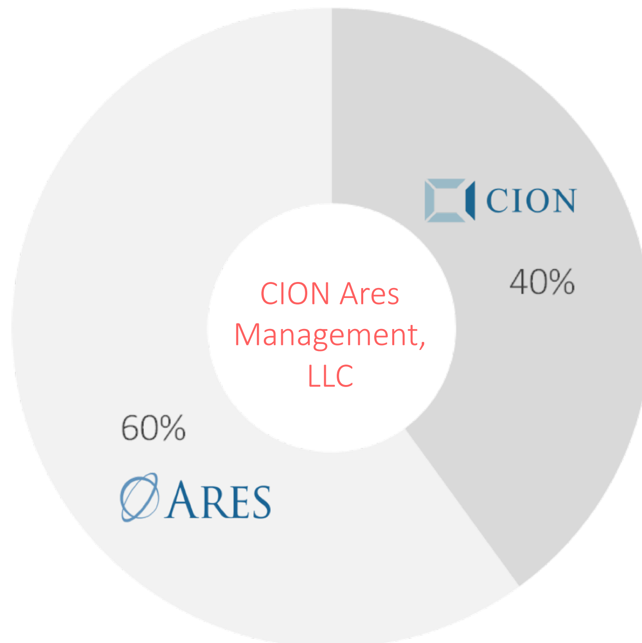
What is an Interval Fund?

	LISTED CLOSED-END FUND	INTERVAL FUND	OPEN-ENDED MUTUAL FUND
Offering	One Time via IPO	Continuous	Continuous
Liquidity	Exchange Traded	Periodic Repurchase	Daily redemption
Pricing	Market	NAV	NAV
Valuation	Daily	Daily	Daily
Maximum Allowed Illiquid Assets	No Limit	No Limit[1]	15%
Taxed	Form 1099	Form 1099	Form 1099

1. Must have liquid assets to cover repurchase offers, otherwise no limit.

CION Ares Management – A Joint Venture

CION Ares Diversified Credit Fund is managed by CION Ares Management, LLC – a joint venture between affiliates of Ares Management, L.P. and CION Investments.

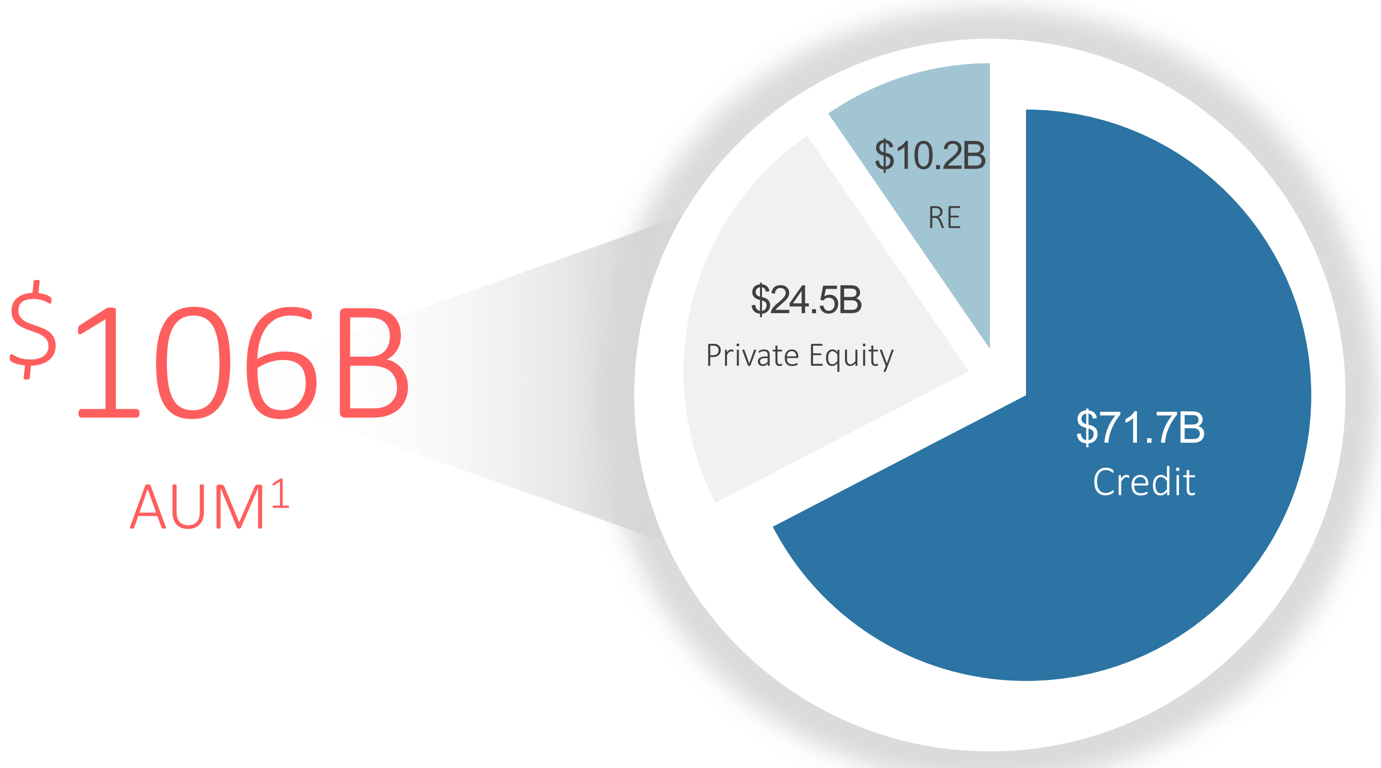


CION Ares Management – Advantages of the JV

Ares Serves as a Fiduciary	Alignment of Interest	Directly Managed **NOT** a Fund of Funds	Transparency	Co-Investment Relief Order

