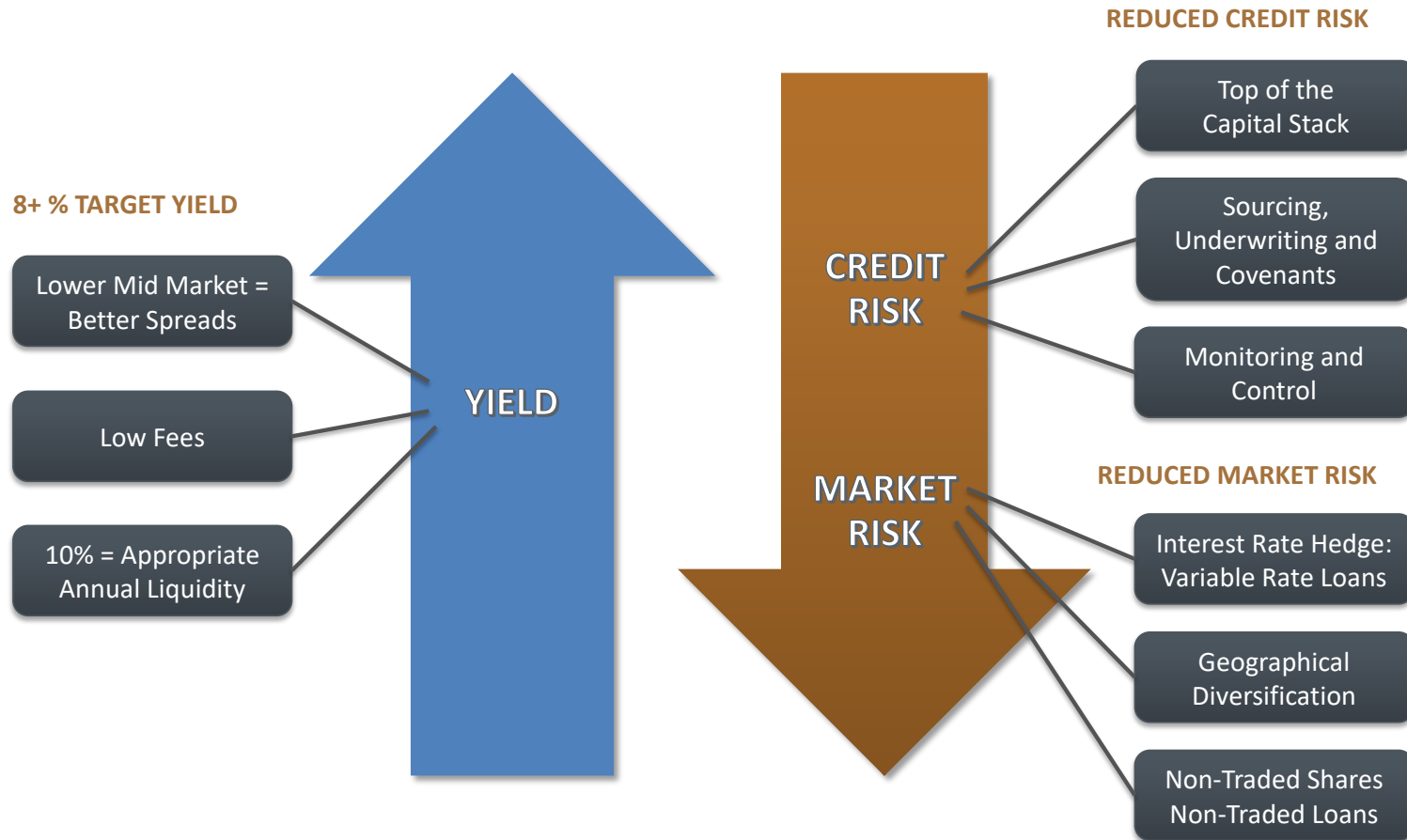


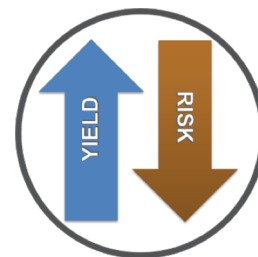
## Stira Alcentra Global Credit Fund

BlueVault Summit – March 14, 2018

**Prepared for due diligence use only**

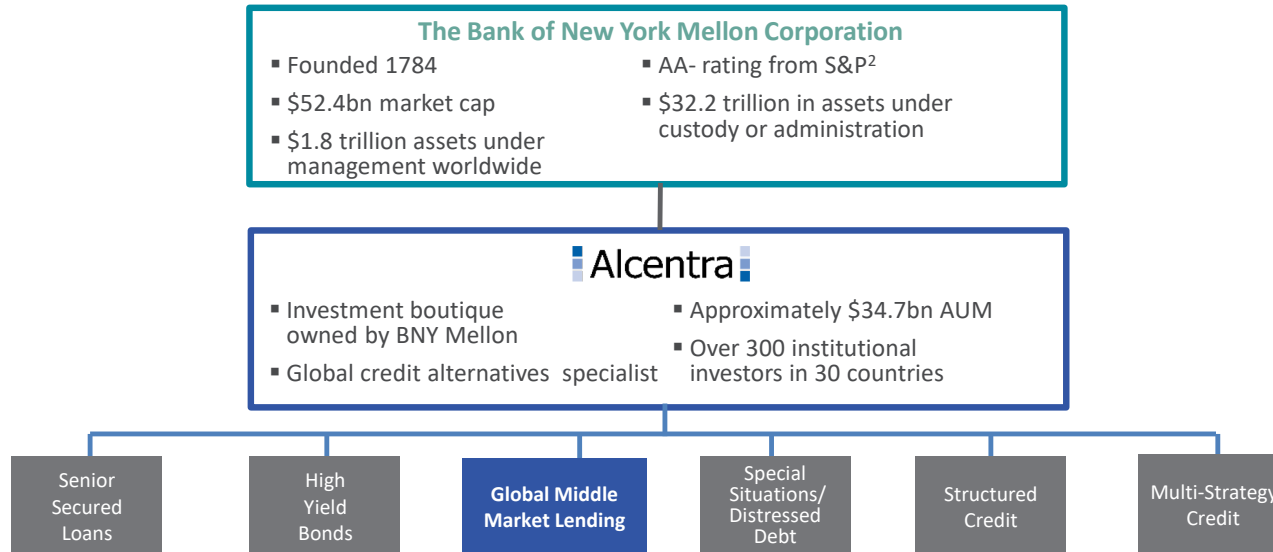
# HIGHER YIELD, LOWER RISK



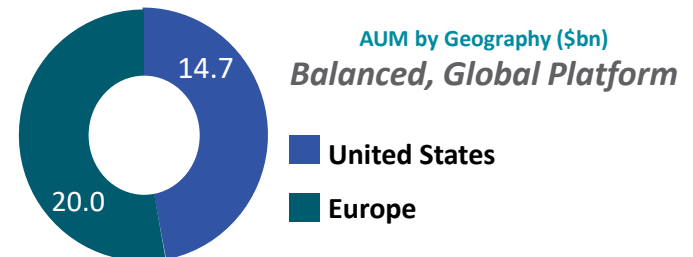


## About BNY Mellon / Alcentra

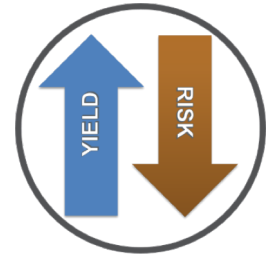
# ABOUT BNY MELLON & ALCENTRA



- Long-tenured manager with a successful 19-year track record
- Experience lending over multiple market cycles and in various economic conditions
- 13 prior middle market lending funds globally
- \$6 billion AUM in global middle market lending



# ABOUT BNY MELLON & ALCENTRA



**The Bank of New York Mellon Corporation**

- Founded 1784
- \$52.4bn market cap
- \$1.8 trillion assets under management worldwide
- AA- rating from S&P<sup>2</sup>
- \$32.2 trillion in assets under custody or administration

**Alcentra**

- Investment boutique owned by BNY Mellon
- Global credit alternatives specialist
- Approximately \$34.7bn AUM
- Over 300 institutional investors in 30 countries



Global Capital Loan Awards

2017: “Best Institutional Investor in Senior Loans” by Global Capital Awards  
(Alcentra has received this award 11 out of the last 13 years, most recently for 2017)



2010 – 2017: “Highest Standards” Annual Rating



