

Ares Dynamic Credit Allocation Fund, Inc.
Form 497
June 16, 2015

**ARES MULTI-STRATEGY CREDIT FUND, INC.
ARES DYNAMIC CREDIT ALLOCATION FUND, INC.
2000 Avenue of the Stars, 12th Floor
Los Angeles, California 90067**

For questions about the Joint Proxy Statement/Prospectus, please call (866) 796-7186

June 15, 2015

Dear Stockholder:

You are cordially invited to attend a joint special stockholder meeting (the "Special Meeting") of Ares Multi-Strategy Credit Fund, Inc. ("ARMF") and Ares Dynamic Credit Allocation Fund, Inc. ("ARDC" and together with ARMF, the "Funds," and each, a "Fund"), each a Maryland corporation, to be held at the offices of Ares Capital Management II LLC, 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067, on July 14, 2015 at 12:00 p.m. (Pacific time). Before the Special Meeting, I would like to provide you with additional background information and ask for your vote on important proposals affecting the Funds which are described in the enclosed Joint Proxy Statement/Prospectus.

Stockholders of ARMF will be asked to consider the following proposal, which is described in the enclosed Joint Proxy Statement/Prospectus, at the Special Meeting:

1. The reorganization of ARMF into ARDC (the "Reorganization"), including the transfer of all of the assets of ARMF to ARDC, the deregistration of ARMF as an investment company pursuant to the Investment Company Act of 1940 and the dissolution of ARMF under Maryland law.

The Board of Directors of ARMF recommends that you vote "**FOR**" the proposal.

Stockholders of ARDC will be asked to consider the following proposals, which are described in the enclosed Joint Proxy Statement/Prospectus, at the Special Meeting:

2(A). The issuance of additional shares of ARDC common stock in connection with the Reorganization;

2(B). The amendment of ARDC's fundamental investment restriction with respect to making loans;

2(C). The amendment of ARDC's fundamental investment restriction with respect to concentration; and

2(D). An amendment of ARDC's 80% investment policy.

The Board of Directors of ARDC recommends that you vote "**FOR**" each proposal.

Your vote is important, regardless of the number of shares you own. Whether or not you plan to attend the Special Meeting in person, please read the Joint Proxy Statement/Prospectus and cast your vote promptly. To vote, simply date, sign and return the proxy card in the enclosed postage-paid envelope or follow the instructions on the proxy card for authorizing proxies by touch-tone telephone or on the Internet. Your prompt response is needed to avoid follow-up mailings which would increase the costs paid by all stockholders.

If you do not authorize a proxy using one of these methods described above, you may be contacted by D.F. King & Co., Inc., our proxy solicitor, to authorize your proxy over the telephone.

As always, we appreciate your support.

Sincerely,

SETH J. BRUFISKY

Director, President and
Chief Executive Officer of the Funds

Please vote now. Your vote is important.

To avoid the wasteful and unnecessary expense of further solicitation(s), we urge you to indicate your voting instructions on the enclosed proxy card, date and sign it and return it promptly in the postage-paid envelope provided, or record your voting instructions by telephone or via the internet, no matter how large or small your holdings may be. If you submit a properly executed proxy but do not indicate how you wish your shares to be voted, your shares will be voted "FOR" each proposal, as applicable. If your shares are held through a broker, you must provide voting instructions to your broker about how to vote your shares in order for your broker to vote your shares as you instruct at the Special Meeting.

[This Page Intentionally Left Blank]

June 15, 2015

**IMPORTANT NOTICE
TO STOCKHOLDERS OF
ARES MULTI-STRATEGY CREDIT FUND, INC.
ARES DYNAMIC CREDIT ALLOCATION FUND, INC.**

QUESTIONS & ANSWERS

Although we urge you to read the entire Joint Proxy Statement/Prospectus, we have provided for your convenience a brief overview of some of the important questions concerning the issues to be voted on at the joint special meeting of stockholders (the "Special Meeting") of Ares Multi-Strategy Credit Fund, Inc. ("ARMF") and Ares Dynamic Credit Allocation Fund, Inc. ("ARDC" and together with ARMF, the "Funds" and each, a "Fund").

Q: Why is a stockholder meeting being held?

A: *Stockholders of ARMF:* You are being asked to vote on the following proposal ("Proposal 1"): the reorganization (the "Reorganization") of ARMF (such Fund being referred to herein at times as the "Target Fund") into ARDC (such Fund being referred to herein at times as the "Acquiring Fund"), including the transfer of all of the assets of ARMF to ARDC, the deregistration of ARMF as an investment company pursuant to the Investment Company Act of 1940, as amended (the "Investment Company Act") and the dissolution of ARMF under Maryland law, which is described in the enclosed Joint Proxy Statement/Prospectus. The term "Combined Fund" will refer to ARDC as the surviving Fund after the Reorganization, and assumes that the investment policy and restriction changes in Proposals 2(B), 2(C) and 2(D) (described below) have been approved by ARDC stockholders. In the event the Reorganization is consummated, ARMF will terminate its registration under the Investment Company Act and then dissolve under Maryland law.

ARMF and ARDC have, and the Combined Fund will have, similar (but not identical) investment objectives, investment policies and investment restrictions. ARMF and ARDC have, and the Combined Fund will have, the same investment adviser, Ares Capital Management II LLC (the "Adviser").

The consummation of the Reorganization is conditioned on the approval by ARDC stockholders of Proposals 2(A), 2(B), 2(C) and 2(D) (described below). The Reorganization will be consummated only if the stockholders of ARMF approve Proposal 1 and the stockholders of ARDC approve Proposals 2(A), 2(B), 2(C) and 2(D). If the Reorganization is not consummated, then ARMF would continue to exist and operate on a stand-alone basis, though the Adviser may, in connection with ongoing management of ARMF, recommend alternative proposals to the Board of Directors of ARMF.

