

Ares Dynamic Credit Allocation Fund, Inc.
Form N-Q
March 31, 2015

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-22535

Ares Dynamic Credit Allocation Fund, Inc.
(Exact name of registrant as specified in charter)

2000 Avenue of the Stars

12th Floor

Los Angeles, California
(Address of principal executive offices)

90067
(Zip code)

Michael D. Weiner

Daniel J. Hall

2000 Avenue of the Stars

12th Floor

Los Angeles, California 90067
(Name and address of agent for service)

Registrant's telephone number, including area code: (310) 201-4200

Date of fiscal year end: October 31, 2015

Date of reporting period: January 31, 2015

ITEM 1. SCHEDULE OF INVESTMENTS.

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Ares Dynamic Credit Allocation Fund, Inc.

Schedule of Investments

January 31, 2015 (Unaudited)

	Principal Amount	Value (a)
Floating Rate Term Loans 42.8% (b)		
Aerospace & Defense 1.3%		
DAE Aviation Holdings, Inc., Initial Loan 2nd Lien, 7.75%, 08/05/2019	\$ 2,723,246	\$ 2,648,356
DAE Aviation Holdings, Inc., Tranche B-1 Loan (2018), 5.00%, 11/02/2018	244,444	243,603
Doncasters U.S., LLC, Term Loan 2nd Lien, 9.50%, 10/09/2020	1,241,379	1,222,759
TASC, Inc., Incremental 2nd Lien Term Loan, L+12.00%, 05/21/2021 (c)(d)	1,700,000	31,875
TASC, Inc., Incremental Term Loan, L+6.00%, 05/22/2020 (c)(d)	1,800,000	(31,500)
		4,115,093
Automobile 1.9%		
Navistar, Inc., Tranche B Term Loan, L+4.50%, 08/17/2017 (c)	2,414,785	2,414,785
TI Group Automotive Systems, LLC, Additional Term Loan, 4.25%, 07/02/2021	3,491,228	3,473,772
		5,888,557
Banking, Finance & Insurance 1.3%		
Asurion, LLC, 2nd Lien Term Loan, L+7.50%, 03/03/2021 (c)	4,000,000	3,950,000
Beverage, Food & Tobacco 0.0%		
Charger OpCo B.V., EUR Term Loan B-2, (Netherlands), 3.50%, 07/23/2021 (d)	1,500,000	183,139
Charger OpCo B.V., USD Term Loan B-2, (Netherlands), 1.75%, 07/23/2021 (d)	\$ 1,500,000	(60,000)
		123,139
Broadcasting & Entertainment 1.8%		
Clear Channel Communications, Inc., Tranche D Term Loan, 6.92%, 01/30/2019	1,000,000	931,130
Clear Channel Communications, Inc., Tranche E Term Loan, 7.67%, 07/30/2019	2,500,000	2,358,025
TWCC Holding Corporation, Term Loan 2nd Lien, 7.00%, 06/26/2020	2,500,000	2,323,950
		5,613,105
Cable & Satellite TV 2.1%		
Altice Financing S.A., USD Term Loan B, L+4.50%, 01/27/2022 (c)	1,000,000	1,001,250
Promotora de Informaciones, S.A., Tranche 2, (Spain), L+2.60%, 12/10/2018 (c)	3,250,000	3,064,231
Virgin Media SFA Finance, Ltd., Facility E, (Great Britain), 4.25%, 06/30/2023	£ 1,575,000	2,353,732
		6,419,213
Chemicals, Plastics & Rubber 1.4%		
Colouroz Investment 1, GmbH, Initial Term Loan C, (Denmark), 4.75%, 09/03/2021	\$ 74,141	73,214
Colouroz Investment 2, LLC, Initial Term B-2 Loan, 4.75%, 09/03/2021	448,490	442,884
Colouroz Investment 2, LLC, Initial Term B-2 Loan 2nd Lien, 8.25%, 09/05/2022	1,500,000	1,410,000
Flint Group GmbH, Initial Euro Term Loan 2nd Lien, (Denmark), 8.25%, 09/07/2021	784,306	858,588
MacDermid, Inc., Term Loan B2, L+3.75%, 06/07/2020 (c)	\$ 639,344	637,906
Vertellus Specialties, Inc., Term Loan, 10.50%, 10/31/2019	997,500	955,106
		4,377,698
Consumer Products 1.1%		
True Religion Apparel, Inc., Initial Term Loan, 5.88%, 07/30/2019	2,895,000	2,619,975
True Religion Apparel, Inc., Initial Term Loan 2nd Lien, 11.00%, 01/30/2020	869,565	739,130
		3,359,105
Diversified & Conglomerate Services 4.0%		
Brickman Group, Ltd., LLC, Term Loan 2nd Lien, 7.50%, 12/17/2021	3,747,750	3,668,110
Language Line, LLC, Tranche B Term Loan, 6.25%, 06/20/2016	1,804,298	1,782,647
Syncreon Global Finance (US), Inc., Term Loan, 5.25%, 10/28/2020	1,980,000	1,950,300
Travelport Finance Sarl, Initial Term Loans, (Luxembourg), L+5.00%, 09/02/2021 (c)	4,991,418	4,993,515
		12,394,572
Electronics 1.1%		
Freescale Semiconductor, Inc., Tranche B-5 Term Loan, 5.00%, 01/15/2021	3,357,500	3,358,440