2017: Structured credit fund and special situations fund Top 100 Global Hedge Funds by Barron’s



2015: “Best European Direct Lending Fund of the Year” by Creditflux



2017: “Best Credit Long Term Performance (5 years) Fund”



Best credit hedge fund  
2016: Winner for Best Credit Hedge Fund

## ABOUT BNY MELLON & ALCENTRA

### Alcentra '40 Act Fund Investment Management

- Dreyfus High Yield Fund
- Dreyfus Floating Rate Income Fund
- Dreyfus Alcentra Global Credit Income 2024 Target Term Fund
- Dreyfus High Yield Strategies Fund
- Alcentra Capital Corporation
- City National Rochdale Fixed Inc. Opps Fund

### Broker Dealer Relationships

- Citi Private Bank
- Wells Fargo
- Morgan Stanley
- UBS
- BNY Private Wealth
- Merrill Lynch
- Raymond James
- Barclays/Stifel



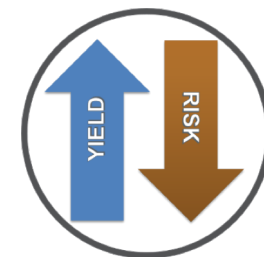
**Merrill Lynch**





## Reduced Credit Risk

## REDUCED CREDIT RISK – KEY DIFFERENTIATORS



Alcentra is one of the largest and longest tenured managers of alternative credit globally<sup>1</sup>

### Leading Global Credit Manager with Unique Product Offerings

- Alternative credit track record dating back to 2002
- London headquartered with offices in New York, Boston, and San Francisco
- One of the largest European-based managers of private debt<sup>1</sup>
- Highly complementary suite of strategies and vehicles

