



Aspida Financial

July 9, 2019

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Ares Expands Insurance Platform Through Launch of Aspida Financial

Aspida has Agreed to Acquire Pavonia Life Insurance Company (the “Company”)⁽¹⁾

Large & Growing Market

1

- Favorable demographics with aging U.S. population projected to increase by 48% over the next 15+ years⁽²⁾
- At the same time, employer sponsored defined benefit plans have declined
- This combination drives strong demand for protection, savings and retirement income through insurance and annuity products
- Retirement assets are expected to grow to \$25+ trillion by the end of 2019⁽³⁾ with \$230+ billion of annuities written last year⁽⁴⁾

Highly Strategic for Ares

2

- Upon closing, Aspida expects to issue, reinsure and acquire products for individuals and institutions seeking to fund long term needs⁽¹⁾
- Ares’ differentiated asset origination capabilities have the ability to meaningfully enhance product positioning and net returns
- Ares manages ~\$15 billion in AUM for more than 100 insurance clients⁽⁵⁾
- Ares has partnered with insurance companies to form multiple multi-billion dollar joint ventures and direct investments

Leading Cornerstone Platform⁽¹⁾

3

- Company led by an experienced and capable management team with an average of 25+ years experience
- Scalable, high-quality operations driven by a robust, next generation technology platform
- Diversified suite of life insurance and annuity products
- Strategic vision for Aspida launch and growth:
(1) New business underwriting,
(2) Reinsurance transactions and
(3) Acquisitions

The launch of Aspida and its platform acquisition represents a compelling investment opportunity

1. Aspida is a newly formed, wholly-owned subsidiary of Ares Management that has entered into an agreement to acquire Pavonia Life Insurance Company of Michigan, an insurance and servicing company with assets of \$1.1 billion, which originates and manages life and annuity insurance products. The Company will operate under the Aspida brand following the closing of the transaction. Although the transaction is expected to close before the end of 2019, it is subject to regulatory approval and other closing conditions.

