

Ares Dynamic Credit Allocation Fund, Inc.  
Form N-Q  
September 26, 2017

**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

Date of reporting period: July 31, 2017

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**ITEM 1. SCHEDULE OF INVESTMENTS.**

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Ares Dynamic Credit Allocation Fund, Inc.

**Schedule of Investments**

July 31, 2017 (Unaudited)

	Principal Amount	Value (a)
<b>Senior Loans 38.5% (b)</b>		
<b>Aerospace and Defense 3.4%</b>		
Air Methods Corporation, Initial 1st Lien Term Loan, 4.80%, 04/22/2024	\$ 2,618,943	\$ 2,609,122
DAE Aviation Holdings, Inc., 1st Lien Term Loan, L+ 3.75%, 07/07/2022 (c)	1,619,835	1,623,884
Engility Holdings, Inc., 1st Lien Term B-2 Loan, 4.98%, 08/12/2023	1,277,206	1,292,264
Hensoldt Holding Germany GmbH, Term Loan B, (Denmark), L+ 3.75%, 02/28/2024 (c)	3,000,000	3,596,766
Sequa Mezzanine Holdings LLC, Initial Loan 1st Lien, 6.81%, 11/26/2021	\$ 1,892,273	1,906,465
Sequa Mezzanine Holdings LLC, Initial Loan 2nd Lien, L+ 9.00%, 04/28/2022 (c)	1,291,251	1,317,076
StandardAero Aviation Holdings, Inc., 1st Lien Term Loan, 4.98%, 07/07/2022	1,739,759	1,753,173
		14,098,750
<b>Automotive 0.7%</b>		
Bright Bidco B.V., 1st Lien Term Loan B, 5.50%, 06/28/2024	1,481,481	1,500,459
CH Hold Corporation, 2nd Lien Term Loan, 8.48%, 02/01/2025	1,464,592	1,499,376
		2,999,835
<b>Banking, Finance, Insurance &amp; Real Estate 2.2%</b>		
Asurion, LLC, 2017 2nd Lien Term Loan, L+ 6.00%, 07/14/2025 (c)	2,549,695	2,612,647
Asurion, LLC, 2nd Lien Term Loan, 8.73%, 03/03/2021	3,000,000	3,003,750
Asurion, LLC, Incremental B-5 1st Lien Term Loan, 4.23%, 11/03/2023	1,955,175	1,969,839
Gulf Finance, LLC, Tranche B 1st Lien Term Loan, 6.55%, 08/25/2023	1,466,559	1,411,563
		8,997,799
<b>Beverage, Food and Tobacco 0.5%</b>		
Candy Intermediate Holdings, Inc., Initial 1st Lien Term Loan, 5.80%, 06/15/2023	2,004,113	1,962,367
<b>Business Equipment &amp; Services 0.5%</b>		
CCC Information Services, Inc., 1st Lien Term Loan, 4.24%, 04/29/2024	499,875	500,815
CCC Information Services, Inc., 2nd Lien Term Loan, 7.98%, 04/28/2025	1,425,532	1,465,632
		1,966,447
<b>Chemicals, Plastics &amp; Rubber 1.5%</b>		
HII Holding Corporation, 1st Lien U.S. Term Loan, 4.55%, 12/20/2019	991,733	993,796
HII Holding Corporation, 2nd Lien Term Loan, 9.80%, 12/21/2020	1,500,000	1,520,625
Kraton Polymers, LLC, Initial 1st Lien Term Loan, 5.23%, 01/06/2022	2,426,448	2,444,646
PQ Corporation, Tranche B-1 1st Lien Term Loan, 5.56%, 11/04/2022	1,234,452	1,239,390
		6,198,457
<b>Construction &amp; Building 1.0%</b>		
Fairmount Santrol Inc. (fka Fairmount Minerals, Ltd.), New Tranche B-2 1st Lien Term Loan, 4.80%, 09/05/2019	2,339,940	2,192,524
Forterra Finance, LLC, 1st Lien Term Loan B, L+ 3.00%, 10/25/2023 (c)	2,096,859	2,012,104
		4,204,628
<b>Consumer Goods: Durable 0.8%</b>		
Comfort Holding, LLC, 1st Lien Term Loan, 5.89%, 02/05/2024	946,994	879,520
Comfort Holding, LLC, 2nd Lien Term Loan, 11.14%, 02/03/2025	1,263,158	1,035,790
Unifrax I LLC, Initial USD 1st Lien Term Loan, 5.05%, 04/04/2024	1,483,871	1,498,710
		3,414,020
<b>Consumer Goods: Non-Durable 0.7%</b>		
Diamond (BC) B.V., EUR 1st Lien Term Loan, L+ 3.25%, 07/25/2024 (c)	1,363,636	1,620,583
Diamond (BC) B.V., USD 1st Lien Term Loan, L+ 3.00%, 07/25/2024 (c)	\$ 1,258,065	1,259,109
		2,879,692
<b>Containers, Packaging &amp; Glass 1.0%</b>		