### Highly Experienced

- Investment team: 67 professionals (average 14 years of experience)<sup>2</sup>
- Global Operations team: 25 professionals (average 12 years of experience)<sup>2</sup>
- Analysts: 53 specialised analysts split between Europe and the US provide additional idea generation, sourcing and execution support
- Additional resources: Business Development/IR, In-house Legal, Compliance and Administrative Support

### Information Edge

- Own over 700 credits across US and European credit funds
- Evaluated most US and European loans and bonds issued over the past 15 years
- Large proprietary library on targeted companies globally

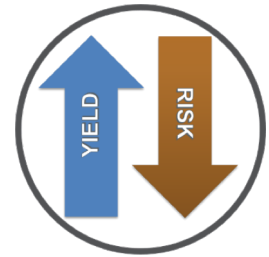
### Sourcing Capabilities

- Top tier relationships with sell-side banks and advisors
- As a major par/new issue credit investor, not subject to black list restrictions
- Excellent access to management teams and sponsors

<sup>1</sup>Fitch Ratings, February 2017. <sup>2</sup>As of September 29, 2017



# REDUCED CREDIT RISK – DEEP & EXPERIENCED GLOBAL TEAM



Alcentra investment professionals have an average of 12 years' experience

US & European Analysts & Traders																		
Michael Cunningham (24)	Robert Davis (21)	Thomas Frangione (21)	Stephen Sylvester (2)	Michele Finder (22)	Clark Orsky (19)	Tim Raeke (18)	Kevin Lennon (27)	Joanna Layton (17)	Russell Holliday (17)	Alex Davau (13)	Vihren Jordanov (11)	Anastasia Chironova (8)	Lais Guerra (6)	Glen Dobbs (3)	Amy Lattimore (16)	Daire Wheeler (13)	Sheng Yang Eer (1)	
High Yield Trading	Aerospace & Defense Technology	Loan Trading	Services Transport.	Healthcare Leisure	Homebuild. & Materials Industrials	Chemicals Finance	Head of European Credit Research Retail	Retail & Consumer Products	General Industry	Healthcare & Pharma	Telco Media Cable	Technology Services Leisure	Basics Paper & Packaging Food & Beverage	Retail & Consumer Products	High Yield Trading	Automotive Construction Travel	General Industry	
Young Kwon (17)	Andrew Sieurin (13)	Andrew Fahey (11)	Ritesh Patel (8)	Ashley Taylor (6)	James Plunkett (8)	Daniel McCotter (1)	Olivier Tabouret (21)	Eric Larsson (15)	Laurence Raven (11)	Lindsay Trzaska (10)	David Wallace (10)	Amos Ouattara (8)	Sam O'Connor (2)	Cathy Bevan (14)	Milan Kecman (8)	Sean Golden (7)	Hasnain Haideri (5)	Cameron McKenzie (1)
Food & Beverage Metals & Mining Telecom	Broadcasting Cable Gaming Packaging	Energy Utilities	Portfolio Analyst	Consumer Diversified Media Retail	Portfolio Analyst	Portfolio Analyst	Stressed/ Distressed	Stressed/ Distressed	Stressed/ Distressed	Stressed/ Distressed	Stressed/ Distressed	Stressed/ Distressed	Stressed/ Distressed	Structured Credit	Structured Credit	Structured Credit	Structured Credit	Structured Credit
Branko Krmpotic (30)	Ellida McMillan (28)	Karin Kovacic (18)	Dante De Rogatis (6)	Alfred Minahan (3)	Caitlin Parrella (3)	Charles LeFevre (1)	Brandon Chao (12)	Pascal Meysson (22)	Igor Suica (21)	Alex Walker (14)	Patrick Ordynans (13)	Frederic Mereau (11)	Natalia Tsitoura (11)	Kris Winter (9)	Marc Spangenberg (7)	Brian O'Connell (6)	Philippe De Limburg (6)	Claes Styren (4)
US Direct Lending	US Direct Lending	US Direct Lending	US Direct Lending	US Direct Lending	US Direct Lending	US Direct Lending	Structured Credit	European Direct Lending	European Direct Lending	European Direct Lending	European Direct Lending	European Direct Lending	European Direct Lending	European Direct Lending	European Direct Lending	European Direct Lending	European Direct Lending	European Direct Lending

Boston
  New York
  London

<sup>1</sup>As of September 29, 2017. European analysts are employees of Alcentra Ltd; U.S. analysts are employees of Alcentra NY, LLC. Both entities are subsidiaries of the BNY Alcentra Group Holdings Inc. <sup>2</sup> (#) years of experience.