Accessing one of the world's leading institutional asset managers

Ares – A Leading Global Alternative Asset Manager



1. As of December 31, 2017, AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and a registered investment adviser.

The Power of the Ares Platform

Global Presence
12 Offices
in the US & Europe

20 year
Track Record

Disciplined Approach
to Credit Selection

Robust
Sourcing Model

~30 Partners
Averaging Over
24 Years of Experience

Synergy
Across
Business Units

Cycle Durable
Business Model

Focus on Being
Sole Lender

Ability to
Underwrite and
Syndicate

Comprehensive
Multi-Asset Experience

Significant
Market Presence

As of December 31, 2017. The figures represented herein include the Ares Credit Group and Real Estate Debt strategies. It does not reflect the entire Ares platform as reported in Ares SEC filings.

Credit – The Core of Ares' Business

#1
European Middle Market Alternative Lender[1]

Act as arranger in
91% of deals[2]

~135
Origination Professionals[2]

$71.7B
IN CREDIT[2]

Lender of the Year
North America
2014, 2015, 2016[3]

#2 Direct Lending Fund Manager
by Funds Raised in last 10 years[4]

#5
CLO Manager
by Deal Count[5]

Note: The performance, awards/ratings noted herein relate only to selected funds/strategies and may not be representative of any given client's experience and should not be viewed as indicative of Ares' past performance or its funds' future performance

1. By deal count. Deal completed data taken from consolidated deal trackers prepared by Altium, Deloitte and Marlborough Peters as of June 30, 2017.
2. Ares filings. As of December 31, 2017, AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and a registered investment adviser.
3. Source: Private Equity International Awards 2016.
4. Source: Preqin. Last 10 years through September 30, 2017.
5. Source: Creditflux Q4'17 CLO Manager ranking.

Ares Credit and Real Estate Debt Strategies

LIQUID CREDIT	OPPORTUNISTIC CREDIT	STRUCTURED CREDIT	REAL ESTATE DEBT	DIRECT LENDING
$21.8B AUM[1]	$2.4B AUM[1]	$4.8B AUM[1]	$2.9B AUM[1]	$42.4B AUM[1]
Leveraged loans High yield bonds	Bank loans High yield bonds Structured credit Special situations Shorts Hedges	CLO debt/equity Specialty finance	Directly originated financing of commercial real estate and multifamily properties	Directly originated loans Middle market Project finance Asset-based loans

MORE LIQUID PRODUCTS → LESS LIQUID PRODUCTS

1. As of December 31, 2017, AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and a registered investment adviser. Liquid Credit/Leveraged Loan AUM includes Ares managed CLOs. AUM shown includes funds managed in a separate account format. Excludes AUM associated with the Ares Income Opportunity Strategy.

Direct Lending – A Difference Maker

$35.6B

Total First Lien Invested Capital[1,2]

0.0% average annual realized loss rate[3]

53% MORE funds raised in the last 10 years than the next leading competitor[4]

59% of Ares credit business is direct lending[5]

Note: Past performance is not indicative of future results.

1. Includes all realized and unrealized first lien debt securities of the Ares Credit Group's U.S. direct lending strategy (excluding securities inherited from portfolio acquisitions) including Ares Capital Corporation, the Senior Secured Loan Program, the Senior Direct Lending Program and other funds managed by Ares U.S. direct lending. ARCC inception was in October 2004.
2. Invested capital represents the book value of all senior debt investments from October 2004 through September 30, 2017 net of OID and amounts syndicated to third parties and excludes venture investments, oil & gas investments, 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.
3. Represents the annualized realized losses on defaulted invested capital as a percentage of realized first lien invested capital since inception in October 2004. Includes interest, fees, principal proceeds and related expenses.
4. Source: Preqin as of September 30, 2017.
5. Based on Ares SEC filings as of 12/31/2017.

First Lien Investment Summary

Ares has demonstrated deep experience in middle market first lien senior secured loans

Ares Credit Group U.S. Direct Lending Strategy – First Lien Investments
From October 2004 through September 30, 2017(2)

$ in millions	All Senior Debt Investments
Total Invested Capital(1)	$35,617
Total # of Investments	785
Realized Invested Capital(3)	$25,112
Total Proceeds from Realized Invested Capital(4)	$29,488
Weighted Average Realized Investment Term	2.3 Years
Pro Forma Gross Realized Multiple of Invested Capital(5)	1.17x
Pro Forma Gross Realized IRR(6)	9.9%
Pro Forma Net Realized IRR – Levered(6)	11.4%
Pro Forma Net Realized IRR –Unlevered(6)	7.7%
Recovery Rate – Realized(7)	90%
Cumulative Average Annual Losses – Realized(8)	0.0%
Total # of Defaulted First Lien Loans(9)	16

* NOT FUND PERFORMANCE – PLEASE SEE IMPORTANT DISCLOSURES AT THE END OF THIS DOCUMENT AND THE DISCLAIMER ON PAGE 2-3. Past performance is not indicative of future results.