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	Principal Amount	Value (a)
Floating Rate Term Loans (b) (continued)		
Grocery 2.7%		
Albertson's, LLC, Term Loan B4, 4.50%, 08/25/2021	\$ 3,500,000	\$ 3,490,830
GOBP Holdings, Inc., 1st Lien Term Loan, 5.75%, 10/21/2021	3,000,000	2,996,250
GOBP Holdings, Inc., 2nd Lien Term Loan, 9.25%, 10/21/2022	1,893,000	1,855,140
		8,342,220
Healthcare, Education & Childcare 1.1%		
AI Garden B.V., Facility B1, (Netherlands), 4.08%, 02/13/2020	2,500,000	2,826,403
STHI Holding, Inc., Initial Term Loan, 4.50%, 08/06/2021	\$ 712,500	706,857
		3,533,260
Hotels, Motels, Inns & Gaming 1.4%		
Scientific Games International, Inc., Initial Term B-2 Loan, 6.00%, 10/01/2021	4,500,000	4,436,865
Leisure, Amusement & Entertainment 0.7%		
Delta 2 (Lux) Sarl, Term Loan 2nd Lien, (Luxembourg), 7.75%, 07/29/2022	2,227,723	2,156,257
Manufacturing 1.4%		
Alliance Laundry Systems, LLC, Initial Term Loan 2nd Lien, 9.50%, 12/10/2019	2,544,693	2,543,116
Husky Injection Molding Systems, Ltd., 2nd Lien Term Loan, (Canada), 7.25%, 06/30/2022	1,900,000	1,805,000
		4,348,116
Oil & Gas 2.4%		
Energy & Exploration Partners, LLC, Initial Loan, 7.75%, 01/22/2019	4,412,417	3,203,414
Quicksilver Resources, Inc., Term Loan 2nd Lien, 7.00%, 06/21/2019	2,500,000	1,615,000
Templar Energy, LLC, Incremental Term Loans 2nd Lien, 8.50%, 11/25/2020 (e)	4,392,268	2,778,110
		7,596,524
Personal Transportation 1.7%		
Air Medical Holdings, LLC, B-1 Term Loan, 5.00%, 06/30/2018	3,311,220	3,307,080
Air Medical Holdings, LLC, Term Loan, 7.63%, 05/31/2018 (f)	2,000,000	1,980,000
		5,287,080
Personal, Food & Miscellaneous Services 0.5%		
Weight Watchers International, Inc., Initial Tranche B-2 Term Loan, L+3.25%, 04/02/2020 (c)	2,484,149	1,665,945
Pipeline 1.7%		
Atlas Energy, L.P., Loan, 6.50%, 07/31/2019 (e)	3,708,725	3,597,463
Crestwood Holdings, LLC, Tranche B-1 Term Loan, 7.00%, 06/19/2019	1,808,817	1,630,956
		5,228,419
Printing & Publishing 2.3%		
Dex Media East, LLC, Term Loan (2016), 6.00%, 12/30/2016	4,167,867	3,414,192
F&W Media, Inc., Initial Term Loan, 7.75%, 06/30/2019	2,426,236	2,341,317
Lee Enterprises, Inc., Term Loan, 7.25%, 03/31/2019	1,587,447	1,579,510
		7,335,019
Retail Stores 5.7%		
Harbor Freight Tools USA, Inc., Initial Loans (TL), 4.75%, 07/26/2019	3,880,000	3,873,055
JC Penney Corporation, Inc., Term Loan, 6.00%, 05/22/2018	2,955,000	2,924,977
Neiman Marcus Group, Inc., Term Loan 1, 4.25%, 10/25/2020	4,937,625	4,781,892
Rite Aid Corporation, 2nd Priority Tranche 1 Term Loans, 5.75%, 08/21/2020	2,000,000	2,003,760
Rite Aid Corporation, Tranche 2 Term Loan, 4.88%, 06/21/2021	4,075,000	4,072,474
		17,656,158
Service & Equipment 0.2%		
Ship Luxco 3 Sarl, Facility B1A-II, (Luxembourg), 6.00%, 11/29/2019	£ 500,000	751,223
Technology 1.0%		
Allflex Holdings III, Inc., (U.S.), Initial Term Loan 2nd Lien, 8.00%, 07/19/2021	\$ 1,500,000	1,473,750