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Berlin Packaging, LLC, Initial 2nd Lien Term Loan, 7.98%, 09/30/2022	750,000	759,375
BWAY Holding Company, Initial 1st Lien Term Loan, 4.47%, 04/03/2024	1,500,000	1,507,500

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	Principal Amount	Value (a)
<b>Senior Loans (b) (continued)</b>		
<b>Containers, Packaging &amp; Glass (continued)</b>		
Fort Dearborn Holding Company, Inc., Initial 2nd Lien Term Loan, 9.80%, 10/21/2024	\$ 625,000	\$ 620,312
Pregis Holding I Corporation, Term Loan, 4.80%, 05/20/2021	1,350,457	1,350,457
		4,237,644
<b>Energy: Oil &amp; Gas 3.9%</b>		
BCP Raptor, LLC, 1st Lien Term Loan B, 5.51%, 06/24/2024	2,100,000	2,107,875
California Resources Corporation, Initial 1st Lien Loan, 11.60%, 12/31/2021	1,925,000	2,070,337
Chesapeake Energy Corp., Class A 1st Lien Term Loan, 8.69%, 08/23/2021	4,750,000	5,095,562
Chief Exploration & Development, LLC, 2nd Lien Term Loan, L+ 6.50%, 05/16/2021 (c)	480,000	466,402
Foresight Energy, LLC, 1st Lien Term Loan, 7.05%, 03/28/2022	1,620,938	1,562,179
FTS International, Inc., Initial 1st Lien Term Loan, 5.98%, 04/16/2021	2,875,000	2,472,500
MEG Energy Corporation, 1st Lien Term Loan B, 4.73%, 12/31/2023	1,416,698	1,408,736
Pardus Oil & Gas, LLC, 2nd Lien Term Loan, 5.00%, 05/13/2022 (d),(e)	164,252	
Pardus Oil & Gas, LLC, Tranche A 1st Lien Term Loan, 13.00%, 11/12/2021 (d),(e)	318,334	149,617
Pardus Oil & Gas, LLC, Tranche B 1st Lien Term Loan, 13.00%, 11/12/2021 (d),(e),(j)	107,898	(57,186)
Summit Midstream Partners Holdings, LLC, 1st Lien Term Loan B, 7.23%, 05/13/2022	1,428,571	1,451,786
		16,727,808
<b>Healthcare &amp; Pharmaceuticals 3.1%</b>		
Albany Molecular Research, Inc., 1st Lien Term Loan, L+ 3.25%, 07/28/2024 (c)	1,975,806	1,990,625
Albany Molecular Research, Inc., 2nd Lien Term Loan, L+ 7.00%, 07/19/2025 (c)	955,707	972,431
Envigo Holdings, Inc., EUR 2017 1st Lien Term Loan, 9.80%, 11/03/2021	1,148,129	1,131,860
Ethypharm SA, 1st Lien Term Loan B, (France), 3.50%, 07/21/2023	1,112,582	1,329,358
Immucor, Inc., Extended 1st Lien Term Loan B, 6.24%, 06/15/2021	\$ 2,928,367	2,966,201
