

# Ares Private Markets Fund

2023 Year-End Update

(as of 12/31/23)

Reflecting on 2023, Ares Wealth Management Solutions ("AWMS," "we," "us," or "our") is pleased to provide you an update on Ares Private Markets Fund ("APMF" or the "Fund") performance, portfolio positioning, and outlook for 2024

## Fund Overview

Ares Private Markets Fund ("APMF" or the "Fund") is a diversified private equity investment solution, anchored in secondary investments, that seeks to deliver attractive, long-term capital appreciation through market cycles.

The Fund is managed by Ares Secondaries Group, which had \$24.8 billion in AUM (as of December 31, 2023) for secondary investment vehicles and has a strong cycle-tested track record over 30+ years across more than 2,625+ transactions.

APMF seeks to offer investors enhanced diversification, attractive risk adjusted returns, and mitigated volatility relative to public equity markets. Upon investment, investors gain immediate diversified private equity exposure (no capital calls), have the ability to redeem quarterly, and Form 1099 tax reporting<sup>1,2</sup>

## Performance<sup>3</sup>

APMF has continued to deliver on attractive, risk-adjusted returns, generating 13.77% annualized return since inception with respect to Class I Shares.

Inception-to-date ("ITD"), APMF's Class I has outperformed the MSCI World Index by 10.00% (ITD was 3.77%), the S&P 500 by 9.78% (ITD was 3.99%), and the Russell 2000 by 13.00% (ITD was -0.23%).<sup>4</sup> We believe the Fund, which is comprised of 123 investments and 2,000+ underlying portfolio companies with exposure to a wide range of sectors, creates a strong foundation to offer immediate diversification and potential for differentiated overall returns through market cycles.

## Performance Summary<sup>2</sup>

	NAV/Share	1 Month	3 Month	YTD	1 Year	ITD (C) <sup>4</sup>	ITD (A) <sup>4</sup>
<b>Class I</b>	\$29.94	9.02%	9.74%	20.96%	20.96%	25.34%	13.77%
<b>Class D</b>	\$29.81	8.98%	9.64%	20.59%	20.59%	24.11%	17.61%
<b>Class A</b>	\$29.75	8.68%	9.23%	N/A	N/A	13.79%	N/A
<b>Class A with sales load<sup>5</sup></b>	\$29.75	4.88%	5.41%	N/A	N/A	9.81%	N/A

**Expense Ratios (Gross/Net):** Class I: 2.58% / 2.40%, Class D: 2.83% / 2.65%, Class A: 3.43% / 3.25%  
The performance data quoted represents past performance and is no guarantee of future results. Returns quoted less than one year are cumulative. Your returns and the principal value of your investment will fluctuate so that your accumulation units or shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted above. For information current to the most recent month end go to [areswms.com](https://areswms.com).

## At-A-Glance

**\$791.7m**

ASSETS UNDER  
MANAGEMENT<sup>7</sup>
**123**

TOTAL INVESTMENTS

**\$29.94**

CLASS I NAV/SHARE

**13.77%**

ANNUALIZED CLASS I  
SHARE RETURN SINCE  
INCEPTION<sup>4</sup>

## Fund Activity

The Fund continues to scale rapidly, having closed on 12 transactions during 4Q23, bringing the total transaction count in 2023 up to 24, a significant increase over the last year (10 in 2022). Despite consistently strong performance throughout the year, December represented an inflection point where the Fund deployed ~\$280M of capital into eight new transactions. Throughout the year, the investment team executed on the Fund's investment strategy by allocating to diversified, North American-focused buyout managers that they believe have demonstrated the ability to produce consistent alpha. Buyout managers now account for 83.5% of the Fund, while 82.4% of the portfolio is North American-focused.

The team continues to opportunistically deploy capital into the Limited Partner ("LP") led secondaries market due to the attractive discounts resulting in a 72.3% allocation to such transactions. Consistent with the Fund's mandate, allocations to General Partner ("GP") led transactions now account for 19.3% of the Fund's asset base. The team believes as GP-led transaction volumes increase in the marketplace, there will be additional opportunities to add more such deals to the portfolio. As is commonplace with secondaries, the Fund remains sector agnostic but continues to demonstrate broad diversification by sector. Today, the Fund's largest sectors are information technology (29.8%) and healthcare (20.4%).

## Outlook<sup>8,9,10</sup>

Despite uncertainty in the broader markets heading into 2024, market participants anticipate a banner year of dealmaking in the secondaries market. While uncertainty around private equity valuations and the impacts of inflation and higher interest rates caused a slowing in 1H 2023 volumes, deal flow in 2H 2023 experienced a rebound. Although numbers are not yet final, Q4 2023 could be a record quarter for secondary volume, supported by shrinking bid / ask spreads between buyers and sellers and persistent demand for liquidity by both GPs and LPs. We anticipate both tailwinds to continue into 2024.