## REDUCED CREDIT RISK – SOURCING CAPABILITIES

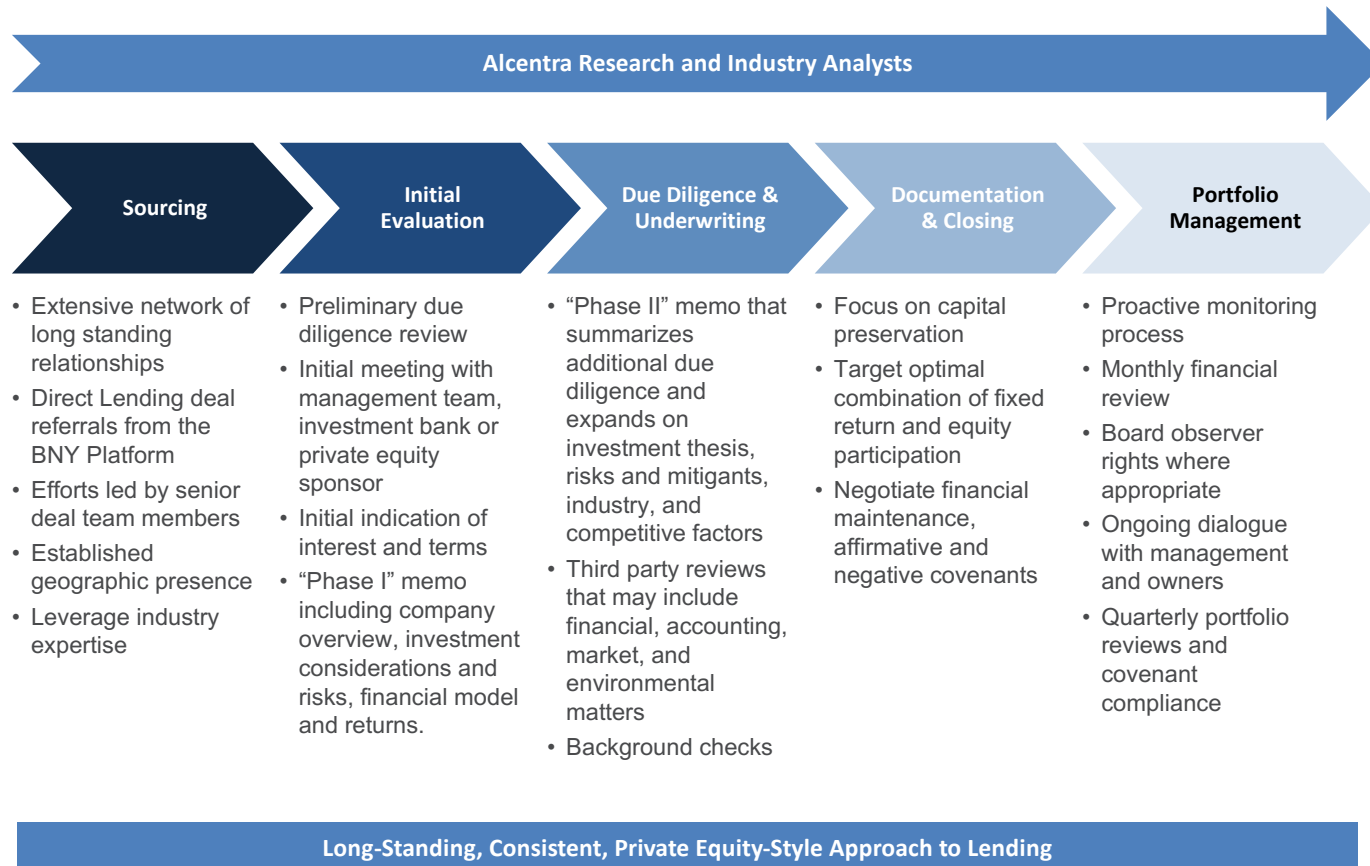


Average deals **reviewed** and **approved** per year

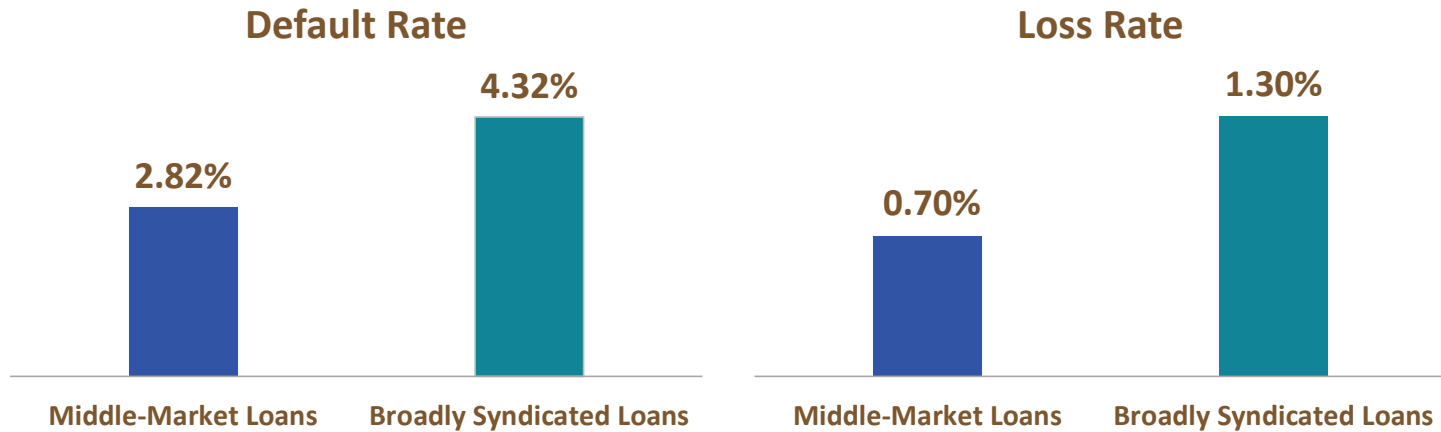
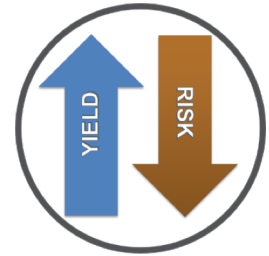


\* Alcentra, as of February 2018.