Press Ganey Holdings, Inc., Initial 1st Lien Term Loan, 4.48%, 10/21/2023	1,741,250	1,751,053
Press Ganey Holdings, Inc., Initial 2nd Lien Loan, 8.48%, 10/21/2024	705,094	720,077
Radnet Management, Inc., 2nd Lien Term Loan, 8.30%, 03/25/2021	1,809,967	1,819,017
Valeant Pharmaceuticals International, Inc., 1st Lien Term Loan B, Series F-1, 5.98%, 04/01/2022	186,920	190,382
		12,871,004
<b>High Tech Industries 4.8%</b>		
Applied Systems, Inc., 2nd Lien Term Loan, 7.80%, 01/24/2022	1,990,953	2,012,734
Cologix Holdings, Inc., 2nd Lien Term Loan, 8.23%, 03/20/2025	2,400,000	2,422,512
Colorado Buyer, Inc., 2nd Lien Term Loan, 8.42%, 05/01/2025	1,057,692	1,070,913
Integrated Device Technology, Inc., 1st Lien Term Loan B, 4.23%, 04/04/2024	1,359,609	1,363,008
Kemet Corporation, 1st Lien Term Loan B, 7.23%, 04/26/2024	2,045,415	2,053,085
Oberthur Technologies Holding SAS (fka OT Frenchco 1 SAS), Facility B-1 EUR 1st Lien, (France), 3.75%, 01/10/2024	765,343	898,444
Oberthur Technologies Holding SAS (fka OT Frenchco 1 SAS), Facility B-2 EUR 1st Lien, (France), 3.75%, 01/10/2024	1,234,657	1,449,376
Rocket Software, Inc., 1st Lien Term Loan, 5.55%, 10/14/2023	\$ 1,246,512	1,257,681
Rocket Software, Inc., 2nd Lien Term Loan, 10.80%, 10/11/2024	1,103,014	1,103,014
Techem AG GmbH, EUR 1st Lien Term Loan B, L+ 3.25%, 07/28/2024 (c)	2,666,667	3,180,719
Tibco Software, Inc., 1st Lien Term Loan B, 144A, 4.73%, 12/04/2020	\$ 1,618,433	1,626,234
Veritas US, Ltd., Repriced 1st Lien Term Loan B, 5.80%, 01/27/2023	1,496,250	1,512,709
		19,950,429
<b>Hotel, Gaming &amp; Leisure 0.9%</b>		
Affinity Gaming, LLC, 2nd Lien Term Loan, 9.48%, 01/31/2025	2,000,000	2,025,000
Mohegan Tribal Gaming Authority, 1st Lien Term Loan B, 5.23%, 10/13/2023	1,496,241	1,513,388
		3,538,388
<b>Industrials 0.3%</b>		
Dynacast International, LLC, 1st Lien Term Loan B-1, 4.55%, 01/28/2022	1,068,271	1,076,283
<b>Media: Advertising, Printing &amp; Publishing 1.2%</b>		
Harland Clarke Holdings Corporation, 1st Lien Term Loan B6, 6.80%, 02/09/2022	2,484,277	2,494,835
Lee Enterprises, Inc., 1st Lien Term Loan, 7.48%, 03/31/2019	291,554	291,190
LSC Communications, Inc., 1st Lien Term Loan B, 7.23%, 09/30/2022	833,333	837,500