2. U.S. Census Bureau as of June 2019.

3. Cerulli Retirement Markets, 2016.

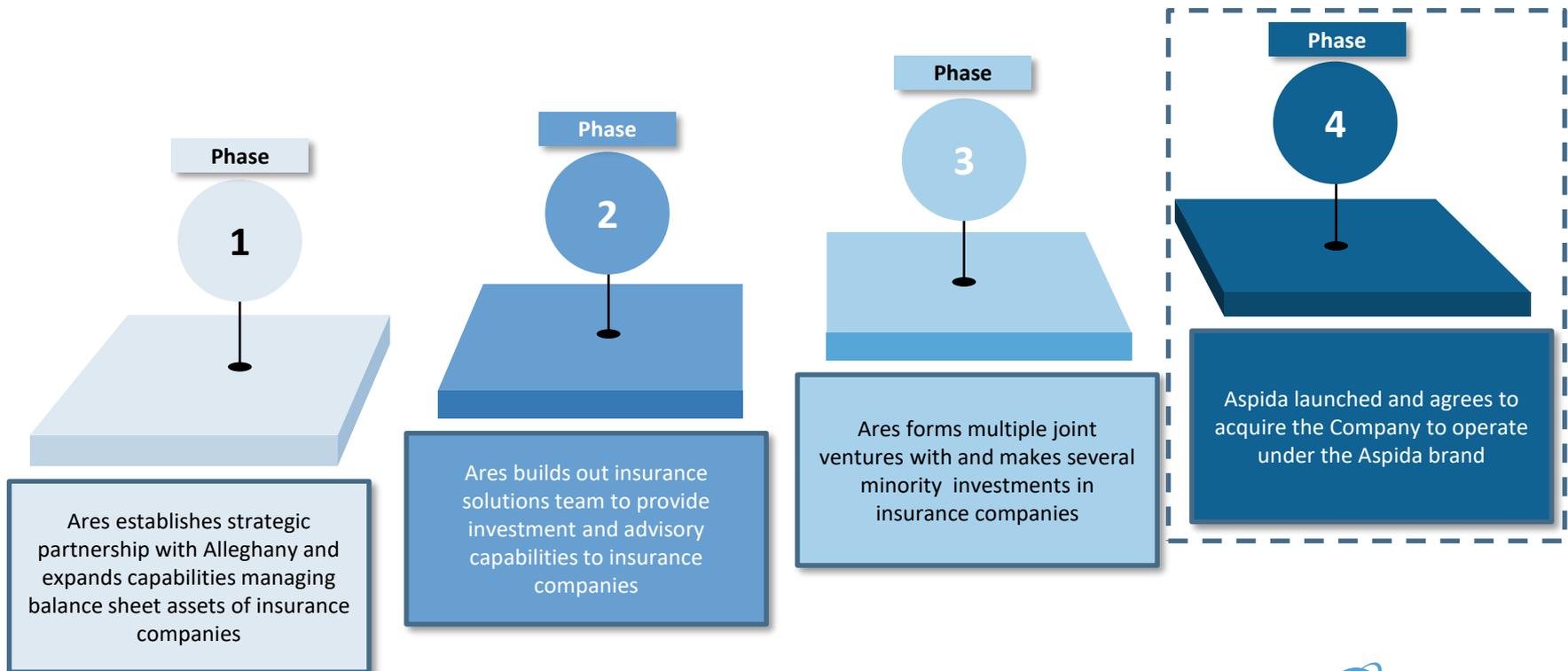
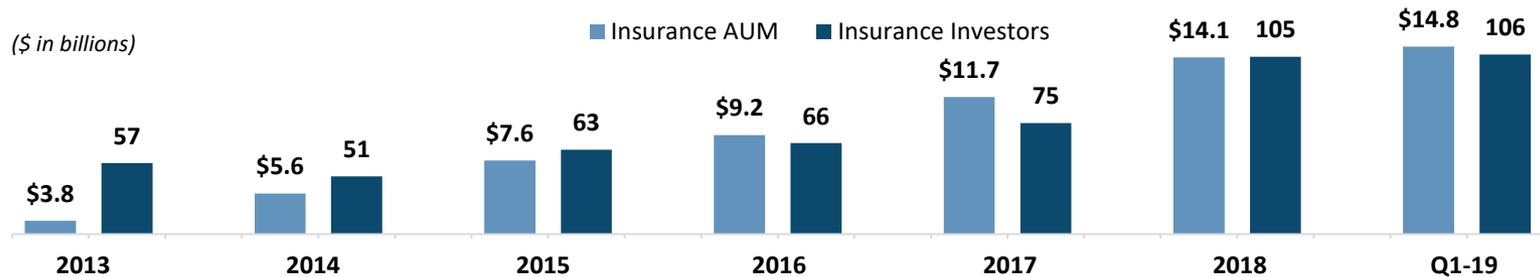
4. LIMRA Secure Retirement Institute, US Individual Annuities Survey as of Q1-19.

5. As of 3/31/2019.

Aspida Launch is Natural Extension of Ares' Insurance Capabilities

Ares Has Been Steadily Building Its Insurance Clients and Capabilities

Ares' Insurance Growth*



*Note: The AUM and number investors that are categorized under the Ares Insurance Platform are in various Ares Funds, SMAs and co-investments versus one discrete insurance platform.

Ares is an Experienced Solutions Provider to Insurance Clients

Ares' Differentiated Capabilities Across Asset Classes Appropriately Match Insurance Companies' Needs

ILLUSTRATIVE INSURANCE COMPANY PORTFOLIO

ASSET CLASS	CORPORATE AND GOVERNMENT DEBT		ABS / CLOS/ CMBS / RMBS	COMMERCIAL MORTGAGE LOANS	ALTERNATIVES
% OF INSURANCE PORTFOLIO ⁽¹⁾	~50%		~30%	~10%	~10%
RELEVANT ARES GROUP	DIRECT LENDING	LIQUID CREDIT	ALTERNATIVE CREDIT	REAL ESTATE DEBT	REAL ESTATE PE / PRIVATE EQUITY
AUM (\$bn)	\$66.5	\$28.0	\$7.9 ⁽⁷⁾	\$4.0	\$7.8 / \$23.8
YEAR FOUNDED	2004	1997	2008	2012	1993 / 2003
NO. OF INVESTMENT PROFESSIONALS	175+ ⁽²⁾	40+	30+	20+	45+ / 50+
NO. OF INVESTMENTS SINCE INCEPTION	1,200+ ⁽³⁾	2,600+ ⁽⁵⁾	1,780+ ⁽⁸⁾	150+	600+ / 70+
AGG. DEPLOYMENT SINCE INCEPTION (\$bn)	\$80+ ⁽⁴⁾	\$130+ ⁽⁶⁾	\$10+ ⁽⁹⁾	\$5+	\$15+ / \$15+

All data is as of March 31, 2019 unless noted otherwise.