The pro forma realized gross and net IRRs shown have been compiled by Ares based on actual realized investments. The pro forma net IRR returns shown are reduced by applying the contemplated fee structure for both the levered and unlevered sleeves of SDL based on absolute percentages. The pro forma realized net returns are shown net of management and incentive fees and fund expenses as described herein. SDL management fees will be 0.85% (levered) and 1.00% (unlevered) on invested assets during the investment period. Incentive fees for SDL will be 12.5% subject to a 7% (levered) and 5% (unlevered) preferred return. Annual fund expenses borne by the proposed Fund are estimated to represent ~0.10% of total assets under management. The pro forma net returns shown are based on assumptions and therefore do not reflect actual returns for SDL or any other Ares-sponsored vehicle. Illustrative pro forma levered net returns assume average fund leverage of 1:1 over the course of the projection period. Pro forma performance results may have inherent limitations, and no representation is being made that any account will or is likely to achieve profits or losses similar to those shown.

Please refer to Endnotes on page 42 for additional important information.

Diversified Credit – a flexible strategy

Rationale for the Diversified Credit Fund

Diversified credit strategies have low correlation to traditional asset strategies

Global public equities have experienced volatile returns

Traditional fixed income has generated low yields

There exists a significant and growing illiquidity/ complexity premium

A de-leveraging of the global banking system is creating a broader universe of investment opportunities

Different asset classes have become increasingly more correlated over time making it difficult to diversify away from short term volatility in the market

Relative value across credit is shifting at an accelerating pace, creating the need for quick and seamless decisions in identifying those areas across credit that offer the best value

CADC Provides its Investors

A LEVEL OF DOWNSIDE PROTECTION	YIELD	FLEXIBILITY	PASSPORT TO THE PLATFORM
Portfolio will consist predominantly of floating rate, senior secured loans	Seeks enhanced yield due to illiquidity premium	Managers identify and dynamically allocate to the best relative value opportunities in credit	Access to Ares' global credit platform

How Flexible Allocation Works

Measured Continuously

OBJECTIVE SCORING

Absolute Measures

Asset Class Risks

- Historical loss and volatility characteristics
- Liquidity
- Control/origination

Macro Risks

- Correlation to equities
- Interest rate
- Region

Relative Value Measures

- **Spread** basis versus historical measures
- **Standard deviation** analysis
- Determine **relative value** (rich/cheap)

Bi-Monthly Meetings

SUBJECTIVE SCORING

Allocation Committee - 15 Senior Investment Professionals

Allocation Committee is comprised of Portfolio Managers and Investment Committee members from each underlying asset class:

- Direct Lending
- Bonds/Loans
- Structured Credit
- Real Estate Debt

PORTFOLIO MANAGER EXECUTION

Mitch Goldstein

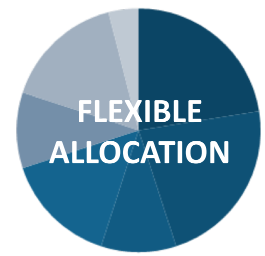
Portfolio Manager

23 Years of Experience

Greg Margolies

Portfolio Manager

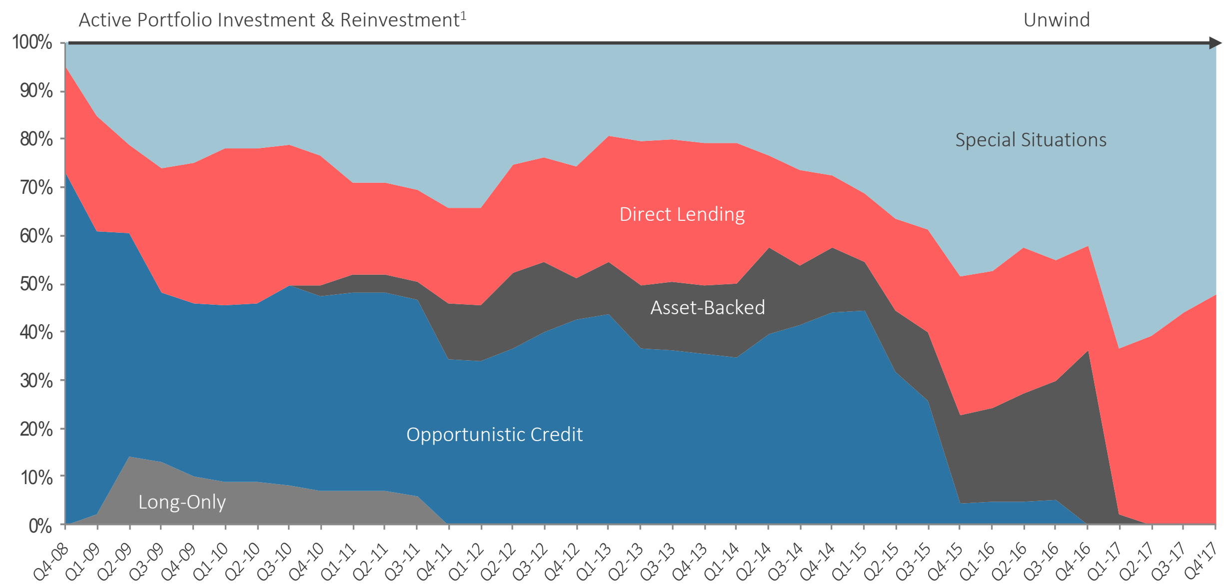
30 Years of Experience



Case Study: Ares Credit SMA from 2008-2017

The mandate was constructed to leverage the breadth of the Ares Credit platform, with the objective of allocating capital in a manner to meet targeted investment returns while reducing overall portfolio volatility.