In the event the Reorganization is consummated, stockholders of the Combined Fund, including former stockholders of ARMF, would be subject to the investment policies of the Combined Fund following the Reorganization. See "Comparison of the Funds" in the Joint Proxy Statement/Prospectus for a comparison of the Funds' investment objectives and significant investment strategies and operating policies.

Stockholders of ARDC: You are being asked to consider the following proposals, which are described in the enclosed Joint Proxy Statement/Prospectus, at the Special Meeting:

2(A). The issuance of additional shares of ARDC common stock in connection with the Reorganization of ARMF into ARDC if the Reorganization is approved by the stockholders of ARMF;

2(B). The amendment of ARDC's fundamental investment restriction with respect to making loans, providing ARDC with greater flexibility to invest in securities issued by entities commonly referred to as collateralized loan obligations

or CLOs ("CLO Securities") that are not investment grade, including CLO debt securities and CLO equity securities;

2(C). The amendment of ARDC's fundamental investment restriction with respect to concentration, providing ARDC with greater flexibility in selecting its investments, particularly CLO Securities that are rated below investment grade and CLO equity securities; and

2(D). The amendment of ARDC's 80% investment policy such that, under normal market conditions, at least 80% of ARDC's Managed Assets (as defined in the Joint Proxy Statement/Prospectus) will be invested in debt instruments, including (i) senior secured loans made primarily to companies whose debt is rated below investment grade, (ii) corporate bonds that are primarily high yield issues rated below investment grade, (iii) other fixed-income instruments of a similar nature that may be represented by derivatives, and (iv) debt securities issued by entities commonly referred to as collateralized loan obligations (collectively, the "ARDC Proposals").

The Reorganization will be consummated only if the stockholders of ARMF approve Proposal 1 and the stockholders of ARDC approve the ARDC Proposals. In other words, the Reorganization will not be consummated if any of Proposals 2(A), 2(B), 2(C) or 2(D) are not approved. If the Reorganization is not consummated, then ARDC would continue to exist and operate on a stand-alone basis. Proposals 2(B), 2(C) and 2(D) are not contingent on the consummation of the Reorganization and, regardless of whether the Reorganization is consummated, the changes to ARDC's fundamental investment restrictions and 80% investment policy would become effective immediately upon approval by ARDC's stockholders.

In the event the Reorganization is consummated, stockholders of the Combined Fund, including current stockholders of ARDC, would be subject to the investment policies of the Combined Fund following the Reorganization. See "Comparison of the Funds" in the Joint Proxy Statement/Prospectus for a comparison of the Funds' investment objectives and significant investment strategies and operating policies.

Q: Why is the Reorganization being recommended?

A: The Board of Directors of each Fund (each, a "Board" and together, the "Boards"), has determined that the Reorganization is in the best interests of the applicable Fund and that the interests of the existing stockholders of the of the Target Fund and the Acquiring Fund will not be diluted with respect to NAV as a result of the Reorganization. Each Board anticipates that the Reorganization will benefit the stockholders of the Target Fund and the Acquiring Fund by providing the potential for, among other things:

- i. a lower total annual expense ratio for ARMF and a commensurate, but slightly lower, total annual expense ratio for ARDC, in each case as compared to the expense ratio of the Fund prior to the Reorganization (see "How will the Reorganization affect the fees and expenses of the Funds?" for additional information);
- ii. comparable (*i.e.*, slightly lower or higher) earnings, which is expected to allow each Fund's stockholders to maintain a distribution yield on net asset value ("NAV") comparable to the distribution yield on NAV for each of the Funds prior to the Reorganization;
 - a. As of May 31, 2015, the distribution yield on NAV of ARDC was 7.64% and the distribution yield on NAV of ARMF was 8.09%. There can be no assurance that ARDC or ARMF will be able to maintain their current distribution yields on NAV or that the Combined Fund's distribution yield on NAV will equal or exceed the Funds' current distribution yields on NAV.
- iii. greater investment flexibility and investment options for the Combined Fund, including the potential for greater diversification of portfolio investments and the potential for additional sources of leverage, greater flexibility managing leverage and more competitive leverage terms;
- iv. greater secondary market liquidity for the Combined Fund's shares of common stock ("common shares"), which may result in tighter bid-ask spreads and better trade execution for stockholders when purchasing or selling the Combined Fund's common shares;
- v. benefits from having additional research coverage and an increased focus by investors on the Combined Fund;
- vi. a possible narrowing of the trading discount to NAV of the Combined Fund to the extent the discount is affected by the other potential benefits of the Reorganization (e.g., additional analyst coverage, greater secondary market liquidity, potential operating efficiencies); and
- vii. operating and administrative efficiencies, as the Combined Fund could have the ability to trade in larger positions and negotiate more favorable transaction terms, and certain fixed costs (e.g., printing and mailing of stockholder

reports and proxy statements, legal expenses, audit fees and other expenses) would be spread across the larger asset base of the Combined Fund.

Each Board also considered whether the Adviser and its affiliates might benefit from the Reorganization.

If the Reorganization of the Target Fund is not approved, the Adviser may, in connection with ongoing management of the Target Fund, recommend alternative proposals to the Board of the Target Fund.

Q: How will the Reorganization affect the fees and expenses of the Funds?

A: The total annual expense ratios of ARMF and ARDC as of each Fund's fiscal year ended October 31, 2014, and the *pro forma* total annual expense ratio for the Combined Fund (with ARDC as the surviving fund) reflecting expense savings resulting from the consolidation of certain Fund operations, are as follows:

	Pro Forma Combined Fund (ARDC as Surviving Fund)	
ARMF	ARDC	
2.77%	2.58%	2.53%

If the Reorganization had taken place as of the end of each Fund's last fiscal year, the Funds estimate that the completion of the Reorganization would have resulted in a total annual expense ratio for the Combined Fund of 2.53%, representing a reduction in the total annual expense ratio for the stockholders of ARMF and ARDC of 0.24% and 0.05%, respectively. When we use the term "total annual expense ratio" above, we mean a Fund's total annual expenses expressed as a percentage of its average net assets attributable to its common shares.

