

SMD-AM Ares ESG Enhanced Global High Yield Bond Fund (F) USD

Investment Objective

Maximise total return, consisting of interest income and capital appreciation, through access to the developed high yield bond markets while promoting, amongst others, certain environmental and social characteristics in compliance with Article 8 of the Sustainable Finance Disclosure Regulation ("SFDR").

This product is actively managed and invests in global high yield bonds, principally in the USA and Europe that are typically rated lower than Baa by Moody's or BBB by S&P or equivalently rated by Fitch. The Sub-Fund is actively managed but uses the ICE BofA Global High Yield Constrained Index (Total Return) ("HW0C") as a reference for performance comparison. This product promotes environmental or social characteristics, but does not have as its objective sustainable investment. The Sub-Fund is suitable for institutional and wholesale investors seeking to participate in the capital market performance of an actively managed SFDR Article 8 compliant global high yield bond portfolio, who can afford to invest their capital over the long term.

Key Facts

Sub-Fund Inception Date 22 March 2024

Portfolio Managers Boris OKULIAR, Brian ABDELHADI, Chris MATHEWSON, Kapil SINGH

Investment Manager Sumitomo Mitsui DS Asset Management Company, Limited

ISIN (F USD) LU2710802047

LEI 213800IKWO7BJPUD7M73

Domicile Luxembourg

Fund & Type Structure UCITS (Luxembourg SICAV)

Base Currency USD

Reference Benchmark ICE BofA High Yield Constrained Index (Total Return) (HW0C)

(For performance comparison purposes and not to attain the SFDR environmental or social characteristics promoted by this Sub-Fund.)

Number of Holdings circa 100-150

Fund AUM mil USD 34.56 (as at 28/02/25)

Administrator Brown Brothers Harriman (Luxembourg) S.C.A.

EU 2019/2088 SFDR Regs The strategy is categorised under SFDR as Article 8. The Sub-Fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Investment Information

Investment Management Fee

Founders (F) up to 0.30% p.a.

Institutional (I) up to 0.50% p.a.

Wholesale (A) up to 1.00% p.a.

Total Expense Ratio

Founders (F) up to 0.70% p.a.

Institutional (I) up to 0.90% p.a.

Wholesale (A) up to N/A p.a.

Trading Frequency Weekly

Dealing Cut Off Time Monday at 16:00 CET

The prospectus and the Key Information Document as well as the annual and semi-annual reports may be obtained free of charge from our website: www.smd-am.co.uk

Contacts

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Performance %

Daily fund performance vs. reference benchmark

Performance data for 12 months is not available, therefore, we cannot provide performance data as this would be deemed insufficient to provide a useful indication of past performance.

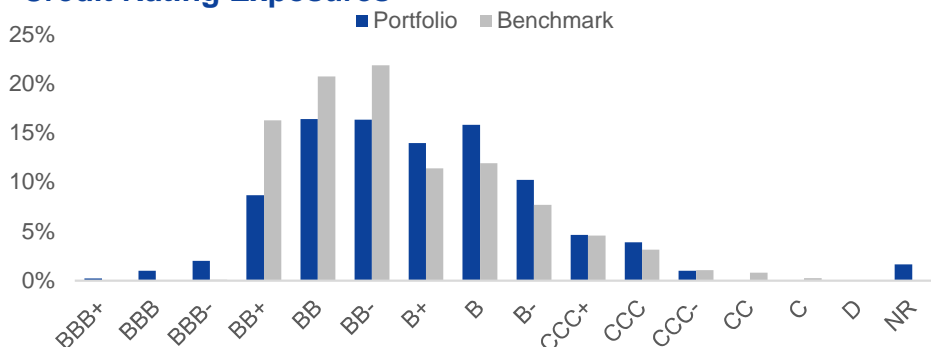
Fund Performance Share Class: (F) USD

(Net of fees)	Fund %	S&P Asia Pacific REIT USD Total Return %
1m	-	-
3m	-	-
12m	-	-
3yr p.a.	-	-
Since Inception p.a. (22/03/24)	-	-

Source: SMDAM, as at 28 February 2025.

Risk warning: Past performance is not a reliable indicator of future performance and may not be repeated. An investment's value and the income deriving from it may fall, as well as rise, due to market fluctuations. Investors may not get back the amount originally invested. Any minor discrepancies are due to rounding. Performance is shown in USD, the return may increase or decrease as a result of currency fluctuations and is net of fees (after trading expenses).

Credit Rating Exposures



Source: SMDAM and Ares Capital as at 28 February 2025.

The exposure weights of the SMD-AM Ares ESG Enhanced Global High Yield Bond Fund (F) USD are calculated using portfolio month-end weights.

Performance Disclaimers

Source for all Sub-Fund data is SMDAM and SMDAM (UK). Basis for (F) USD share class performance data: NAV based, total return (net of fees), in USD.

This information is provided against the ICE BofA Global High Yield Constrained Index (Total Return) (HW0C) to illustrate how the investment fared versus the entire global high yield market. Where indicated, net of fees refers to the returns that reflect the reinvestment of dividends and other earnings and are shown after the deduction of investment management fees.