- Ares increased the allocation to distressed as that opportunity set expanded in late 2008 and 2009
- As the credit crises ensued, Ares allocated funds toward middle market credit to take advantage of being one of the few providers of capital to middle market companies at that time
- When corporate credit markets stabilized, Ares shifted the portfolio toward structured assets including CLO debt and equity tranches in attractive vintages, which took longer to recover



The $1.5 billion portfolio has generated a net IRR of 10.0% and a multiple on invested capital of 1.68x since inception in December 2008[2]

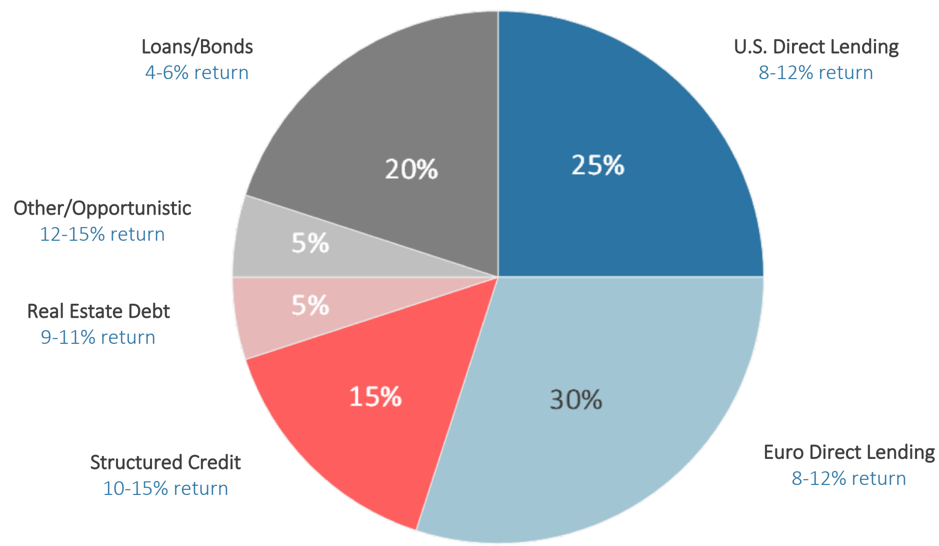
1. Percentages in portfolio allocation based on cost and excludes cash.
2. As of December 31, 2017. The case study above is presented for illustrative purposes only. Ares believes this portfolio is the most representative of the Ares diversified credit accounts. Please note this case study does not include a real estate debt allocation which we expect will form part of the proposed portfolio in the Fund. Actual outcomes and results may differ materially from the returns indicated above and an investor may experience materially different results from those shown. Net IRR measured by actual deployment of capital in underlying investments. Past performance is not necessarily indicative of future results. Any investment involves significant risk, including the loss of principal. Returns are unaudited. As with all unaudited returns, they are subject to uncertainties and variations and may not be predictive of final results once audited.

Diversified Credit Positioning in the Current Market Environment

Illustrative Target Portfolio Allocation and Targeted Returns

How CADC would position a diversified credit strategies portfolio today

DYNAMIC PORTFOLIO ALLOCATION TARGETING ATTRACTIVE RISK-ADJUSTED RETURNS[1]



Note: The chart above is merely a hypothetical illustration for educational purposes based on the Fund's investment objectives. No assurance can be made that target returns and portfolio allocation will be achieved and actual results may differ materially.

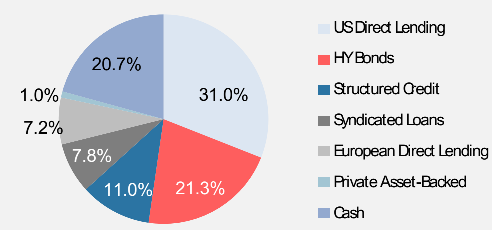
1. Gross asset-level return targets provided are based upon market conditions as of December 31, 2017, which are subject to change. Targeted returns are shown for illustrative purposes before the deduction of any management fees, performance fees and other expenses.

Current Portfolio Snapshot (as of 1/31/2018)

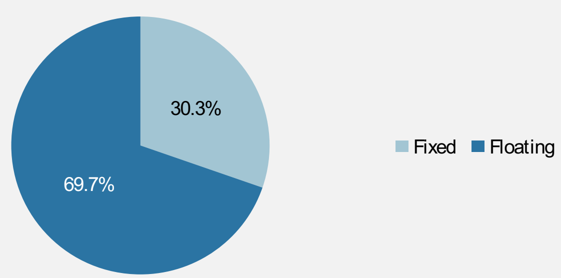
Key Characteristics

Number of Issuers	85
Current Yield	6.82%
Yield to Worst	7.56%
Top Ten Issuers	22.94%
Portfolio Duration	1.53 yrs

Asset Category Breakdown



Fixed vs. Floating Rate



Top 10 Issuers (MV%)

Alpha Luxco 2 Sarl	2.32%
Pet IQ, LLC	2.59%
Graphpad Software, LLC	2.57%
American Academy Holdings, LLC	2.57%
Visual Edge Technology, Inc.	2.46%
Foundation Risk Partners, Corp.	2.20%
Cablecom Bidco 2 Limited	2.07%
Concentra Inc.	1.95%
Canopy Midco Limited	1.91%
Centene Corp.	1.38%

Note: Portfolio characteristics of CADC as of January 31, 2018 and are subject to change.

Where does CADC fit?

CADC is for Investors Seeking to…

Potential Income

Diversification

INCREASE

DECREASE

Volatility

Correlation to Public Markets

Note: Diversification does not assure profit or protect against loss.