Past performance is not indicative of future results. Please review in conjunction with the Endnotes at the end of this presentation.

Ares Focus on Insurance

Ares Has Built Significant Insurance Capabilities Over the Past Five Years

Ares Insurance Overview

- Ares is focused on providing investment solutions to insurance clients, including:

Improved risk adjusted return opportunities

Asset-liability management

Rating agency compliance

- Ares works with a broad array of insurance clients (life/P&C, domestic/foreign, etc.) as a differentiated source of portfolio enhancement across multiple asset sectors
- Ares offers investment solutions including investment grade and non-investment grade assets ranging from 4% to 15% target net returns⁽¹⁾

Percentage of Insurance Assets Under Management by Strategy

(as a % of Insurance Assets Under Management)

■ Global Direct Lending

■ Alternative Credit

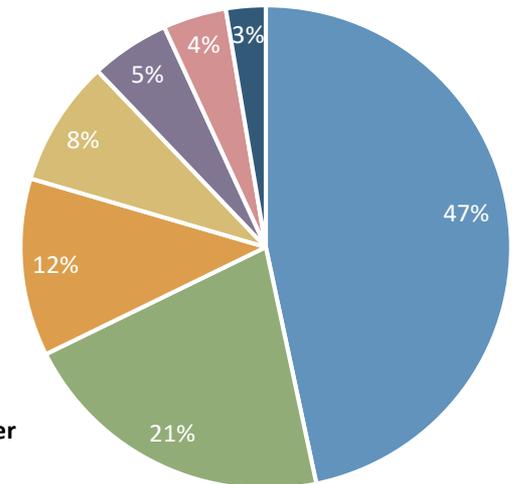
■ Global Liquid Credit

■ Private Equity

■ Real Estate Debt

■ Real Estate Equity

■ Infrastructure & Power



The Launch of Aspida Enables Ares to Capitalize on Existing Insurance Business and Leverage its Leading Credit Platform

Note: All figures are as of March 31, 2019. Assets under management include drawn and undrawn amounts, including certain amounts that are subject to regulatory leverage restrictions and/or borrowing base restrictions.

1. Ares makes no guarantees that targeted returns can be achieved.

Ares as a Partner to Insurance Sector

Ares and its Affiliates Have Formed Multiple Partnerships With Insurance Companies

1

MINORITY
STAKE SALE

2013

Ares Management and Alleghany Corporation (NYSE: Y) formed a strategic partnership whereby Alleghany acquired equity ownership in Ares and committed up to \$1 billion of capital for Ares to manage in various investment strategies to enhance returns

2

JOINT VENTURE
FORMATION

2015

Ares Capital Corporation and Varagon Capital Partners, which is backed by insurer AIG and other insurance clients, formed a joint venture to invest in first-lien, middle-market loans named the Senior Direct Loan Program (now ~\$6 billion)⁽¹⁾

3

JOINT VENTURE
FORMATION

2018

Ares Management forms a ~\$5 billion joint venture with a large U.S. domiciled life insurance and annuity provider to directly originate large scale private asset-backed opportunities in the market on an exclusive basis

4

MINORITY
STAKE
ACQUISITIONS

MULTIPLE
YEARS

Ares Management acquires multiple strategic minority equity interests in U.S. domiciled, middle market life insurance and annuity players with its initial investment dating back over 5 years

1. As of March 31, 2019.

Aspida's Acquisition

Overview of the Company⁽¹⁾

Overview

- The Company is a Michigan domiciled insurance company offering life insurance, annuities and reinsurance products and services with licenses in 49 states
- Headquartered in North Carolina, the Company has 178 employees led by a strong, entrepreneurial management team that Ares has known and respected for several years
- The Company produced ~\$1.7 billion of new business in 2018⁽²⁾
 - ~50% was written through bank channel and ~50% through independent marketing organizations
- The Company focuses on stable and conservative liabilities such as fixed annuities, fixed indexed annuities and life insurance products
- The Company's investment portfolio is diversified and high-quality with ~95% investment grade

Technology-Driven Platform



Efficiency

- Scalable platform to enable low cost administration of new business
- Simple, repeatable and automated business process



Customer Value

- Simple & transparent process
- Lower sales commissions
- Intuitive user experience with real-time service



Innovation

- Digital, simple and personalized
- Instant delivery
- Developing industry-leading technology

Note: As of 12/31/2018.