Following October 31, 2014, each Fund became subject to certain additional or increased expenses. The following charts, using the assumptions indicated, show the total annual expense ratios of the Funds as adjusted to more closely reflect current operating expenses and additional expenses anticipated to be incurred by the Funds.

Pro Forma Total Expenses Assuming Each Fund Was Required to Reimburse the Adviser for Certain Costs During the Fiscal Year Ended October 31, 2014.

Under each Fund's advisory agreement, the Adviser may seek reimbursement from the Funds for the costs of certain administrative services provided to the Funds by the Adviser and its affiliates. The Adviser, however, contractually agreed not to seek reimbursement from the Funds for these administrative costs during the fiscal year ended October 31, 2014. As a result, Adviser reimbursement expenses do not appear in the total annual expense ratio shown above for either Fund (or in the *pro forma* expense ratio for the Combined Fund) for the period ended October 31, 2014. Commencing November 1, 2014, ARDC began reimbursing the Adviser for these administrative costs. Additionally, the Adviser will be permitted to seek administrative cost reimbursements from ARMF beginning November 1, 2015.

If the Adviser were permitted to seek reimbursement from the Funds for the costs of these administrative services during the fiscal year ended October 31, 2014, the Funds estimate that the *pro forma* total annual expense ratios would have been as follows:

	Pro Forma Combined Fund (ARDC as Surviving Fund)	
ARMF	ARDC	
3.40%	2.82%	2.75%

Pro Forma Total Expenses Assuming Each Fund Was Required to Reimburse the Adviser for Certain Costs During the Fiscal Year Ended October 31, 2014, As Further Adjusted to Account for Leverage, Interest Expense and Other Operating Expenses.

For the fiscal year ending October 31, 2014, both ARDC and ARMF were not required to reimburse the Adviser for the costs of certain services during the reporting period. In addition, ARMF commenced operations in October 2013 and, as a result, it was neither fully invested nor using anticipated amounts of leverage during a portion of the fiscal year ending October 31, 2014.

The following table shows the *pro forma* total annual expense ratios of ARMF and ARDC as of each Fund's fiscal year ended October 31, 2014, and the *pro forma* total annual expense ratio for the Combined Fund (with ARDC as the surviving fund), in each case assuming (1) for ARDC (i) the Adviser was permitted to seek reimbursement from the Fund for the costs of administrative services during that period and (ii) the interest expense on its credit facility was applied at its current rate of LIBOR plus 0.85% during the entire period (as compared to the LIBOR plus 1.15% rate on borrowings to which ARDC was subject prior to amending the credit facility on October 2, 2014); and (2) for ARMF (i) the Adviser was permitted to seek reimbursement from the Fund for the costs of administrative services during that period; (ii) the Fund was leveraged 29% and incurred interest expense on its credit facility at its current rate of LIBOR plus 0.85% during the entire period (as compared to the LIBOR plus 1.10% rate on borrowings to which ARMF was subject prior to amending the credit facility on October 2, 2014); and (iii) the Fund was subject to investor relation fees of 0.10% (as

compared to 0.12% for the Fund's first year of operations). Based on these assumptions and adjustments, the Funds estimate that the *pro forma* total annual expense ratios would have been as follows:

	Pro Forma Combined Fund (ARDC as Surviving Fund)	
ARMF	ARDC	
3.39%	2.71%	2.68%

There can be no assurance that future expenses will not increase or that any expense savings for either Fund will be realized. The Adviser has contractually agreed not to seek administrative cost reimbursements from the Combined Fund for the period from the date the Reorganization is consummated through October 31, 2015 for the administrative services incurred during that period that are allocable to the NAV of ARMF calculated in connection with the consummation of the Reorganization. This agreement will terminate in accordance with its terms on November 1, 2015 and may be terminated prior to that time by a vote of the Board of Directors of the Combined Fund. The Adviser is not required to seek reimbursement of its costs for providing administrative services and may choose not to do so.

Q: How will the Reorganization affect the Advisory Fees of the Funds?

A: The contractual management fee rate of the Combined Fund will be 1.00%, which is equal to the current contractual management fee rates of each of ARMF and ARDC. Each Fund calculates its management fee on the basis of the Fund's Managed Assets (as defined in each Fund's advisory agreement). If a Fund uses leverage, the amount of fees paid to the Adviser for investment management services is higher than if the Fund does not use leverage because the fees paid are calculated on the Fund's Managed Assets, which include assets purchased with leverage. For the fiscal year ended October 31, 2014, the effective management fee rates were 1.36% and 1.41% for ARMF and ARDC, respectively. Based on the October 31, 2014 fiscal year end financial statements for each Fund, the *pro forma* effective management fee rate for the Combined Fund would be expected to be 1.39% of the Combined Fund's average daily net assets.

ARMF, however, commenced operations in October 2013. As a result, it was neither fully invested nor using anticipated amounts of leverage during a portion of the fiscal year ending October 31, 2014. If each of ARMF and ARDC is assumed to have leveraged its portfolio by approximately 29%, the effective management fee rate for each of ARMF, ARDC and the Combined Fund is expected to be 1.41% of each Fund's average daily net assets.

Q: What happens if stockholders of the Target Fund do not approve the Reorganization and/or the stockholders of the Acquiring Fund do not approve the ARDC Proposals?

A: If these proposals are not approved the Funds will continue to operate as separate funds on a stand-alone basis. The Adviser may, in connection with ongoing management of the Target Fund, recommend alternative proposals to the Board of the Target Fund.

Q: How will the Reorganization be effected?