Positioning CADC

	IG CORPORATE BONDS	DIVERSIFIED CREDIT (CADC)	EQUITY
Current Distribution Yield[1]	3.10%	5.49%	1.80%
Targeted Return[2]	2-4%	6-9%	10-12%
Expected Volatility[3]	2-5%	1-3%	15-25%

Note: Past performance is not indicative of future results. As of December 31, 2017. Investment grade corporate bonds reflects the iShares Investment Grade Corporate Bond Fund ("LQD"). Equity reflects the SPDR S&P 500 ETF ("SPY"). Source: YCharts

1. There is no guarantee that distributions will continue to be made at this level or at all. The annualized quarterly distribution yield as of December 31, 2017 represents the most recent distribution paid.
2. Target returns are not a reliable indicator of future performance and no guarantee or assurance is given that such returns will be achieved or that an investment in the Fund will not result in a loss. Actual returns may differ materially.
3. Expected volatility reflects market observations based on Ares' research. No representations are made as to the accuracy of such estimates or projections or that such projections will be realized. Actual events or conditions may not be consistent with, and may differ materially from, those assumed. Ares does not undertake any obligation to publicly update or review any forward-looking information, whether as a result of new information, future developments or otherwise.

Summary

EASE OF USE	APPROPRIATE LIQUIDITY	ACCESS	FLEXIBLE STRATEGY
NASDAQ Listed, Order Entry, Daily Pricing	Quarterly Repurchases at NAV	Direct Access to the Ares Credit Platform	Focused on the best relative value opportunities in order to deliver superior risk adjusted returns

Offering Profile

Symbol	Class A: CADEX Class C: CADCX Class I: CADUX Class L: CADWX
CUSIP	Class A: 17260G103 Class C: 17260G202 Class I: 17260G301 Class L: 17260G400
Structure	1940 Act continuously offered closed-end interval fund
Minimum Investment	Non-Qualified Accounts: $2,500 Qualified Accounts: $1,000
Dividend Reinvestment Plan	Automatic participation, unless otherwise elected
Limited Liquidity/ Repurchase Offer	Quarterly at NAV. At least 5% of the outstanding shares offered.
Fund Advisor	CION Ares Management, LLC
Distributor	ALPS Distributors, Inc.
Wholesaler	CION Securities, LLC
Fund Custodian	State Street Bank & Trust Company
Transfer Agent	DST Systems, Inc.
Effective Date	Class A: December 2016 Class C, I & L Shares: July 2017
Tax Reporting	1099-DIV
Sales Load	Class A: 5.75% Class C: No front-end load Class I: No load Class L: 4.25%

FUND OBJECTIVE

To provide superior risk adjusted returns across various market cycles by investing in a diversified portfolio of liquid and illiquid asset classes. The Fund seeks to capitalize on market inefficiencies and relative value opportunities throughout the entire global credit spectrum.

INVESTMENT STRATEGY

The Fund invests primarily in a portfolio of directly originated loans, secured floating and fixed rate syndicated loans, corporate bonds, asset-backed securities, commercial real estate loans and other types of credit instruments.

Note: The above summary does not constitute a commitment, a contract to provide a commitment or an offer to make a commitment on these or any other terms. Not legally binding terms shall be created until definitive documentation is executed and delivered.

Appendix

CADC Valuation Policy

The following policies are applicable to the valuation of CADC assets:

I. Definition of Fair Value	In determining the fair value of a security, the company follows ASC 820 or any superseding pronouncement issued by the Financial Accounting Standards Board giving consideration to the following: A. Fair value is assumed to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. B. ASC 820 requires the security owner to assume that a portfolio security is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market, which may be a hypothetical market. In accordance with ASC 820, the company has considered the principal market as the market in which the company exits its portfolio securities with the greatest volume and level of activity. C. All securities are identified under the fair value hierarchy defined by ASC 820 as being valued through either Level 1 inputs, Level 2 inputs, or Level 3 inputs. Various inputs to such valuation techniques are prioritized, depending on whether inputs to such valuation techniques are observable or unobservable.
II. Valuation of securities using level 1 inputs	Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities that the company has the ability to access (see next page)
III. Valuation of securities using level 2 inputs	Level 2 – Inputs based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly (see next page)
IV. Valuation of securities using level 3 inputs	Level 3 – Based on inputs that are unobservable and significant to the overall fair value measurement (see next page)
V. Pricing services and 3rd party valuation firms	The company will use third-party pricing services and independent third-party valuation firms (“IVPs”) to be selected by the company, subject to the approval of the Board, to provide automated prices and/or valuations for portfolio securities as applicable.

CADC Valuation Policy

Valuation Summary of Level 1, Level 2 and Level 3 Assets

LEVEL 1

Level 1 securities will be valued using readily available active market prices or quotations. An active market is defined as a market in which transactions for the asset or liability occur with sufficient pricing information on an ongoing basis. Securities that are typically valued using Level 1 Inputs include, but are not limited to:

- Exchange Traded Debt and Equity Securities
- Over-the-Counter Debt and Equity Securities
- Options
- Futures
- Forward Currency Contracts
- Rights and Warrants

LEVEL 2

Level 2 securities are valued using inputs based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Examples of the inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical/similar assets or liabilities in markets that are not active (i.e. there are few transactions, prices are not current, or price quotations vary or little info is released publicly)
- Observable inputs other than quoted prices for the asset or liability
- Inputs that are derived principally from observable market data by correlation or other means

Securities that are typically valued using Level 2 Inputs include, but are not limited to:

- Government and Agency Securities
- Corporate Bonds
- Bank Debt and Other Debt Securities
- Interest Rate Swaps
- Credit Default Swaps
- Currency Options
- Swaptions
- Repurchase Agreements