# REDUCED CREDIT RISK – UNDERWRITING & MANAGEMENT PROCESS



## REDUCED CREDIT RISK – MIDDLE-MARKET DIRECT LENDING



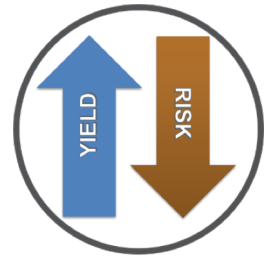
S&P Capital IQ LCD 4Q16.

Information from S&P/LSTA Leveraged Loan Index (LLI) and its Middle Market Component (which is based on companies with annual EBITDA of \$50mm or less). As of Dec. 31, 2016, it included 1,188 and 43 facilities, respectively, representing \$881 billion and \$9 billion of loans. MMLs include total facility sizes less than \$200MM and BSLs denote total facility sizes of greater than or equal to \$200MM. Default Rate reflects the number of defaulted deals divided by the total loans made during the period. Overall loss rates are calculated as follows: ( Default Rate \* ( 1 - Recovery Rate ) ).

## REDUCED CREDIT RISK – RECAP



- Strength of BNY Mellon / Alcentra
- Focus on 1<sup>st</sup> Lien, Senior, Secured Debt
- Premiere Sourcing Capabilities
- Deep Credit Analysis
- Significant Covenants, Contractual Terms
- Close Relationship with Borrowers
- Continuous Monitoring