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	Principal Amount	Value (a)
Floating Rate Term Loans (b) (continued)		
Technology (continued)		
Ship Midco, Ltd., Facility C1 (GBP), (Great Britain), 5.75%, 11/29/2019	£ 1,000,000	\$ 1,501,858
		2,975,608
Telecommunications 1.6%		
Eircom Finco Sarl, Facility B2 Loan, (Luxembourg), 4.58%, 09/30/2019	3,815,000	4,116,574
Sable International Finance, Ltd., Term Loan, (Cayman Islands), 5.50%, 04/28/2017	\$ 816,089	814,049
		4,930,623
Utilities 1.8%		
Alinta Energy Finance Pty, Ltd., Delayed Draw Term Loan, (Australia), 6.38%, 08/13/2018 (d)	372,637	92,498
Alinta Energy Finance Pty, Ltd., Term B Loan, (Australia), 6.38%, 08/13/2019	5,635,647	5,588,082
		5,680,580
Waste Management 0.6%		
Waste Industries USA, Inc., Term B Loan, 4.00%, 03/17/2017	1,960,000	1,947,750
Total Floating Rate Term Loans (Cost: \$142,767,965)		133,470,569
Corporate Bonds 65.0%		
Aerospace & Defense 0.7%		
Spirit AeroSystems, Inc., 6.75%, 12/15/2020	2,197,000	2,323,327
Automobile 1.1%		
Navistar International Corporation, 8.25%, 11/01/2021	3,500,000	3,416,875
Banking, Finance & Insurance 2.9%		
Innovia Group Finance PLC, 144A, (Great Britain), 5.08%, 03/31/2020 (g)	3,093,000	3,230,526
TransUnion Holding Company, Inc., 9.63%, 06/15/2018 (f)	\$ 5,750,000	5,800,313
		9,030,839
Beverage, Food & Tobacco 2.2%		
HJ Heinz Company, 144A, 4.88%, 02/15/2025	2,700,000	2,706,750
Premier Foods Finance PLC, 144A, (Great Britain), 5.56%, 03/16/2020 (g)	£ 2,965,000	3,985,269
		6,692,019
Broadcasting & Entertainment 2.2%		
Belo Corporation, 7.25%, 09/15/2027	\$ 2,000,000	2,140,000
Cumulus Media Holdings, Inc., 7.75%, 05/01/2019	3,750,000	3,825,000
LIN Television Corporation, 6.38%, 01/15/2021	895,000	908,425
		6,873,425
Buildings & Real Estate 1.9%		
BMBG Bond Finance S.C.A., 144A, (Luxembourg), 5.07%, 10/15/2020 (g)	3,275,000	3,706,301
Interline Brands, Inc., 10.00%, 11/15/2018 (f)	\$ 2,218,000	2,323,355
		6,029,656
Business Equipment & Services 1.8%		
TMF Group Holding B.V., 144A, (Netherlands), 5.46%, 12/01/2018 (g)	2,625,000	2,998,846
TMF Group Holding B.V., 144A, (Netherlands), 9.88%, 12/01/2019	2,250,000	2,635,859
		5,634,705
Cable & Satellite TV 4.2%		
Altice Financing S.A., (Luxembourg), 6.63%, 02/15/2023 (e)	\$ 2,500,000	2,555,469
Altice Financing S.A., (Luxembourg), 9.88%, 12/15/2020	1,000,000	1,100,000
Altice Finco S.A., 144A, (Luxembourg), 7.63%, 02/15/2025 (e)	1,250,000	1,267,578
AMC Networks, Inc., 7.75%, 07/15/2021	3,235,000	3,493,800
CCO Holdings, LLC, 7.00%, 01/15/2019	2,750,000	