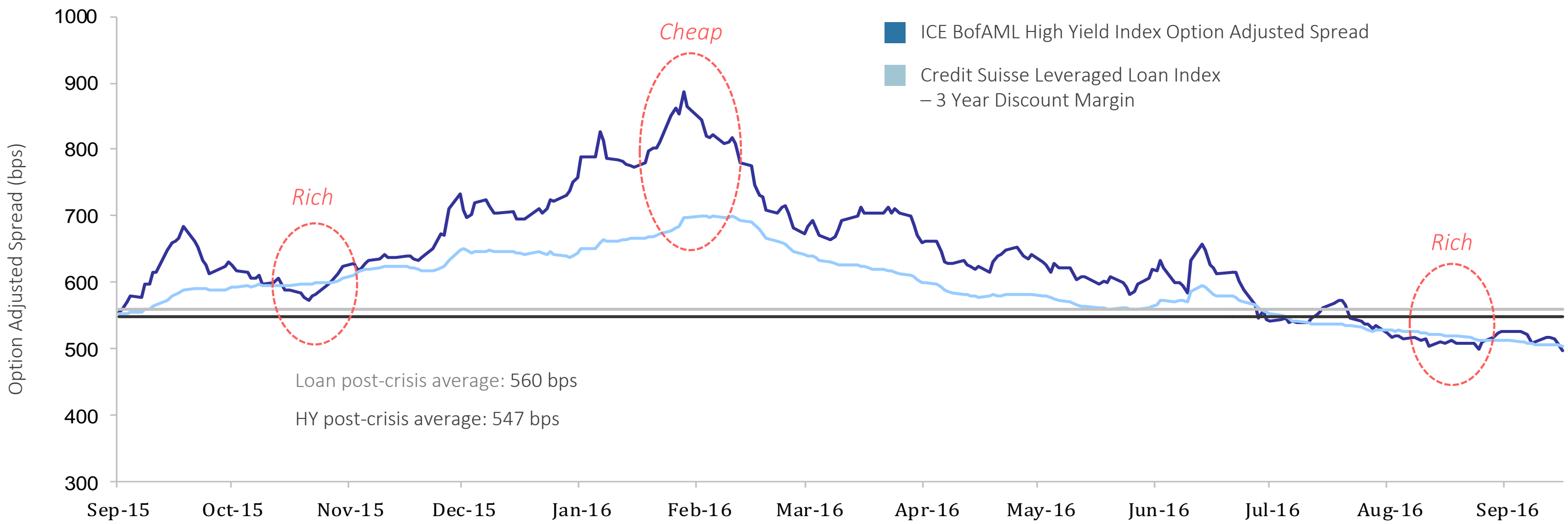
LEVEL 3

Level 3 securities are based on inputs that are unobservable and significant to the overall fair value measurement. Unobservable inputs will be used to measure fair value to the extent that observable inputs are not available and such inputs will be based on the best information available in the circumstances, which under certain circumstances might include the company’s own data.

The company will use widely recognized and utilized valuation approaches and methodologies to estimate the fair value of the securities. Depending on the circumstances, one or a combination of valuation techniques consistent with the market approach, income approach and/or cost approach shall be used to measure fair value.

Variability in Bond and Loan Spreads

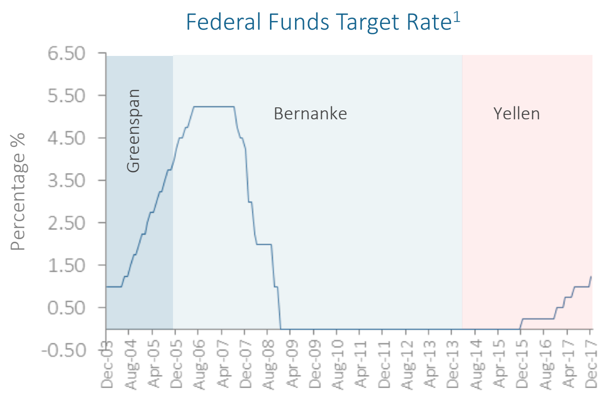
A dynamically allocated fund allows for the flexibility to capitalize on pockets of volatility and capturing a premium rather than riding out any prolonged downturns in the market