A: Assuming Target Fund stockholders approve the Reorganization and Acquiring Fund stockholders approve the ARDC Proposals, the Target Fund will transfer all of its assets to the Acquiring Fund in exchange for the assumption by the Acquiring Fund of the stated liabilities of the Target Fund and for common shares of the Acquiring Fund, which shares will be distributed by the Target Fund to the holders of its common shares in complete liquidation thereof. The Target Fund will terminate its registration under the Investment Company Act after the completion of the Reorganization and other necessary filings. The Target Fund will then dissolve under Maryland law.

Stockholders of the Target Fund: You will become stockholders of the Acquiring Fund. You will receive newly issued common shares of the Acquiring Fund, par value \$0.001 per share, the aggregate NAV (not the market value) of which will equal the aggregate NAV (not the market value) of the common shares of the Target Fund you held immediately prior to the Reorganization, less the applicable costs of the Reorganization (though you may receive cash for fractional shares).

Stockholders of the Acquiring Fund: You will remain stockholders of ARDC, which will have additional common shares outstanding after the Reorganization. Following the Reorganization, ARDC will operate under the investment objective, policies, strategies and restrictions of the Combined Fund set out in the Joint Proxy Statement/Prospectus.

Q: Have common shares of the Target Fund and the Acquiring Fund historically traded at a premium or discount?

A: The common shares of each Fund generally have historically traded at a discount and, as of June 10, 2015, each Fund traded at a discount to its respective NAV.

To the extent the Target Fund is trading at a wider discount (or a narrower premium) than the Acquiring Fund at the time of the Reorganization, Target Fund stockholders would have the potential for an economic benefit by the narrowing of the discount/premium. To the extent the Target Fund is trading at a narrower discount (or wider premium) than the Acquiring Fund at the time of the Reorganization, Target Fund stockholders may be negatively impacted if the Reorganization is consummated. The Acquiring Fund stockholders would only benefit from a discount perspective to the extent the post-Reorganization discount (or premium) improves. There can be no assurance that, after the Reorganization, common shares of the Combined Fund will trade at, above or below NAV. The market value of the common shares of the Combined Fund may be less than the market value of the common shares of your Fund prior to the Reorganization.

Q: Will I have to pay any sales load, commission or other similar fees in connection with the Reorganization?

A: You will pay no sales loads or commissions in connection with the Reorganization. Regardless of whether the Reorganization is completed, however, the costs associated with the proposed Reorganization, including the costs associated with the stockholder meeting and the solicitation of proxies, will be borne directly by each of the respective Funds incurring the expense or will otherwise be allocated among the Funds proportionately or on another reasonable basis. Because of the expected expense savings for ARMF, the lower but comparable expected expense ratio for ARDC following the Reorganization, the potential benefits to ARDC from the changes to its investment policies and restrictions, as well as other benefits for each Fund, the Adviser recommended and the Boards have approved that each Fund be responsible for its own Reorganization expenses. See "Reasons for the Reorganization" in the attached Joint Proxy Statement/Prospectus. The expenses of the Reorganization are estimated to be \$407,500 for ARMF and \$407,500 for ARDC. The Adviser will not be responsible for any Reorganization expenses, including expenses related to Proposals 1, 2(A), 2(B), 2(C) and 2(D).

Neither the Funds nor the Adviser will pay any expenses of stockholders arising out of or in connection with the Reorganization (e.g., expenses incurred by the stockholder as a result of attending the stockholder meeting, voting on the Reorganization or other action taken by the stockholder in connection with the Reorganization). The actual costs associated with the proposed Reorganization may be more or less than the estimated costs discussed herein.

A stockholder's broker, dealer or other financial intermediary (each, a "Financial Intermediary") may impose its own stockholder account fees for processing corporate actions which could be applicable in connection with the Reorganization. These stockholder account fees, if applicable, are not paid or otherwise remitted to the Funds or the Adviser. The imposition of such fees are based solely on the terms of a stockholder's account agreement with his, her or its Financial Intermediary and/or is in the discretion of the Financial Intermediary. Questions concerning any such stockholder account fees or other similar fees should be directed to a stockholder's Financial Intermediary.

Q: Will I have to pay any U.S. federal taxes as a result of the Reorganization?

A: The Reorganization is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). If the Reorganization so qualifies, Target Fund stockholders will not recognize gain or loss for U.S. federal income tax purposes upon the exchange of their Target Fund common shares for Acquiring Fund common shares pursuant to the Reorganization (except with respect to cash received in lieu of fractional shares). Acquiring Fund stockholders will also not recognize gain or loss for U.S. federal income tax purposes by reason of the consummation of the Reorganization.

On or prior to the closing date of the Reorganization (the "Closing Date"), the Target Fund will declare a distribution to its stockholders that, together with all previous distributions, will have the effect of distributing to the Target Fund's stockholders all of its investment company taxable income (computed without regard to the deduction for dividends paid), if any, through the Closing Date, all of its net capital gains, if any, through the Closing Date, and all of its net tax-exempt interest income, if any, through the Closing Date. Although no gain or loss will be recognized upon the

exchange of Target Fund common shares for Acquiring Fund common shares (except with respect to cash received in lieu of fractional shares), the distribution described in the prior sentence will be taxable to the Target Fund's stockholders for U.S. federal income tax purposes.

The Funds' stockholders should consult their own tax advisers regarding the U.S. federal income tax consequences of the Reorganization, as well as the effects of state, local and non-U.S. tax laws, including possible changes in tax laws.

Q: Why is the vote of stockholders of the Acquiring Fund being solicited in connection with the Reorganization?

A: Although the Acquiring Fund will continue its legal existence and operations after the Reorganization, the rules of the New York Stock Exchange (on which the Acquiring Fund's common shares are listed) require the Acquiring Fund's

stockholders to approve the issuance of additional common shares in connection with the Reorganization. If the issuance of additional common shares of the Acquiring Fund is not approved, then the Reorganization will not occur.