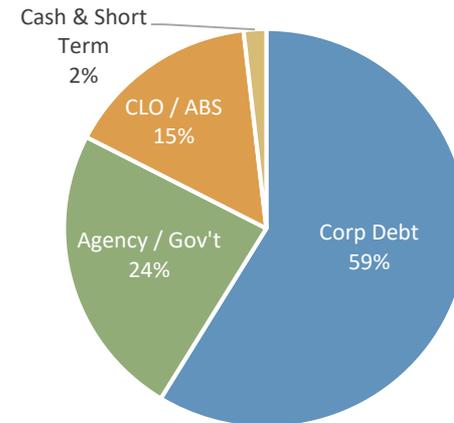
1. Aspida is a newly formed wholly owned subsidiary of Ares Management that has entered into an agreement to acquire Pavonia Life Insurance Company of Michigan, an insurance and servicing company with assets of \$1.1 billion which originates and manages annuity and life insurance products. The Company will operate under the Aspida brand following the closing of the transaction. Although the transaction is expected to close before the end of 2019, it is subject to regulatory approval and other closing conditions.

2. 2018 sales are from a servicing affiliate of the Company.

3. Reflects balance sheet of the Company as of 3/31/19.

Investment Portfolio⁽³⁾

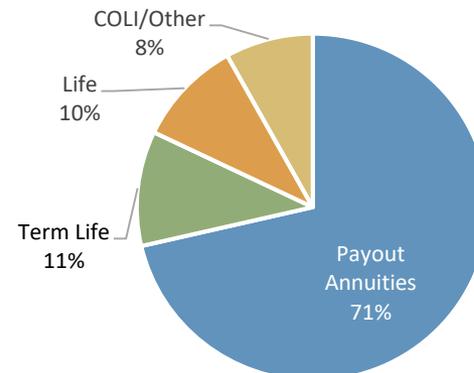
Total Invested Assets: ~\$1,043mm



Includes \$76 million of statutory capital & surplus

In-Force Liabilities by Product⁽³⁾

Total In-Force Liabilities: ~\$916mm



Aspida's Three Pronged Strategy for Growth

Ares Intends to Use its Breadth and Scale to Grow Aspida Into a Market Leading Insurance Company⁽¹⁾

1 Underwriting New Business⁽¹⁾

- Technology driven disruptive platform poised to capture market share
- The Company produced ~\$1.7 billion in annuities in 2018 with potential to unlock additional scale benefits via the Ares platform

2 Reinsurance Opportunity

- Life and annuity reinsurance market is a complementary growth opportunity
- Primary insurers continue to look to reinsurance partners to reposition balance sheet assets and liabilities

3 Potential Acquisitions

- Ares has examined over 60 potential acquisitions, seeking the right platform, people and price
- Acquisitions represent significant and immediate potential for growth

Market Opportunity

\$230+ billion in annuity policies sold in 2018⁽²⁾

Over the past 24 months, 10 largest reinsurance transactions resulted in \$100+ billion of reserves transferred⁽³⁾

Ares has examined over \$800+ billion of assets from potential insurance acquisition targets

**Significant Insurance Platform
Growth Opportunity**

1. Aspida expects to acquire these capabilities with the closing of the acquisition and the Company will operate under the Aspida brand.
2. LIMRA Secure Retirement Institute, US Individual Annuities Survey as of Q1-19.
3. Analysis based on public filings as of May 2019.

Growing Market for Insurance Products

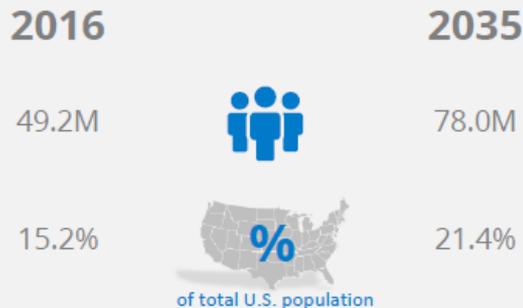
Retirement Market Opportunity Continues to Expand With Favorable Dynamics

Retirement Market Trends

- U.S. retirement population projected to increase by **48%** over the next 15+ years to 78 million⁽¹⁾
- Large market with over **\$230 billion** in annuity premiums written in 2018⁽²⁾
- **75%** of Baby Boomers are not confident their savings will last throughout their retirement⁽³⁾