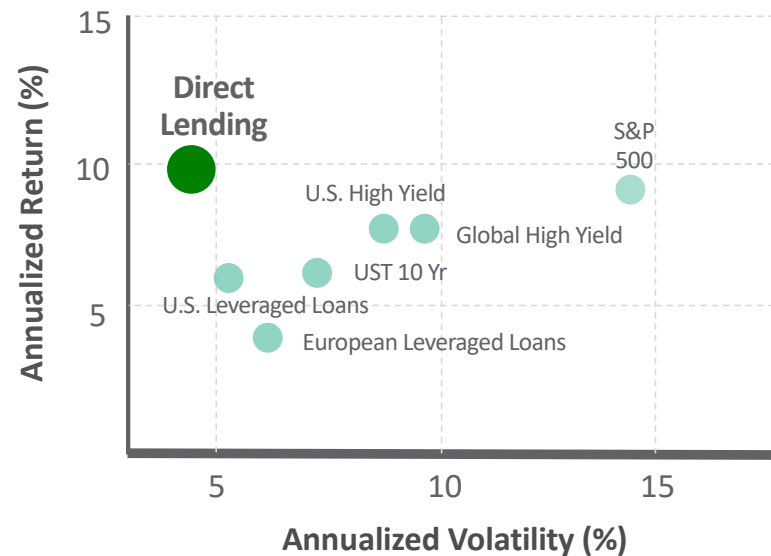


## Reduced Market Risk

# REDUCED MARKET RISK – MIDDLE-MARKET DIRECT LENDING



**Asset Class Return/Risk Ratios**  
(2003– September 2017)<sup>4</sup>

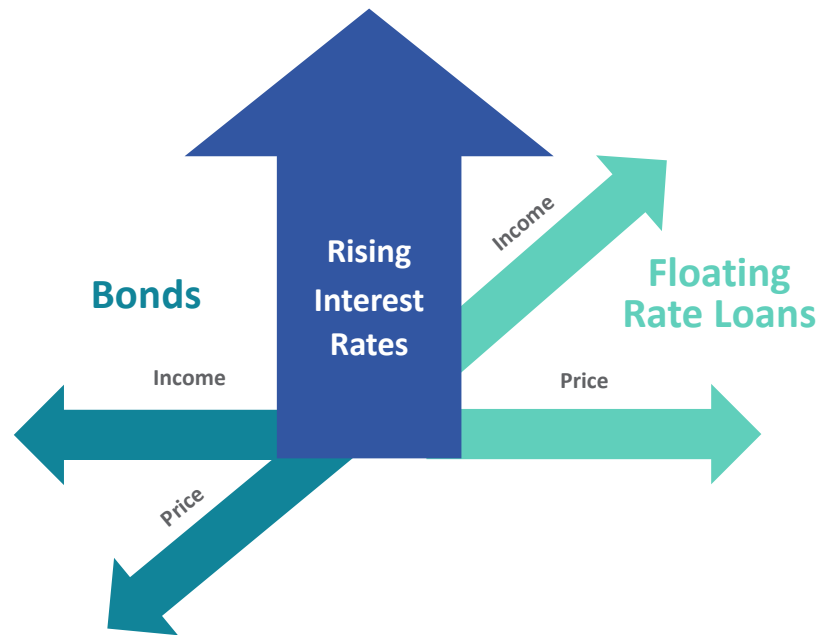


1. There is no guarantee that the Fund will achieve these returns, or any returns at all.
2. Volatility reflects standard deviation. Standard deviation is a measurement of the variability of an investment, derived from its historical returns. A higher volatility indicates a greater variability of an investment.
3. The Sharpe Ratio is a measure for calculating risk-adjusted return. Generally, the greater the value of the Sharpe ratio, the more attractive the risk-adjusted return.
4. Each asset class is represented by an index intended to provide a broad representation of a particular asset class, and is not reflective of returns or volatility associated with a specific investment. The rates of returns shown do not reflect the deduction of fees and expenses inherent in investing. An investment cannot be made directly in an index. Past performance is no guarantee of future results. Indexes included are: Direct Lending= Cliffwater Direct Lending Index, US Leveraged Loans = Credit Suisse Leveraged Loan Index, European Leveraged Loans = S&P European Leveraged Loan Index ex. Currency, US High Yield Bonds = BAML US High Yield Index, Global High Yield Bonds = BAML Global High Yield Constrained Hedged USD Index, US Equity = S&P500 Index; UST 10 Yr = BAML Treasury Current 10 Yr. Index.

## REDUCED MARKET RISK – FLOATING RATE LOANS



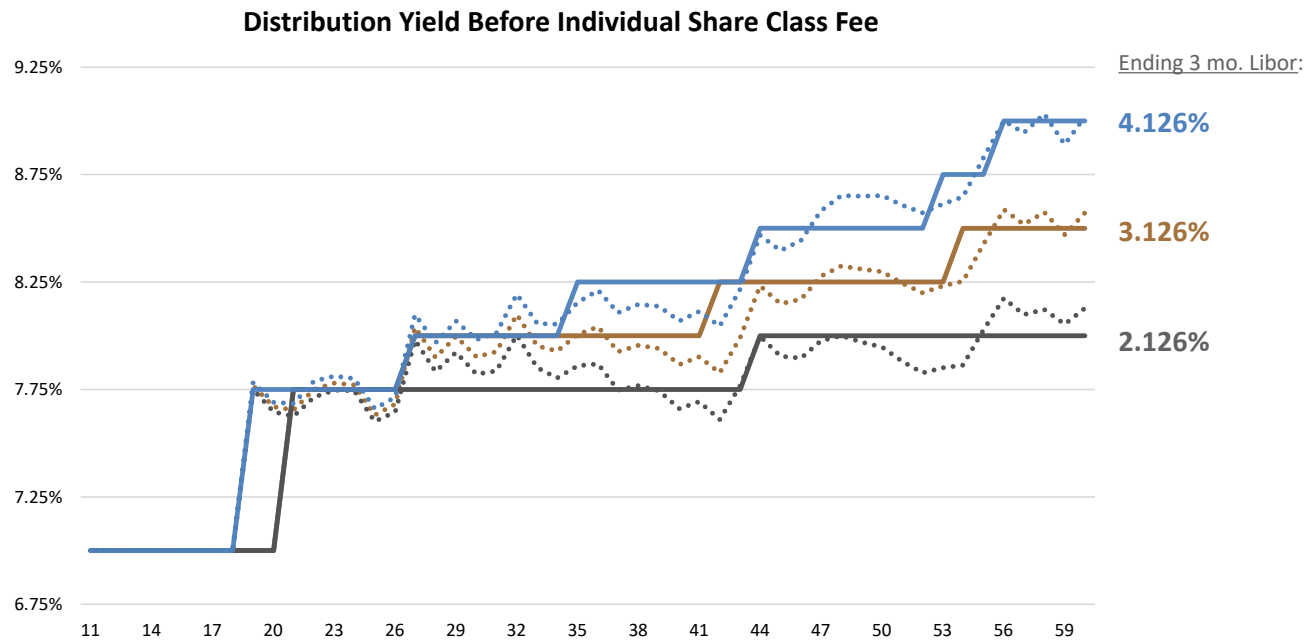
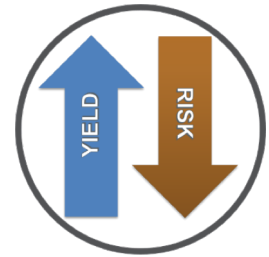
Floating rate loans perform in rising interest rate environments<sup>1</sup>