In addition, ARDC is seeking to make certain changes to its investment policies and restrictions separate from the Reorganization. In this regard, the Investment Company Act requires the Acquiring Fund stockholders to approve the amendments to ARDC's fundamental investment restrictions and 80% investment policy. If approved, these changes will become effective regardless of whether the Reorganization is approved by the Acquiring Fund's stockholders. If these changes are not approved, then the Reorganization will not occur regardless of whether it is approved by the Target Fund's stockholders.

Q: How does the Board of my Fund suggest that I vote?

A: After careful consideration, the Board of your Fund unanimously recommends that you vote "**FOR**" each of the items proposed for your Fund.

Q: How do I authorize my proxy?

A: You may authorize your proxy by mail, phone or internet or cast your vote in person at the Special Meeting. To authorize a proxy by mail, please mark your vote on the enclosed proxy card and sign, date and return the card in the postage-paid envelope provided. If you choose to authorize a proxy by phone or internet, please refer to the instructions found on the proxy card accompanying this Joint Proxy Statement/Prospectus. To authorize a proxy by phone or internet, you will need the "control number" that appears on the proxy card. If you own shares of the Target Fund and the Acquiring Fund, please be sure to submit a proxy card for each Fund to ensure your votes are cast for each Fund.

Q: Whom do I contact for further information?

A: You may contact your financial advisor for further information. You may also call D.F. King & Co., Inc., the Funds' proxy solicitor, at (866) 796-7186.

Please vote now. Your vote is important.

To avoid the wasteful and unnecessary expense of further solicitation(s), we urge you to indicate your voting instructions on the enclosed proxy card, date and sign it and return it promptly in the postage-paid envelope provided, or record your voting instructions by telephone or via the internet, no matter how large or small your holdings may be. If you submit a properly executed proxy but do not indicate how you wish your shares to be voted, your shares will be voted "FOR" each proposal, as applicable. If your shares are held through a broker, you must provide voting instructions to your broker about how to vote your shares in order for your broker to vote your shares as you instruct at the Special Meeting.

**ARES MULTI-STRATEGY CREDIT FUND, INC.
ARES DYNAMIC CREDIT ALLOCATION FUND, INC.
2000 Avenue of the Stars, 12th Floor
Los Angeles, California 90067**

NOTICE OF JOINT SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON JULY 14, 2015

Notice is hereby given that a joint special meeting of stockholders (the "Special Meeting") of Ares Multi-Strategy Credit Fund, Inc. ("ARMF" or the "Target Fund") and Ares Dynamic Credit Allocation Fund, Inc. ("ARDC" or the "Acquiring Fund," and collectively with the Target Fund, the "Funds" and each, a "Fund"), each a Maryland corporation, will be held at the offices of Ares Capital Management II LLC, 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067, on July 14, 2015 at 12:00 p.m. (Pacific time) for the following purposes:

1. ARMF The Reorganization of the Target Fund

Stockholders of Ares Multi-Strategy Credit Fund, Inc. (ARMF):

Proposal 1: The stockholders of ARMF are being asked to approve the reorganization of ARMF into ARDC pursuant to the Agreement and Plan of Reorganization between ARMF and ARDC (the "Reorganization Agreement"), including the transfer of all of the assets of ARMF to ARDC, the deregistration of ARMF as an investment company pursuant to the Investment Company Act of 1940 and the dissolution of ARMF under Maryland law. Pursuant to the Reorganization Agreement, the Target Fund would transfer all of its assets to the Acquiring Fund in exchange for the assumption by the Acquiring Fund of the stated liabilities of the Target Fund and shares of common stock ("common shares") of the Acquiring Fund, after which those shares will be distributed by the Target Fund to the holders of its shares (the "Reorganization") and the Target Fund will dissolve under Maryland law. The consummation of the Reorganization is contingent on the approval by the stockholders of ARDC of the proposals relating to ARDC described below.

2. ARDC The Issuance of Additional Common Shares of the Acquiring Fund and Changes to the Acquiring Fund's Fundamental Investment Restrictions and 80% Investment Policy

Stockholders of Ares Dynamic Credit Allocation Fund, Inc. (ARDC):

Proposal 2(A): The stockholders of ARDC are being asked to approve the issuance of additional common shares of ARDC in connection with the Reorganization. The consummation of the Reorganization is contingent on this proposal, the approval by the Target Fund of the Reorganization Agreement and the approval by Acquiring Fund stockholders of the changes to the Acquiring Fund's fundamental investment restrictions and the changes to the Acquiring Fund's 80% investment policy.

Proposal 2(B): The stockholders of ARDC are being asked to approve a change to ARDC's Fundamental Investment Restriction number 5, relating to the Fund's making of loans, providing ARDC with greater flexibility to invest in securities issued by entities commonly referred to as collateralized loan obligations or CLOs ("CLO Securities") that are not investment grade, including CLO debt securities and CLO equity securities.

Proposal 2(C): The stockholders of ARDC are being asked to approve a change to ARDC's Fundamental Investment Restriction number 6, relating to the Fund's concentration policy, providing ARDC with greater flexibility in selecting its investments, particularly CLO Securities that are rated below investment grade and CLO equity securities.

Proposal 2(D): The stockholders of ARDC are being asked to approve a change to the ARDC's investment policy such that, under normal market conditions, at least 80% of its Managed Assets (as defined in the Joint Proxy Statement/Prospectus) will be invested in debt instruments, including (i) senior secured loans made primarily to companies whose debt is rated below investment grade, (ii) corporate bonds that are primarily high yield issues rated below investment grade, (iii) other fixed-income instruments of a similar nature that may be represented by derivatives, and (iv) debt securities issued by entities commonly referred to as collateralized loan obligations (such policy, the "New ARDC 80% Policy").