RETIREMENT POPULATION GROWTH⁽¹⁾

(U.S. Population Age 65+)



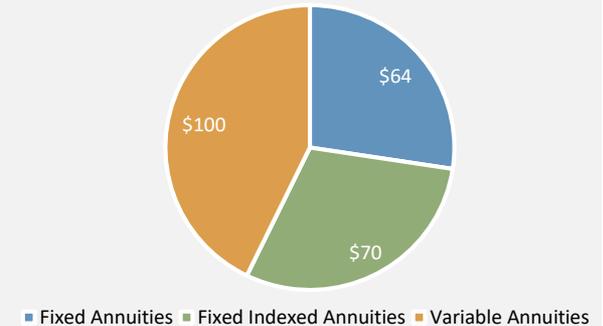
HISTORICAL AND PROJECTED RETIREMENT MARKET ASSETS⁽⁴⁾

(\$ in trillions)



2018 TOTAL ANNUITY SALES⁽²⁾

(\$ in billions)



Favorable Market Dynamics Enable Significant Scale and Growth Opportunities in the Retirement Insurance Sector

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. U.S. Census Bureau as of June 2019.
2. LIMRA Secure Retirement Institute, US Individual Annuities Survey as of Q1-19.
3. Insured Retirement Institute. April 2018.
4. Cerulli Retirement Markets, 2016.

Opportunity for Compelling Future Financial Benefits

Expect Transaction to Provide Shareholders with Strong Returns Over the Long Term

Transaction Economic Impacts	
Transaction Summary	<ul style="list-style-type: none">Transaction price: \$75 million in cash<ul style="list-style-type: none">Funded with cash on hand and Ares' \$1.075 billion revolving credit facilityThe transaction is expected to close before the end of 2019, subject to regulatory approval and other closing conditions⁽¹⁾
Investment Management	<ul style="list-style-type: none">Ares expects to receive a management fee for providing oversight, including portfolio allocation, optimization and other material services
Sub-Advisory Allocation	<ul style="list-style-type: none">Ares anticipates sub-advising a portion of the investment portfolioAres expects the fee structures to be market rate for each sub-allocation mandate
Third Party Capital	<ul style="list-style-type: none">Ares intends to use its 900+ direct institutional relationships to bring long term, patient growth capitalAres expects to receive ancillary economics from capital raised and deployed on behalf of third party investors

Note: There can be no guarantee that the illustrated financial results can be achieved.

- The Company will operate under the Aspida brand upon consummation of the transaction which is expected to close before the end of 2019, subject to regulatory approval and other closing conditions.

Endnotes

1. Based on 2017 Life, A&H and Fraternal Industry Analysis Report by NAIC and The Center For Insurance Policy and Research publish in 2018.
2. U.S. Direct Lending includes IHAM and ACF Investment Professionals. European Direct Lending team count is as of April 2019.
3. From October 8, 2004 through March 31, 2019. Represents U.S. Direct Lending 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 (NASDAQ: ARCC) 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 (NASDAQ: ARCC) and the remaining from separately managed accounts and other funds.
4. Invested capital represents the book value of all U.S. and European Direct Lending investments from October 2004 through December 31, 2018 and July 2007 through December 31, 2018, respectively, net of the original issue discount ("OID") and amounts syndicated to third parties and excludes investments inherited from portfolio acquisitions. This includes all first lien debt 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 purposes, and investments inherited from portfolio acquisitions), including investments made through Ares Capital Corporation (NASDAQ: ARCC) and from separately managed accounts and other funds.
5. Represents the number of distinct issuer investments since March 2007 across global liquid credit portfolios.
6. Represents total trading volume (\$ billions) for the past five years (FY 2013 – FY2018).
7. As of March 31, 2019. AUM reflects USD amount and includes ~\$6.9bn invested across dedicated funds and ~\$1.0bn invested across other strategies.
8. As of March 31, 2019. Reflects purchases for CLOs and CMBS and investments for ABS since inception, as relevant. Please note Ares' acquisition of Indicus Advisors LLP closed at the end of 2011. The acquisition increased Ares' credit presence in global structured credit. Given this, the above reflects investments and deployment since 2011.
9. As of March 31, 2019. Reflects the cost basis for CLOs and CMBS and total commitments for ABS since inception, as relevant. Please note Ares' acquisition of Indicus Advisors LLP closed at the end of 2011. The acquisition increased Ares' credit presence in global structured credit. Given this, the above reflects investments and deployment since 2011.