In the LP-led secondaries market, we expect liquidity to be a focal point in 2024, given Q3 2023 marked the lowest quarterly figure for U.S. private equity exit activity in over a decade. This was due largely to a dormant IPO market and a constrained M&A environment. As a result, capital is not being returned to LPs as quickly as in the past. As both LPs and secondaries investors get comfortable with valuations and market prices, we anticipate a significant pick up in LP-led activity as LPs take liquidity into their own hands. Due to this phenomenon, we expect strong supply and attractive discounts in 2024 for LP-led secondaries.

Similarly, in the GP-led part of the market, we expect strong levels of activity in 2024, following a year where GP-led volume significantly under paced LP-led volume. Price discrepancies made many managers hesitant to bring deals to market in 2023 for fear of deals not getting done; however, we expect GPs to come to market early in 2024 to get first access to capital available in the space. We anticipate a desire of GPs to test the market as other exit options remain constrained. Despite solid fundraising in the space, we believe the GP-led part of the market continues to be undercapitalized as GPs increasingly identify assets in their funds that are candidates for continuation vehicles. Supply growth, undercapitalization of the market, and shrinking bid/ask spreads could lead to increased GP-led volumes in 2024.

- Ares Secondaries Group

## Differentiated Access to Private Equity, Principally Through Secondaries

**2,000+**

Underlying  
Portfolio  
Companies

**24**

Vintage Years

**11**

Sectors

**96%**

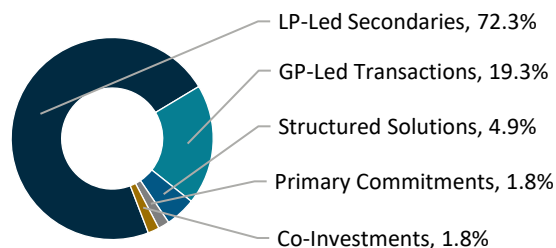
Secondaries

**97%**

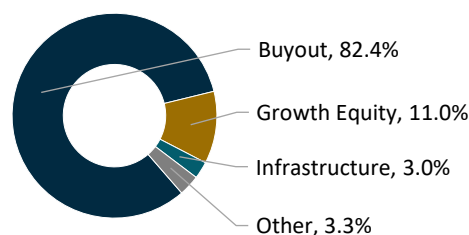
Private

## Fund At-A-Glance<sup>11,12,13</sup>

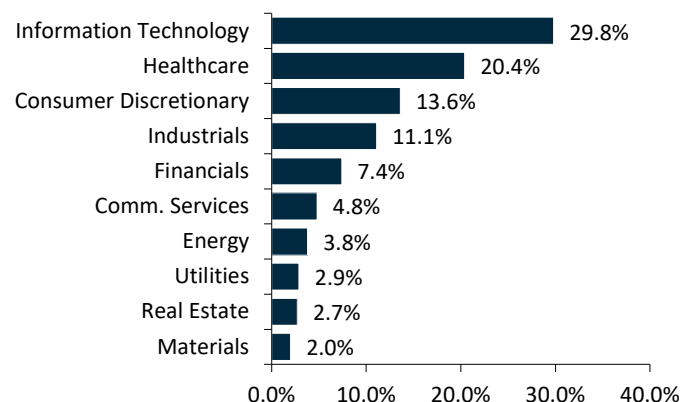
### Investment Type



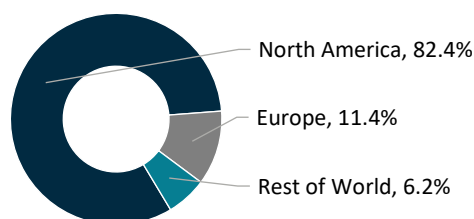
### Strategy



### Top 10 Sectors



### Geography



### Top 10 Holdings<sup>13</sup>

	Investment Type	Strategy	(%)
Warburg Pincus Private Equity XII, L.P.	Secondary	Buyout	8.4%
Blackstone Capital Partners VI, L.P.	Secondary	Buyout	7.7%
Alpine Investors VI, L.P.	Secondary	Buyout	6.5%
WE Strategic Partners SPE-A, L.P.	Secondary	Buyout	4.9%
Vista Equity Partners Fund V, L.P.	Secondary	Buyout	4.9%
Warburg Pincus Global Growth, L.P.	Secondary	Buyout	4.4%
Sycamore Partners III-A, L.P.	Secondary	Buyout	3.9%
Platinum Equity Capital Partners IV, L.P.	Secondary	Buyout	3.8%
Insight Partners Continuation Fund II, L.P.	Secondary	Growth	3.8%
Hildred Perennial Partners, LP	Secondary	Buyout	3.1%

**Important Information and Risks**

**Past performance is not a guarantee of future results.** An investment in the Fund involves a high degree of risk and therefore should only be undertaken by qualified investors whose financial resources are sufficient to enable them to assume these risks and to bear the loss of all or part of their investment. The Fund and Ares do not guarantee any level of return or risk on investments and there can be no assurance that the Fund's investment objective will be achieved.