1. Cliffwater Middle Market Direct Lending Monthly, November 1, 2016.



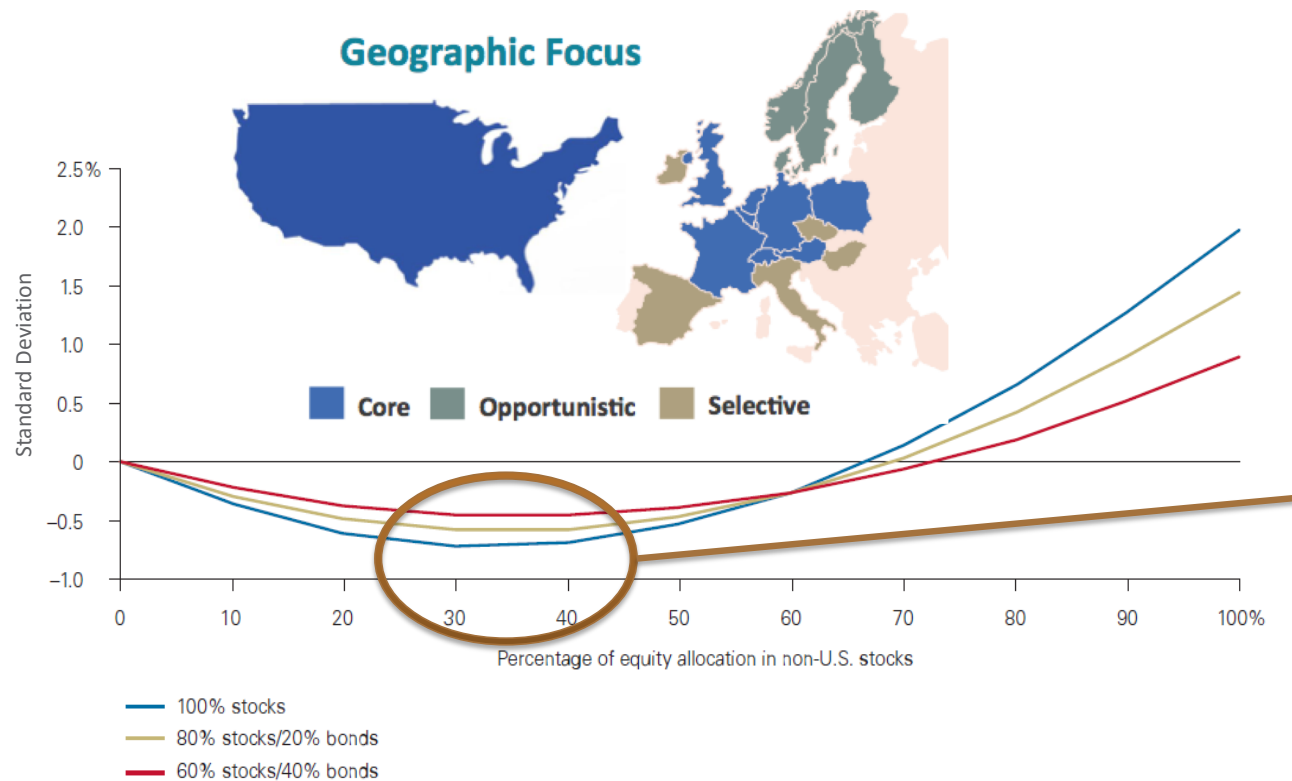
# REDUCED MARKET RISK – FLOATING RATE LOANS



## Model Assumptions:

- \$1 billion capital raise
- Starting LIBOR = 1.20%. Ending LIBOR = 3.126%

# REDUCED MARKET RISK – GEOGRAPHIC DIVERSIFICATION



In a 43-year study of different mixes of stocks and bonds, Vanguard found that the lowest volatility could be achieved in a portfolio by introducing 30-40% global positions to an otherwise entirely US portfolio – regardless of the allocation between stocks and bonds.

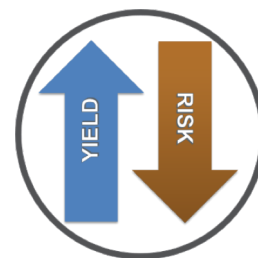
Notes: U.S. equities represented by MSCI USA Index; non-U.S. equities represented by MSCI World Index ex USA from 1970 through 1987 and MSCI All Country World Index ex USA thereafter. Bond data represented by Salomon High Grade Index from 1970 through 1972, Lehman Long-Term AA Corporate Index from 1973 through 1975, and Barclays U.S. Aggregate Bond Index thereafter. Data through December 31, 2013.

Sources: Vanguard, Thomson Reuters Datastream, and MSCI.

## REDUCED MARKET RISK – RECAP

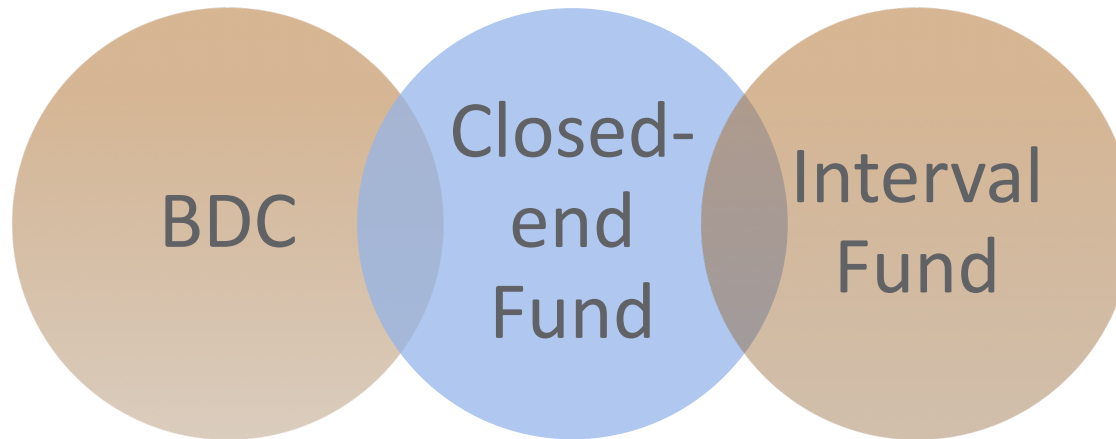
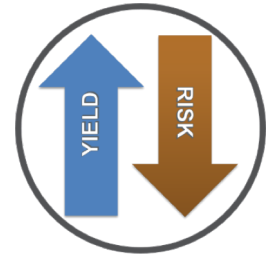


