

Ares Management: Scaling Private Credit in the Wealth Channel

Internal ID: S&F-STR-066

Topic: Platform Strategy, Growth Strategy, Capital Allocation

Industry: Asset Management & Custody Banks

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

Case information cutoff: 21 May 2024

In May 2024, Ares Management described a fast-growing wealth business and ambitious goals for its semi-liquid product platform. One of those products, Ares Strategic Income Fund (ASIF), offered individual investors access to private credit through a continuously offered, non-traded business development company. Its shares did not trade on an exchange, and its quarterly repurchase program offered limited liquidity at the fund's discretion.

The strategic question is how quickly Ares should expand ASIF through wealth platforms, and what conditions should govern that expansion. A growth-led rollout could extend the firm's reach and support its broader wealth strategy. A phased rollout could link distribution growth to advisor readiness, client understanding and monitoring of tender demand and fund liquidity. A third path could continue platform growth while relying more heavily on disclosure, training and supervisory controls.

The public record does not show that Ares had a pending internal decision on this question. For this exercise, assume you are advising an Ares manager responsible for the next phase of ASIF's wealth-channel plan. Recommend an operating approach for the coming year and specify what evidence should cause management to continue, slow or revisit it. Treat your role and the decision as teaching assumptions.

A platform opportunity

Ares's May 2024 Investor Day presentation described six semi-liquid perpetual products and approximately \$25 billion of wealth AUM. It reported approximately \$175 million in 2024 management fees from the wealth business and more than 125 professionals supporting wealth products. Its 2028 goals were eight to ten products, approximately \$100 billion of wealth AUM and approximately \$600 million in management fees. These are management goals across Ares Wealth Management Solutions, not forecasts and not ASIF-specific targets.

Ares described a distribution strategy built around dedicated sales teams, strategic partnerships, advisor education, data and a broader set of products. It estimated that about 85% of producing advisors were "on platform" and said its 2024 producing advisors represented roughly 5% of the addressable market. Ares based those estimates on its own analysis and a subset of strategic partners. The figures describe management's view of the opportunity; they do not show how many advisors recommended ASIF, how much clients invested, or whether those investments fit client needs.

The company also reported that the wealth business had grown from one semi-liquid perpetual product in 2021 to six in 2024, with wealth AUM rising from roughly \$2 billion to \$25 billion. Those figures make the growth ambition concrete, while leaving open how much of the next

stage should depend on further platform access, existing advisor engagement or new product development.

ASIF's scale and terms

ASIF was already a substantial vehicle. In a filing made public on 21 May 2024, the fund reported 30 April net asset value of approximately \$2.9 billion, investments with a fair value of about \$4.1 billion and debt of about \$905 million. It reported debt-to-equity leverage of 0.32x and said 98% of debt investments by fair value were floating rate.

The same filing reported cumulative share-sale consideration of approximately \$3.083 billion across registered offerings and private placements, excluding reinvested distributions. It also reported \$139.3 million from a May sale of 5.105 million Class I shares at April NAV. These are gross share-sale figures; they do not show net subscriptions after repurchases, channel-specific fundraising or the amount attributable to wealth platforms.

ASIF is a non-traded, closed-end BDC. Its share repurchase program allows the board, at its discretion, to offer quarterly repurchases of up to 5% of shares outstanding, measured under the program by share count or aggregate NAV. The board may offer less, amend or suspend the program, or terminate it. Shareholders have no ordinary right to redeem shares outside the program, subject to limited legal and regulatory exceptions. Shares are valued at NAV for an offer, and the fund disclosed a 2% early repurchase deduction for shares held less than one year.

In its first 2023 offer, ASIF repurchased 2,955 Class I shares for \$78,000, equal to 0.01% of shares outstanding, and said it met all requests. That single early offer says little about future demand under different market or ownership conditions. The fund's own risk disclosures describe limited liquidity and say investors should be able to bear high risk and lack of liquidity.

ASIF also disclosed different servicing and distribution fees for Class S and Class D shares and noted that intermediary compensation could vary and create conflicts. Those facts establish that channel economics matter to investor returns and sales incentives. They do not establish a particular recommendation, conflict or sales practice.

The category and its boundaries

Another wealth-facing private-credit BDC, Blackstone Private Credit Fund, also disclosed a board-discretionary quarterly repurchase program of up to 5%. Similar terms suggest that ASIF's design is recognizable in the category. They do not establish that the design is optimal or that the two funds have comparable portfolios, investors or tender demand.

Research on open-end mutual funds offers mechanisms to consider, not direct forecasts for ASIF. Chen, Goldstein and Jiang found that outflows from U.S. equity mutual funds holding less-liquid assets were more sensitive to poor past performance, with a different pattern for funds held mostly by large investors. Ma, Xiao and Zeng's study of fixed-income mutual funds during the COVID-19 shock describes how liquidity transformation and investor outflows can interact with portfolio sales. The studies concern open-end funds with ordinary redemption arrangements. ASIF instead has a quarterly, discretionary tender offer capped at up to 5%; the research does not estimate ASIF's likely requests or establish that ASIF faces a run.

The decision

Your recommendation should address the pace of ASIF's wealth-platform expansion and the conditions for continuing it. Consider three feasible approaches:

1. Continue a growth-led rollout using the existing product design and disclosed controls.
2. Phase incremental platform access or sales capacity against evidence of platform readiness, client understanding and fund liquidity.
3. Continue expansion while strengthening advisor education, suitability review, disclosure and supervisory monitoring.

You may combine elements, but explain who would monitor the plan, which indicators matter and what would trigger a review or change. Public sources do not establish numerical thresholds. If you propose thresholds, identify the internal baseline data needed to calibrate them and label them as your recommendation.

Questions for discussion

1. How should Ares weigh its multi-product wealth growth goals against ASIF's limited liquidity terms and client-fit requirements?
2. What evidence would show that a platform is ready to distribute ASIF responsibly? Which signals should be reviewed at the advisor, investor and fund levels?
3. How should management interpret ASIF's first repurchase offer, and what can it not tell them?
4. What operating conditions would you set for the next year? What information would make you speed up, hold or slow the rollout?

Sources

Primary sources:

- Ares, [Investor Day 2024 presentation](#), recorded 21 May 2024: slide 81 (strategy), slide 84 (advisor reach), slide 86 (staffing), slide 88 (growth goals); [event page](#) and [10 May event announcement](#).
- Ares Management, [2023 Form 10-K](#), filed 27 February 2024, Item 1.
- Ares Strategic Income Fund, [2023 Form 10-K](#), filed 14 March 2024, especially Item 1 and Item 5, pp. 5-8, 47, 50-52 and 60-62.
- Ares Strategic Income Fund, [Form 8-K](#), event 20 May 2024, filed 21 May 2024, Items 3.02 and 8.01, lines 84-89, 95-102, 130-145 and 163-179.
- Blackstone Private Credit Fund, [2023 Form 10-K](#), filed 15 March 2024, Item 1 and Item 5.

Academic sources:

- Chen, Goldstein and Jiang, [“Payoff Complementarities and Financial Fragility”](#), *Journal of Financial Economics* 97 (2010), 239-262.
- Ma, Xiao and Zeng, [“Mutual Fund Liquidity Transformation and Reverse Flight to Liquidity”](#), *Review of Financial Studies* 35(10) (2022), 4674-4711. The final article’s results and robustness text were not available for this case research; its abstract is used only for mechanism context.