An investment in the Fund should be considered illiquid. An investment in the Fund is not suitable for investors who need access to the money they invest. Although the Fund may offer to repurchase a limited amount of its shares via quarterly tender offers, the Fund's shares will not be redeemable, transferable or otherwise exchangeable at an investor's option. As a result, an investor may not be able to sell or otherwise liquidate its shares. There can be no assurance that the Fund will conduct tender offers in any particular period and investors may be unable to tender their shares for repurchase for an indefinite period of time. Additional Fund risks include, but are not limited to: the fund has no operating history, shares are subject to substantial restrictions on transferability and may not be transferred or resold except as summarized in the Prospectus and permitted under the Fund's agreement and declaration of trust, dependence on the Adviser and key personnel that could impact the Fund if changes occur, restrictions on transfers, non-diversification of investments, valuation risks, strategy-specific risks, and portfolio investment risks.

**This is neither an offer to sell nor a solicitation to purchase the securities described herein. Please read the Fund Prospectus prior to making any investment decisions and consider the risks, charges, and expenses and other information described therein. Additional copies of the Prospectus may be obtained by contacting your financial advisor or by visiting [areswms.com](http://areswms.com). Investors should consult with their financial advisor about the suitability of the Fund for their portfolio.**

1. The Fund expects to offer investors limited quarterly liquidity through a tender offer process. Under normal market conditions, the Fund's investment adviser, Ares Capital Management II LLC (the "Adviser") expects to recommend that the Fund repurchase 5% of its outstanding shares of beneficial interest of the Fund ("Shares") at their net asset value (NAV). No assurance can be given that such tender offers will be approved by the Fund's Board of Trustees. If a tender offer is oversubscribed, investors may be subject to a pro rata reduction in the Shares ultimately repurchased by the Fund unless the Fund increases the size of the tender offer. All terms of each tender offer will be publicly disclosed.
2. Although the Shares will be registered under the Securities Act, the Shares will be sold only to persons or entities that are both "accredited investors," as defined in Section 501(a) of Regulation D under the Securities Act, and "qualified clients," as defined in Rule 205-3 under the Advisers Act. The qualifications required to invest in the Fund will appear in subscription documents that must be completed by each prospective investor.
3. Performance is measured by total return, which represents the change in net asset value over the indicated time period plus any income distributions.
4. Inception is the date APMF commenced operations. The inception date for Class I shares was April 1, 2022. The inception date for Class D shares was September 1, 2022. The inception date for Class A shares was August 1, 2023. Since inception return shown for the MSCI, S&P 500 and Russell 2000 is as of the Fund's Class I inception date for comparison purposes. A=Annualized. C=Cumulative.
5. APMF does not charge investors an upfront sales load with respect to Class A share. However, if you buy Class A shares through certain selling agents, they may directly charge you transaction or other fees, including upfront placement fees or brokerage commissions, in such amount as they may determine, provided that selling agents limit such charges to a maximum of 3.5% of NAV for Class A shares. Class A shares listed as With Upfront Placement Fees and Brokerage Commissions reflect the returns after the maximum upfront placement fees and brokerage commissions. Class A shares listed without Upfront Placement Fees and Brokerage Commissions exclude upfront placement fees and brokerage commissions. Selling agents do not charge such fees on Class I shares.
6. Indices shown are provided for illustrative purposes only and not indicative of any investment. They have not been selected to represent appropriate indices or targets for the fund. Rather, the indices shown are provided solely to illustrate the performance of well-known and widely recognized indices. 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 fund presented herein.
7. Fund AUM is calculated as the sum of the funds Net Asset Value (NAV) as of December 31, 2023 (\$704.9 million) and the amount of capital received from subscriptions effective January 2, 2024 (\$86.8 million).
8. Private Equity International, "More players to embrace secondaries in 2024 amid liquidity crunch", January 2024.
9. Pitchbook, "The pipeline is full for secondary deals in 2024", December 2023.
10. Buyouts, "Signs of a banner year ahead in secondaries", December 2023.
11. Holdings calculated based on total portfolio value.
12. Although Ares Private Markets Fund shares are 1933 Act-registered, Shares of the Fund are subject to significant transfer restrictions. In addition, no secondary market for such Shares is expected to exist.
13. Percentages may not total 100% due to rounding.

**Not a Deposit | Not FDIC Insured | Not Guaranteed by the Bank | May Lose Value | Not Insured by any Federal Government Agency**

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