Proposals 2(B), 2(C) and 2(D) are not contingent on the consummation of the Reorganization and, regardless of whether the Reorganization is consummated, the changes to ARDC's fundamental investment restrictions and the New ARDC 80% Policy would become effective upon approval by ARDC's stockholders. The Reorganization will be consummated only if the stockholders of ARMF approve Proposal 1 and the stockholders of ARDC approve Proposals 2(A), 2(B), 2(C) and 2(D).

Stockholders of each Fund of record as of the close of business on May 22, 2015 are entitled to vote at the Special Meeting or any adjournment, postponement or delay thereof.

THE BOARD OF DIRECTORS (EACH, A "BOARD") OF EACH OF THE FUNDS RECOMMENDS THAT YOU VOTE YOUR SHARES BY INDICATING YOUR VOTING INSTRUCTIONS ON THE ENCLOSED PROXY CARD, DATING AND SIGNING SUCH PROXY CARD AND RETURNING IT IN THE ENVELOPE PROVIDED, WHICH IS ADDRESSED FOR YOUR CONVENIENCE AND NEEDS NO POSTAGE IF MAILED IN THE UNITED STATES, OR BY RECORDING YOUR VOTING INSTRUCTIONS BY AUTHORIZING A PROXY BY TELEPHONE OR VIA THE INTERNET.

THE BOARD OF ARMF UNANIMOUSLY RECOMMENDS THAT YOU CAST YOUR VOTE:

FOR THE REORGANIZATION OF ARMF PURSUANT TO THE REORGANIZATION AGREEMENT AS DESCRIBED IN THE JOINT PROXY STATEMENT/PROSPECTUS, INCLUDING THE TRANSFER OF ALL OF THE ASSETS OF ARMF TO ARDC AND THE DEREGISTRATION OF ARMF AS AN INVESTMENT COMPANY PURSUANT TO THE INVESTMENT COMPANY ACT OF 1940 AND THE DISSOLUTION OF ARMF UNDER MARYLAND LAW.

THE BOARD OF ARDC UNANIMOUSLY RECOMMENDS THAT YOU CAST YOUR VOTE:

FOR THE ISSUANCE OF ADDITIONAL COMMON SHARES OF ARDC IN CONNECTION WITH THE REORGANIZATION.

FOR THE CHANGES TO ARDC'S FUNDAMENTAL INVESTMENT RESTRICTION NUMBER 5.

FOR THE CHANGES TO ARDC'S FUNDAMENTAL INVESTMENT RESTRICTION NUMBER 6.

FOR THE NEW ARDC 80% POLICY.

IN ORDER TO AVOID THE ADDITIONAL EXPENSE OF FURTHER SOLICITATION, WE ASK THAT YOU MAIL YOUR PROXY CARD OR RECORD YOUR VOTING INSTRUCTIONS BY AUTHORIZING A PROXY BY TELEPHONE OR VIA THE INTERNET PROMPTLY.

By order of the Boards of Directors of the Funds

DANIEL J. HALL

Secretary

June 15, 2015

YOUR VOTE IS IMPORTANT.

PLEASE VOTE PROMPTLY BY SIGNING AND RETURNING THE ENCLOSED PROXY CARD OR BY RECORDING YOUR VOTING INSTRUCTIONS BY AUTHORIZING A PROXY BY TELEPHONE OR VIA THE INTERNET, NO MATTER HOW MANY SHARES YOU OWN.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON JULY 14, 2015.

**THE JOINT PROXY STATEMENT/PROSPECTUS FOR THIS MEETING IS AVAILABLE AT:
ARESPUBLICFUNDS.COM/FUNDS/ARDC/INVESTOR-DOCUMENTS
OR
ARESPUBLICFUNDS.COM/FUNDS/ARMF/INVESTOR-DOCUMENTS**

JOINT PROXY STATEMENT/PROSPECTUS

**ARES MULTI-STRATEGY CREDIT FUND, INC.
ARES DYNAMIC CREDIT ALLOCATION FUND, INC.**

**2000 Avenue of the Stars, 12th Floor
Los Angeles, California 90067**

For questions about the Joint Proxy Statement/Prospectus, please call (866) 796-7186

JOINT SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON JULY 14, 2015

This Joint Proxy Statement/Prospectus is furnished to you as a stockholder of (i) Ares Multi-Strategy Credit Fund, Inc. ("ARMF" or the "Target Fund") and/or (ii) Ares Dynamic Credit Allocation Fund, Inc. ("ARDC" or the "Acquiring Fund" and, together with ARMF, each a "Fund" and together the "Funds"). ARMF and ARDC are each corporations organized under the laws of the State of Maryland and registered as non-diversified, closed-end investment companies under the Investment Company Act of 1940, as amended (the "Investment Company Act"). A joint special meeting (the "Special Meeting") of stockholders of ARMF and ARDC will be held at the offices of Ares Capital Management II LLC, 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067, on July 14, 2015 at 12:00 p.m. (Pacific time) to consider the proposals listed below and discussed in greater detail elsewhere in this Joint Proxy Statement/Prospectus. If you are unable to attend the Special Meeting or any adjournment or postponement thereof, the Board of Directors of each Fund (each, a "Board") recommends that you vote your shares of common stock ("common shares") by completing and returning the enclosed proxy card or by recording your voting instructions by authorizing a proxy by telephone or via the Internet. The approximate mailing date of this Joint Proxy Statement/Prospectus and accompanying form of proxy is June 16, 2015.

The purposes of the Special Meeting are:

1. ARMF The Reorganization of the Target Fund

Stockholders of Ares Multi-Strategy Credit Fund, Inc. (ARMF):

Proposal 1: The stockholders of ARMF are being asked to approve the reorganization of ARMF into ARDC pursuant to the Agreement and Plan of Reorganization between ARMF and ARDC (the "Reorganization Agreement"), including the transfer of all of the assets of ARMF to ARDC, the deregistration of ARMF as an investment company pursuant to the Investment Company Act and the dissolution of ARMF under Maryland law. Pursuant to the Reorganization Agreement, the Target Fund would transfer all of its assets to the Acquiring Fund in exchange for the assumption by the Acquiring Fund of the stated liabilities of the Target Fund and common shares of the Acquiring Fund, after which those shares will be distributed by the Target Fund to the holders of its shares (the "Reorganization") and the Target Fund will dissolve under Maryland law. The consummation of the Reorganization is contingent on the approval by the stockholders of ARDC of the proposals relating to ARDC described below.