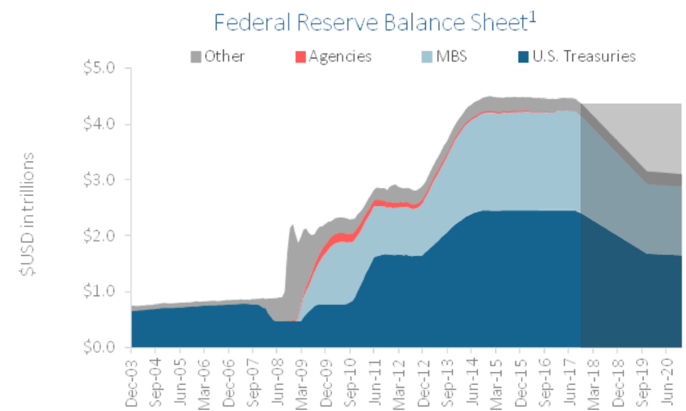


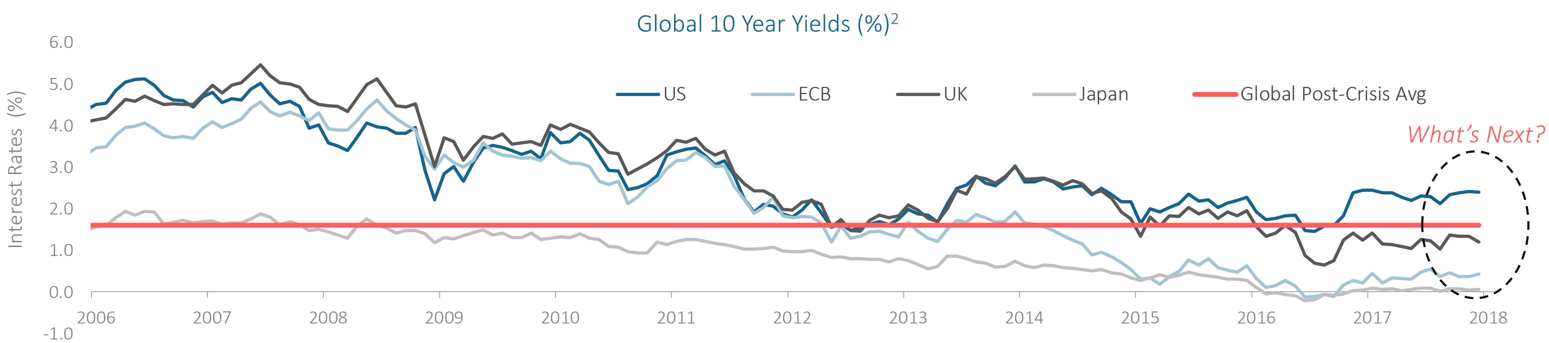
Source: Bank of America Merrill Lynch and Credit Suisse Leveraged Loan Index as of 12/31/2016. Post-crisis defined as period beginning January 1, 2010.

Evolving Monetary Policy and Interest Rate Environment

While the Fed is poised to end accommodative monetary policy, rates remain at historical lows







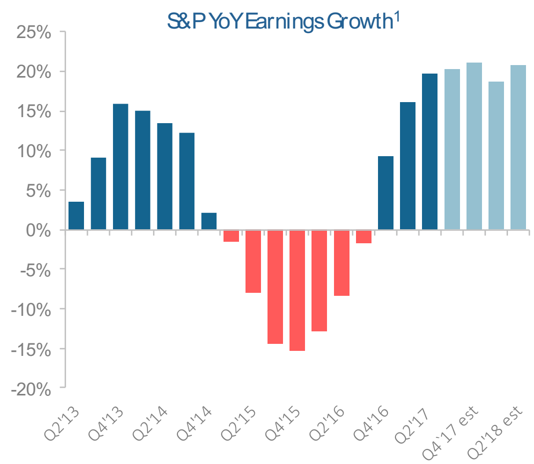
Note: Projections and forward looking statements are not reliable indicators of future events and there is no guarantee that such activities will occur as expected or at all.

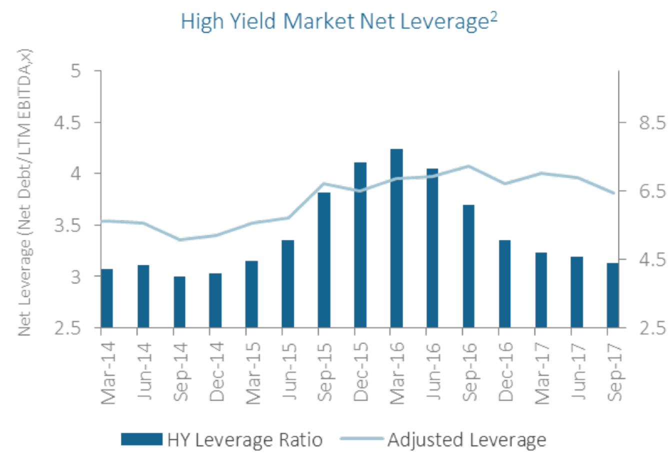
[1] Source: St. Louis Federal Reserve ("FRED") as of December 31, 2017.

[2] Source: Bloomberg as of December 31, 2017.

Improving Fundamental Credit Picture Supports Technical Demand

After almost two years of declining earnings, growth expectations are improving





- After seven straight quarters of declining corporate earnings (measured year-over-year), 4Q'16, 1Q'17, 2Q'17& 3Q'17 marked a return to corporate growth[1]
- Corporate earnings estimates suggest continued growth throughout 2017 and into 2018

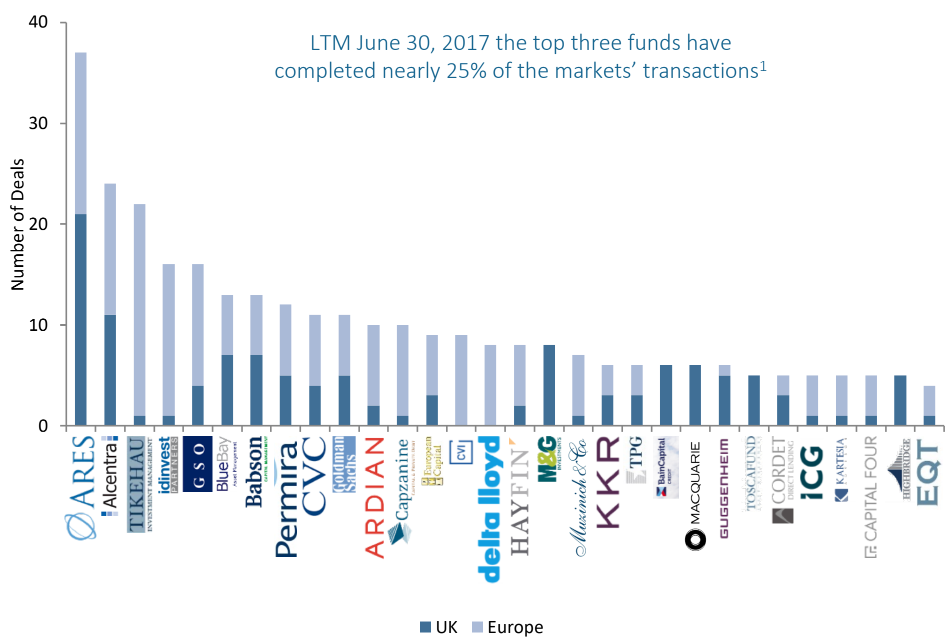
- High yield issuers have experienced improved balance sheets
- While there has been a strong return to earnings growth, we believe corporate deleveraging has also improved the fundamental credit picture
- Net debt in the high yield market has decreased -2.25% year-over-year as of September 30, 2017