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	Principal Amount	Value (a)
<b>Senior Loans (b) (continued)</b>		
<b>Media: Advertising, Printing &amp; Publishing (continued)</b>		
Tribune Publishing Company, Initial 1st Lien Term Loan, 5.98%, 08/04/2021	\$ 1,380,000	\$ 1,380,869
		5,004,394
<b>Media: Diversified &amp; Production 1.5%</b>		
Delta 2 (LUX) Sarl, 1st Lien Facility B-3 USD, (Luxembourg), L+ 3.25%, 02/01/2024 (c)	1,820,513	1,829,943
Delta 2 (LUX) Sarl, 2nd Lien Term Loan, (Luxembourg), 8.00%, 07/29/2022	300,000	300,321
Equinox Holdings, Inc., 1st Lien Term Loan B, 4.48%, 03/08/2024	1,995,000	2,009,464
Equinox Holdings, Inc., 2nd Lien Term Loan, 8.23%, 09/08/2024	2,050,000	2,085,875
		6,225,603
<b>Metals &amp; Mining 1.7%</b>		
Murray Energy Holdings Co, 1st Lien Term Loan B-2, 8.55%, 04/16/2020	3,452,072	3,352,824
Peabody Energy Corporation, 1st Lien Exit Term Loan, 5.73%, 03/31/2022	2,822,004	2,845,286
Zekelman Industries, Inc., 1st Lien Term Loan, 4.79%, 06/14/2021	594,015	596,985
		6,795,095
<b>Printing and Publishing 0.7%</b>		
Dex Media, Inc., Closing Date 1st Lien Loan, 11.23%, 07/29/2021	2,928,110	3,015,953
<b>Retail 4.6%</b>		
Academy, Ltd., Initial 1st Lien Term Loan, 5.22%, 07/01/2022	1,500,000	1,172,340
BJ's Wholesale Club, Inc., 2nd Lien Term Loan, 8.71%, 02/03/2025	1,724,138	1,678,879
GOBP Holdings, Inc., 1st Lien Term Loan B, 4.80%, 10/21/2021	2,206,502	2,189,953
GOBP Holdings, Inc., 2nd Lien Term Loan, 9.55%, 10/21/2022	2,500,000	2,510,425
Harbor Freight Tools USA, Inc., Initial 1st Lien Loan, 4.48%, 08/18/2023	3,637,444	3,652,394
J.C. Penney Corp., Inc., Initial 1st Lien Loan, 5.45%, 06/23/2023	2,437,500	2,421,510
Petco Animal Supplies, Inc., 1st Lien Term Loan B, 4.31%, 01/26/2023	2,462,500	2,225,928
Rite Aid Corporation, 2nd Priority Tranche 1 Term Loan, 5.99%, 08/21/2020	3,000,000	3,037,500
True Religion Apparel, Inc., Initial 2nd Lien Term Loan, 11.02%, 01/30/2020 (d) (e)	1,369,565	54,782
		18,943,711
<b>Services: Business 0.8%</b>		
CASMAR (Australia) PTY, Ltd., Initial 1st Lien Term USD Loan, (Australia), 5.80%, 12/07/2023	882,413	891,237
Solera, LLC, 2017 USD 1st Lien Term Loan B, 4.51%, 03/03/2023	1,481,251	1,490,598
Xerox Business Services, LLC, 1st Lien Term Loan B, 5.23%, 12/07/2023	995,000	1,006,442
		3,388,277
<b>Services: Consumer 0.6%</b>		
General Nutrition Centers, Inc., New 1st Lien Term Loan B, L+ 2.50%, 03/04/2019 (c)	1,785,115	1,712,960
St George's University, 1st Lien Term Loan, 5.49%, 07/06/2022	649,470	652,718
		2,365,678
<b>Technology 0.6%</b>		
Allflex Holdings III, Inc., (U.S.), Initial 2nd Lien Term Loan, 8.31%, 07/19/2021	2,452,830	2,463,058
<b>Telecommunications 1.4%</b>		
Coral-US Co-Borrower, LLC, Add on 1st Lien Term Loan B-3, L+ 3.50%, 01/31/2025 (c)	2,635,417	2,635,417
Windstream Services, LLC, Tranche B-6 1st Lien Term Loan, 5.23%, 03/29/2021	2,977,500	2,944,003
		5,579,420
<b>Total Senior Loans (Cost: \$158,787,660)</b>		158,904,740
<b>Corporate Bonds 64.9%</b>		
<b>Aerospace and Defense 2.3%</b>		
Air Methods Corp., 144A, 8.00%, 05/15/2025	2,491,000	2,469,204