2. ARDC The Issuance of Additional Common Shares of the Acquiring Fund and Changes to the Acquiring Fund's Fundamental Investment Restrictions and 80% Investment Policy

Stockholders of Ares Dynamic Credit Allocation Fund, Inc. (ARDC):

Proposal 2(A): The stockholders of ARDC are being asked to approve the issuance of additional common shares of ARDC in connection with the Reorganization. The consummation of the Reorganization is contingent on this proposal, the approval by the Target Fund of the Reorganization Agreement and the approval by the stockholders of the Acquiring Fund of the changes to the Acquiring Fund's fundamental investment restrictions and the changes to the Acquiring Fund's 80% investment policy.

Proposal 2(B): The stockholders of ARDC are being asked to approve a change to ARDC's Fundamental Investment Restriction number 5, relating to the Fund's making of loans, providing ARDC with greater flexibility to invest in securities issued by entities commonly referred to as collateralized loan obligations or CLOs ("CLO Securities") that are not investment grade, including CLO debt securities and CLO equity securities.

Proposal 2(C): The stockholders of ARDC are being asked to approve a change to ARDC's Fundamental Investment Restriction number 6, relating to the Fund's concentration policy, providing ARDC with greater flexibility in selecting its investments, particularly CLO Securities that are rated below investment grade and CLO equity securities.

Proposal 2(D): The stockholders of ARDC are being asked to approve a change to the ARDC's investment policy such that, under normal market conditions, at least 80% of its Managed Assets (as defined in the Joint Proxy

Statement/Prospectus) will be invested in debt instruments, including (i) senior secured loans made primarily to companies whose debt is rated below investment grade, (ii) corporate bonds that are primarily high yield issues rated below investment grade, (iii) other fixed-income instruments of a similar nature that may be represented by derivatives, and (iv) debt securities issued by entities commonly referred to as collateralized loan obligations (such policy, the "New ARDC 80% Policy").

Proposals 2(B), 2(C) and 2(D) are not contingent on the consummation of the Reorganization and, regardless of whether the Reorganization is consummated, the changes to ARDC's fundamental investment restrictions and the New ARDC 80% Policy would become effective upon approval by ARDC's stockholders. The Reorganization will be consummated only if the stockholders of ARMF approve Proposal 1 and the stockholders of ARDC approve Proposals 2(A), 2(B), 2(C) and 2(D). Proposals 2(A), 2(B), 2(C) and 2(D) are collectively referred to as the "ARDC Proposals."

Stockholders of each Fund of record as of the close of business on May 22, 2015 are entitled to vote at the Special Meeting or any adjournment, postponement or delay thereof.

ARDC will be the Fund surviving the Reorganization. The term "Combined Fund" refers to ARDC as the surviving Fund after the Reorganization, and assumes that the investment policy and restriction changes in Proposals 2(B), 2(C) and 2(D) (described below) have been approved by ARDC stockholders.

The Reorganization proposes to combine two Funds that have the same Adviser, the same portfolio managers, the same Board members and similar (but not identical) investment objectives, policies, strategies, risks and restrictions. In addition, both Funds list their common shares on the NYSE, utilize similar amounts of leverage and have adopted substantially the same dividend reinvestment plans. Pursuant to the Reorganization Agreement, the Target Fund will transfer all of its assets to the Acquiring Fund in exchange for the assumption by the Acquiring Fund of the stated liabilities of the Target Fund and for common shares of the Acquiring Fund, which shares will be distributed by the Target Fund to the holders of its common shares in complete liquidation thereof. The Target Fund will terminate its registration under the Investment Company Act after the completion of the Reorganization. The Combined Fund will continue to operate after the Reorganization as a registered, closed-end management investment company. In connection with the Reorganization, the stockholders of the Acquiring Fund are being asked to approve the issuance of additional common shares of the Acquiring Fund. Separate from the proposals regarding the Reorganization, ARDC is seeking to amend certain of its fundamental investment restrictions and make changes to its current 80% investment policy. These changes, if approved, will provide ARDC with greater flexibility in selecting its investments similar to the investment flexibility currently available to ARMF.

In the Reorganization, the outstanding common shares of the Target Fund will be exchanged for newly-issued common shares of the Acquiring Fund, par value \$0.001 per share ("Acquiring Fund Shares"), in the form of book entry interests. The aggregate net asset value ("NAV") (not the market value) of the Acquiring Fund Shares received by the stockholders of the Target Fund in the Reorganization will equal the aggregate NAV (not the market value) of the Target Fund common shares held by such stockholders immediately prior to the Reorganization, less the applicable costs of the Reorganization (although Target Fund stockholders may receive cash for their fractional common shares). The market value of the common shares of the Combined Fund may be less than the market value of the common shares of the Target Fund prior to the Reorganization.

The Board of each Fund has determined that including these proposals in one Joint Proxy Statement/Prospectus is expected to reduce costs and is in the best interests of each Fund's stockholders.

In the event that the proposals associated with the Reorganization are not approved by the requisite vote of the stockholders of the Target Fund or the Acquiring Fund, each Fund would continue to exist and operate on a stand-alone basis. However, if the Reorganization of the Target Fund is not approved, Ares Capital Management II

LLC, each Fund's investment adviser (the "Adviser"), may, in connection with the ongoing management of the Target Fund, recommend alternative proposals to the Board of the Target Fund.