Note: Projections and forward looking statements are not reliable indicators of future events and there is no guarantee that such activities will occur as expected or at all.

1. Source: Standard & Poors December 31, 2017. As of 1/3/2018 3.9% of companies within the S&P 500 had reported earnings Q4'17 earnings. These are as reported earnings and do not reflect earnings on an adjusted basis.
2. BAML High Yield Chartbook as of December 31, 2017.

European Middle Market Transactions

Ares continues to see a shift in market share and increased acceptance of alternative lenders in Europe.



ORIGINATION CHALLENGES

- Limited sponsor coverage
- Slow reaction time
- Inability to run trees
- Reliance on deal flow from intermediaries

CREDIBILITY

- Reduced deal flow for newer funds due to lack of track record
- Increased pressure to deploy
- Increased conversion rates

LACK OF EUROPEAN FOOTPRINT

- Limited European coverage
- Potential for adverse selection

SCALED CAPITAL

- Focus on smaller deals which is the more competitive end of the market

[1] As of June 30, 2017. Deal completed data taken from consolidated deal trackers prepared by Altium, Deloitte, and Marlborough Partners. Includes add-ons. Deal size represents total debt facilities including undrawn facilities and combines market reports with deal team estimates based on competing deal structures and enterprise values.

Ares is Recognized as a Top CLO Manager

Global CLO Manager Tables

By Number of Deals

Rank	Manager	Count
1	Carlyle	41
2	GSO / Blackstone	38
3	CSAM	31
4	Ares	29
5	PGIM	26
6	CVC	24
7	BlueMountain	22
7	Alcentra	22
9	CIFC	21
9	KKR	21

By AUM ($)

Rank	Manager	$ Billions
1	GSO / Blackstone	19.2
2	Carlyle	18.6
3	CSAM	18.0
4	Ares	13.8
5	PGIM	13.6
6	Apollo	12.0
7	CVC	11.6
8	Octagon	11.4
9	CIFC	11.0
10	MJX	10.3

Source: Moody's Investor Service. As of 6.30.2017.

Endnotes to Slide 21

1. Invested capital represents the book value of all senior debt investments from October 2004 through September 30, 2017 net of the original issue discount ("OID") and amounts syndicated to third parties and excludes venture investments, oil & gas investments, 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. With respect to revolver and delayed draw term loan investments, the invested capital represents the maximum funded amount, if any, over the life of the investment.
2. The performance results shown are pro forma returns which have been compiled by Ares. Pro forma performance results may have inherent limitations, and no representation is being made that the Fund or any account will or is likely to achieve profits or losses similar to those shown. The performance shown reflects actual realized senior debt investments made by the U.S. direct lending team of Ares Credit Group from October 8, 2004 through September 30, 2017 excluding syndication and other fees or income that may not be available to the Fund or any account and also excluding venture investments, oil & gas investments, 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. The realized investments referred to herein are not managed in a single fund or portfolio but rather are spread across multiple investment vehicles that may invest in different asset classes and various industries, and which were separately managed by Ares during different market cycles. Although the performance shown is not based on an actual fund or portfolio, these investments are representative of the strategy that the Fund will follow.
3. Realized invested capital represents the book value of exited debt investments as of September 30, 2017.
4. Total proceeds represents total cash proceeds received from debt investments as of September 30, 2017. For realized investments, this number includes interest, principal proceeds, fees and related expenses. For unrealized investments, this number includes interest, principal proceeds, fees and related expenses received to-date.
5. Multiple of Invested Capital ("MOIC") for realized investments is the total value of realized proceeds divided by the total invested capital of such investments. Net MOIC is not available because although the aggregate pro forma gross asset-level IRR percentage can be reduced by the contemplated fee structure for the Fund based on absolute percentages, a similar methodology cannot be applied to the annual or aggregate asset-level MOIC.
6. The gross realized IRR includes all asset level cash flows related to realized investments within each vintage except for revolving credit facilities and delayed draw term loans that were unfunded at close. The internal rate of return is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of return is gross of fees and expenses related to investments as these fees and expenses are not allocable to specific investments. Returns to investors will be net of such fees and expenses, which may be significant. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of a debt investment or sale of an investment or through the determination that no further consideration was collectible and, thus, a loss may have been realized. Past performance is not indicative of future results.
7. Recovery is calculated as Total Value/Proceeds over Invested Capital.
8. Defined as total gains/(losses) on assets with a payment default as a percentage of total invested capital since inception, divided by number of years since inception. For realized investments, this number includes interest, fees, principal proceeds, and related expenses. For unrealized investments, this number includes interest, principal proceeds, fees and related expenses received to-date, as well as the fair market value of the security as determined by the Manager in accordance with U.S. generally accepted accounting principles.
9. Reflects investments that have experienced a payment default. In some instances, the Manager is able to grant waivers and amendments in directly originated transactions.