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	Principal Amount	Value (a)
<b>Corporate Bonds (continued)</b>		
<b>Aerospace and Defense (continued)</b>		
Bombardier, Inc., 144A, (Canada), 8.75%, 12/01/2021	\$ 2,250,000	\$ 2,553,750
Engility Corporation, 8.88%, 09/01/2024	1,696,000	1,840,160
Leidos, Inc., 7.13%, 07/01/2032	2,500,000	2,778,125
		9,641,239
<b>Automotive 1.0%</b>		
Dana Financing Luxembourg Sarl, 144A, (Luxembourg), 6.50%, 06/01/2026	1,500,000	1,606,875
Navistar International Corporation, 8.25%, 11/01/2021	2,500,000	2,520,313
		4,127,188
<b>Banking, Finance, Insurance &amp; Real Estate 3.4%</b>		
Ally Financial, Inc., 7.50%, 09/15/2020	2,500,000	2,831,250
Builders FirstSource, Inc., 144A, 10.75%, 08/15/2023	5,500,000	6,338,750
Summit Materials, LLC / Summit Materials Finance Corporation, 8.50%, 04/15/2022	4,325,000	4,865,625
		14,035,625
<b>Beverage, Food and Tobacco 1.8%</b>		
Boparan Finance PLC, 144A, 5.50%, 07/15/2021 (i)	£ 1,000,000	1,299,984
Clearwater Seafoods, Inc., 144A, (Great Britain), 6.88%, 05/01/2025	\$ 600,000	640,500
Iceland Bondco PLC, 144A, (Great Britain), 6.25%, 07/15/2021	£ 1,500,000	2,058,732
Premier Foods Finance PLC, 144A, 5.36%, 07/15/2022 (f)	1,200,000	1,589,183
Simmons Foods, Inc., 144A, 7.88%, 10/01/2021	\$ 1,825,000	1,945,906
		7,534,305
<b>Capital Equipment 0.4%</b>		
Welbilt, Inc., 9.50%, 02/15/2024	1,488,000	1,729,800
<b>Chemicals, Plastics &amp; Rubber 3.9%</b>		
GCP Applied Technologies, 144A, 9.50%, 02/01/2023	5,875,000	6,690,156
Kraton Polymers, LLC / Kraton Polymers Capital Corporation, 144A, 7.00%, 04/15/2025	909,000	977,175
Kraton Polymers, LLC / Kraton Polymers Capital Corporation, 144A, 10.50%, 04/15/2023	1,750,000	2,034,375
Tronox Finance, LLC, 6.38%, 08/15/2020	750,000	753,750
Tronox Finance, LLC, 144A, 7.50%, 03/15/2022	3,250,000	3,404,375
Venator Finance Sarl / Venator Materials Corporation, 144A, 5.75%, 07/15/2025	2,000,000	2,055,000
		15,914,831
<b>Construction &amp; Building 0.5%</b>		
International Lease Finance Corp., 8.88%, 09/01/2017	2,000,000	2,011,382
<b>Consumer Goods: Durable 1.5%</b>		
Manitowoc Co, Inc., 144A, 12.75%, 08/15/2021	1,470,000	1,661,100
Nature s Bounty Co., 144A, 7.63%, 05/15/2021	1,500,000	1,616,250
Spectrum Brands, Inc., 6.63%, 11/15/2022	2,975,000	3,112,594
		6,389,944
<b>Containers, Packaging &amp; Glass 2.6%</b>		
Ardagh Packaging Finance PLC, 144A, (Ireland), 7.25%, 05/15/2024	3,000,000	3,311,250
Crown Cork & Seal Co., Inc., 7.38%, 12/15/2026	3,350,000	3,927,875
Guala Closures SpA, 144A, (Italy), 4.75%, 11/15/2021 (f)	3,000,000	3,589,915
		10,829,040
<b>Energy: Oil &amp; Gas 10.0%</b>		
Continental Resources, Inc., 5.00%, 09/15/2022	\$ 1,000,000	990,620
Denbury Resources, Inc., 144A, 9.00%, 05/15/2021	3,750,000	3,571,875
Energy Transfer Equity, L.P., 7.50%, 10/15/2020	3,135,000	3,542,550
Extraction Oil & Gas, Inc., 144A, 7.38%, 05/15/2024 (i)	1,143,000	1,178,719
Extraction Oil & Gas, Inc., 144A, 7.88%, 07/15/2021	3,000,000	3,131,250