Top 10 Holdings

CHS/Community Health Systems Inc	1.33%
CCO Holdings LLC / CCO Holdings Capital Corp	1.09%
Howden UK Refinance PLC / Howden UK Refinance 2 PLC / Howden US Refinance LLC	1.03%
Sealed Air Corp/Sealed Air Corp US	1.02%
Clean Harbors, Inc.	1.00%
LPL Holdings, Inc.	1.00%
Ardagh Packaging Finance PLC / Ardagh Holdings USA Inc	1.00%
Midcap Financial Issuer Trust	1.00%
Cloud Software Group, Inc.	0.99%
CF Industries Inc.	0.99%
Total	10.46%

Source: SMDAM and Ares Capital, data as at 28 February 2025. Any discrepancies are due to rounding. Data shown is for the SMD-AM Ares ESG Enhanced Global High Yield Bond Fund (F) USD using portfolio month-end weights

Risk warning: The organisations and/or financial instruments mentioned are for reference purposes only. Material content should not be construed as a recommendation for their purchase or sale.

Monthly Commentary

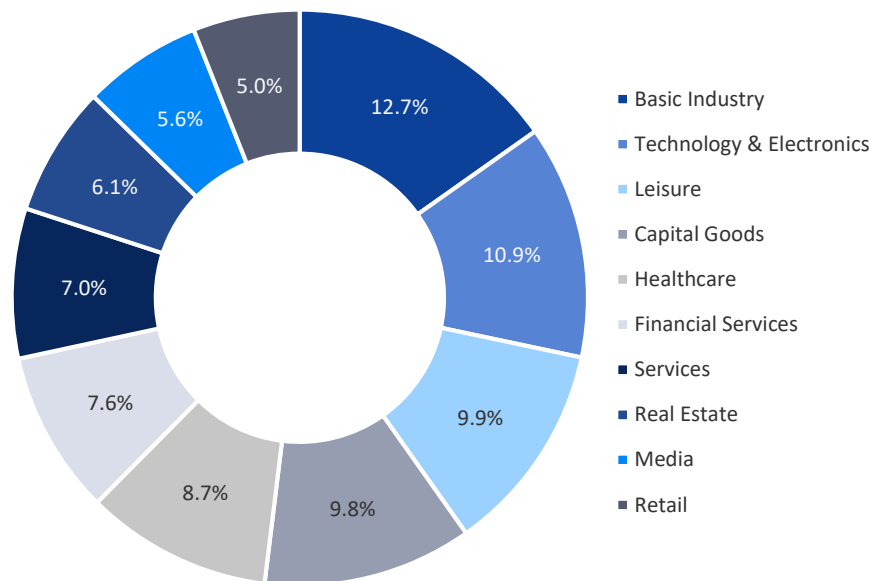
In February, the SMD-AM Ares ESG Enhanced Global High Yield Fund (the “Fund”) returned 0.68% on a gross basis, 0.62% net, versus 0.88% for the ICE BofA Global High Yield Constrained Index (“HWOC” or the “benchmark”).

The Fund underperformed the benchmark as the Fund excluded a distressed name held by the index. Bausch Health, a distressed name that we have no exposure to announced strong 4Q results and 2025 guidance that was above consensus estimates, in addition to the company reporting it was exploring options to refinance its maturities. Bausch Health is a large issuer in the index and Ares has not had exposure to this name in any of its portfolios. Further, a name that we do own, Unifrax, detracted 3 basis points from performance as the company is currently in a cyclical trough in earnings due to industrial softness (particularly in China and in global autos) as well as channel destocking. We expect the company to grow into the reset capital structure of the next several years as earnings improve. This was offset by our investment in Cullinan Holdings which contributed 5 basis points to performance. The company reported better-than-expected earnings that were much improved from the prior year due to strong margins.

There were no significant rebalancing movements this month and most of the trading activity was trimming/adding to positions based on relative value. We slightly increased our holdings in Leisure, Services and Basic Industry and trimmed positions in Capital Goods and Media. We remain underweight risk, especially given current global uncertainty, and continue to be slightly underweight duration.

Performance data shown in USD terms.

Industry Breakdown – Top 10 (Merrill Lynch Industry Level 3)



Source: SMDAM and Ares Capital as at 28 February 2025

Institutional (F & I)			
Share Class	ISIN	Minimum investment amount*	Subsequent investment amount*
F, USD	LU2710802047	USD 5,000,000	USD 50,000
I, USD	LU2710801825	USD 300,000	USD 50,000
Wholesale (A)			
Share Class	ISIN	Minimum investment amount*	Subsequent investment amount*
A, USD	LU2710801742	USD 2,000	USD 1,000
A, EUR (UH)	LU2710800934	USD 2,000	USD 1,000
A, HKD (UH) (S*2) **	LU2710800264	USD 2,000	USD 1,000

(H) indicates hedged share class. (UH) indicates unhedged share class.

* USD or the equivalent in other currencies

Disclaimers

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The information set out in this document is for information purposes only and is not intended to be investment advice, tax, financial or any other type of advice and is merely a brief summary of the main aspects of the Sub-Fund managed by the Sub-Portfolio Manager, Ares Capital Management II LLC, and marketed and distributed by Sumitomo Mitsui DS Asset Management (UK) Limited and its authorised distributor, Ares Management Limited.

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The Sub-Fund is making disclosures as an Article 8 fund for the purposes of the SFDR.

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Paying / Information Agents:

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