This Joint Proxy Statement/Prospectus sets forth concisely the information that stockholders of each Fund should know before voting on the proposals for their Fund and constitutes an offering of Acquiring Fund Shares. Please read it carefully and retain it for future reference. A Statement of Additional Information, dated June 15, 2015, relating to this Joint Proxy Statement/Prospectus (the "Statement of Additional Information") has been filed with the United States Securities and Exchange Commission (the "SEC") and is incorporated herein by reference. Copies of each Fund's most recent annual report and semi-annual report can be obtained on a website maintained by the Adviser at www.arespublicfunds.com. In addition, each Fund will furnish, without charge, a copy of the Statement of Additional Information, or its most recent annual report or semi-annual report to any stockholder upon request. Any such request should be directed to D.F. King & Co., Inc., the Fund's proxy solicitor, by calling (866) 796-7186 or by writing to D.F. King & Co., Inc. at 48 Wall Street, 22nd Floor, New York, New York 10005 or by sending an e-mail to ares@dfking.com. The Statement of Additional Information and the annual and

semi-annual reports of each Fund are available on the EDGAR Database on the SEC's website at www.sec.gov. The address of the principal executive offices of the Funds is 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067, and the telephone number is (310) 201-4100.

The Funds are subject to the informational requirements of the Securities Exchange Act of 1934 and, in accordance therewith, file reports, proxy statements, proxy materials and other information with the SEC. Materials filed with the SEC can be reviewed and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 or downloaded from the SEC's website at www.sec.gov. Information on the operation of the SEC's Public Reference Room may be obtained by calling the SEC at (202) 551-8090. You may also request copies of these materials, upon payment at the prescribed rates of a duplicating fee, by electronic request to the SEC's e-mail address (publicinfo@sec.gov) or by writing the Public Reference Branch, Office of Consumer Affairs and Information Services, Securities and Exchange Commission, Washington, D.C. 20549-0102.

The Adviser updates performance information for the Funds, as well as certain other information for the Funds, periodically on its website in the "About ARMF" and "About ARDC" sections of <http://www.arespublicfunds.com>. Stockholders are advised to periodically check the website for updated performance information and other information about the Funds.

Please note that only one copy of stockholder documents, including annual or semi-annual reports and proxy materials, may be delivered to two or more stockholders of the Funds who share an address, unless the Funds have received instructions to the contrary. This practice is commonly called "householding" and it is intended to reduce expenses and eliminate duplicate mailings of stockholder documents. Mailings of your stockholder documents may be householded indefinitely unless you instruct us otherwise. To request a separate copy of any stockholder document or for instructions as to how to request a separate copy of these documents or as to how to request a single copy if multiple copies of these documents are received, stockholders should contact the Fund at the address and phone number set forth above.

The common shares of Ares Dynamic Credit Allocation Fund, Inc. are listed on the New York Stock Exchange ("NYSE") under the ticker symbol "ARDC" and will continue to be so listed after the completion of the Reorganization. The common shares of Ares Multi-Strategy Credit Fund, Inc. are listed on the NYSE under the ticker symbol "ARMF." Reports, proxy statements and other information concerning the Funds may be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

This Joint Proxy Statement/Prospectus serves as a prospectus of the Acquiring Fund in connection with the issuance of Acquiring Fund Shares in the Reorganization. No person has been authorized to give any information or make any representation not contained in this Joint Proxy Statement/Prospectus and, if so given or made, such information or representation must not be relied upon as having been authorized. This Joint Proxy Statement/Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer or solicitation.

Photographic identification and proof of ownership will be required for admission to the Special Meeting. For directions to the Special Meeting, please contact D.F. King & Co., Inc., the firm assisting us in the solicitation of proxies, at (866) 796-7186.

THE SEC HAS NOT APPROVED OR DISAPPROVED THESE SECURITIES OR PASSED UPON THE ADEQUACY OF THIS JOINT PROXY STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Joint Proxy Statement/Prospectus is June 15, 2015.

TABLE OF CONTENTS

SUMMARY	1
PROPOSAL 1: THE REORGANIZATION OF THE TARGET FUND	1
The Proposed Reorganization	1
Background and Reasons for the Proposed Reorganization	1
Expenses	2
Appraisal Rights	4
Comparison of the Funds	4
Further Information Regarding the Reorganization	5
PROPOSAL 2: THE ISSUANCE OF THE ACQUIRING FUND'S COMMON SHARES AND CHANGES TO THE ACQUIRING FUND'S FUNDAMENTAL INVESTMENT RESTRICTIONS AND 80% INVESTMENT POLICY	5
PROPOSAL 1: THE REORGANIZATION OF THE TARGET FUND	7
FEE AND EXPENSE TABLE FOR STOCKHOLDERS	8
RISK FACTORS AND SPECIAL CONSIDERATIONS	11
Comparison of Risks	11
Risks Related to the Reorganization	11
Principal Risks of Investing in the Acquiring Fund	14
Other Risks Relating to Acquiring Fund Investments	23
Risks Associated with Market Developments and Regulatory Changes	26
Principal Risks Relating to Acquiring Fund Operations	28
COMPARISON OF THE FUNDS	34
Investment Objectives and Strategies	34
Investment Restrictions	39
Leverage	41
INVESTMENT OBJECTIVE AND POLICIES OF THE ACQUIRING FUND	42
Investment Objective	42
Investment Strategies	42
Investment Process	45
Temporary Investments	47
Portfolio Composition	47
Segregation and Cover Requirements	54
Portfolio Turnover	55
INVESTMENT RESTRICTIONS OF THE ACQUIRING FUND	55
Fundamental Investment Restrictions	55
Non-Fundamental Investment Restrictions	56
REASONS FOR THE REORGANIZATION	56
MANAGEMENT OF THE FUNDS	60
The Board	60
The Adviser	60
The Portfolio Managers	61
Legal Proceedings	62
Other Service Providers	62
Capitalization	62
ADDITIONAL INFORMATION ABOUT THE COMMON SHARES OF THE FUNDS	63
General	