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	Principal Amount	Value (a)
<b>Corporate Bonds (continued)</b>		
<b>Energy: Oil &amp; Gas (continued)</b>		
Foresight Energy, LLC, 144A, 11.50%, 04/01/2023	\$ 2,250,000	\$ 2,120,625
FTS International, Inc., 6.25%, 05/01/2022	500,000	433,750
FTS International, Inc., 144A, 8.75%, 06/15/2020 (f)	1,975,000	2,004,625
Gibson Energy, Inc., 144A, (Canada), 6.75%, 07/15/2021	825,000	851,812
Laredo Petroleum, Inc., 7.38%, 05/01/2022	4,475,000	4,637,219
MEG Energy Corp., 144A, (Canada), 6.50%, 01/15/2025	780,000	754,650
MEG Energy Corp., 144A, (Canada), 7.00%, 03/31/2024	1,000,000	822,500
Midstates Petroleum Company, Inc., 9.25%, 06/01/2021	3,500,000	
Midstates Petroleum Company, Inc., 10.75%, 10/01/2020	2,000,000	
Newfield Exploration Co, 5.63%, 07/01/2024	2,000,000	2,097,500
Rowan Cos, Inc., 7.38%, 06/15/2025	3,000,000	2,827,500
Targa Resources Partners L.P., 6.75%, 03/15/2024	1,500,000	1,623,750
Weatherford International, Ltd., 9.63%, 03/01/2019	1,000,000	1,080,000
Weatherford International, Ltd., 144A, 9.88%, 02/15/2024	1,766,000	1,894,035
Williams Cos, Inc., 7.88%, 09/01/2021	1,250,000	1,462,500
Williams Cos, Inc., 8.75%, 03/15/2032	2,500,000	3,218,750
WPX Energy, Inc., 7.50%, 08/01/2020	2,736,000	2,927,520
		41,171,750
<b>Healthcare &amp; Pharmaceuticals 5.0%</b>		
DJO Finance, LLC, 144A, 8.13%, 06/15/2021	3,163,000	2,981,127
Greatbatch, Ltd., 144A, 9.13%, 11/01/2023	1,500,000	1,645,695
HCA, Inc., 5.25%, 04/15/2025	1,500,000	1,627,500
IASIS Healthcare, LLC, 8.38%, 05/15/2019	2,500,000	2,509,375
Immucor, Inc., 144A, 11.13%, 02/15/2022	2,750,000	2,877,875
MPH Acquisition Holdings, LLC, 144A, 7.13%, 06/01/2024	1,250,000	1,353,125
Tenet Healthcare Corporation, 8.00%, 08/01/2020	2,250,000	2,286,562
Valeant Pharmaceuticals International, Inc., 144A, 6.75%, 08/15/2021	1,250,000	1,181,250
Valeant Pharmaceuticals International, Inc., 144A, 7.00%, 10/01/2020	1,000,000	987,500
Valeant Pharmaceuticals International, Inc., 144A, (Canada), 6.13%, 04/15/2025	500,000	425,625
Valeant Pharmaceuticals International, Inc., 144A, (Canada), 6.75%, 08/15/2018	510,000	510,638
Valeant Pharmaceuticals International, Inc., 144A, (Canada), 7.50%, 07/15/2021	2,250,000	2,188,125