- Middle-Market Direct Lending
- Floating Rate Loans
- Geographic Diversification
- Level 3 Private Company Originated Loans



## The Structure of the Fund

## CLOSED-END FUND STRUCTURAL ADVANTAGES



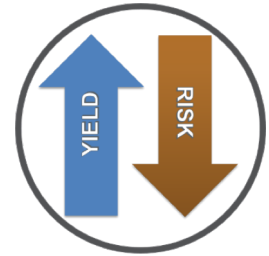
### **Risk Reduction (vs. BDCs)**

- Ability to add a global component
- Lower leverage

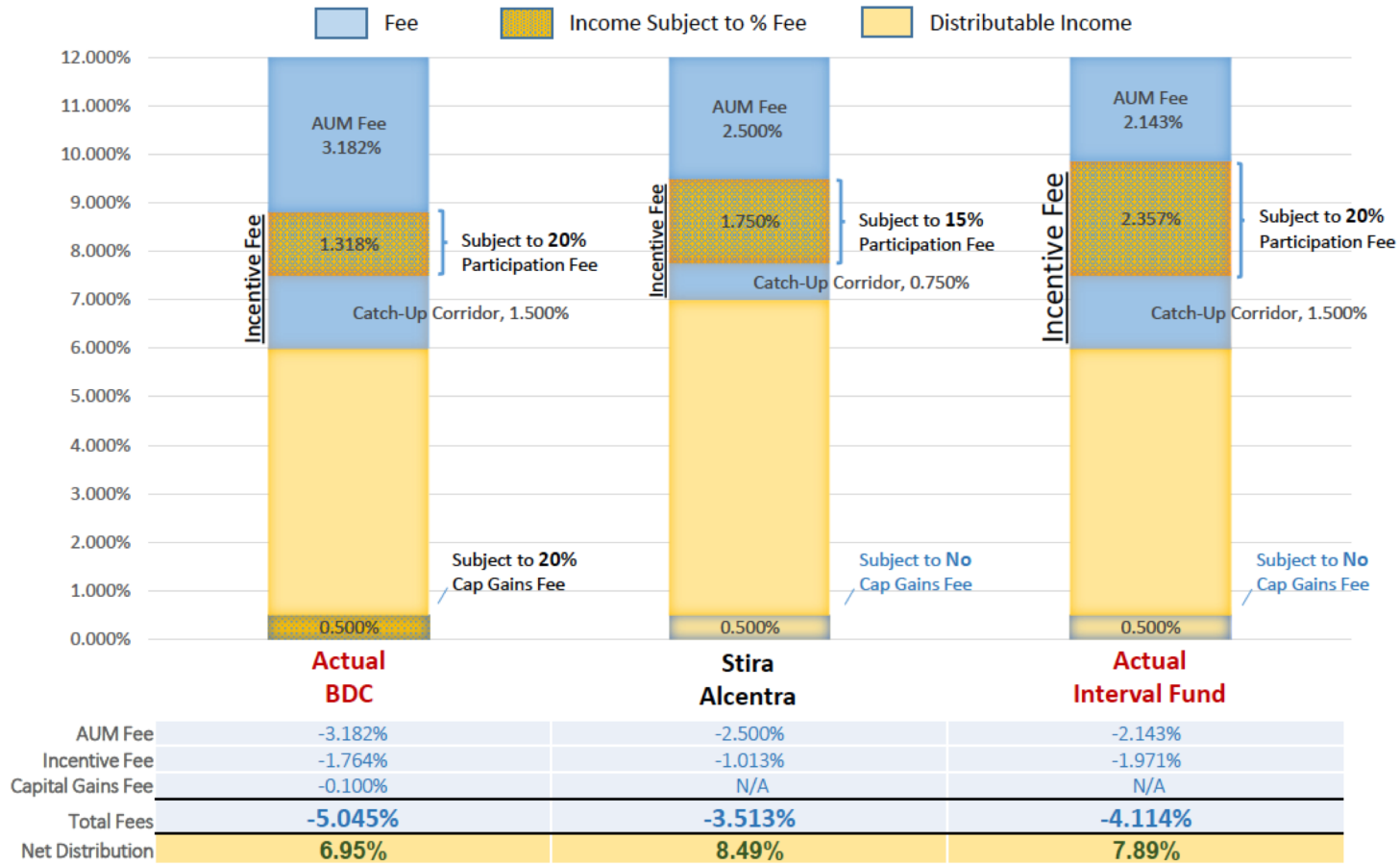
### **Increased Yield Benefits**

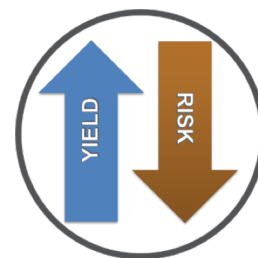
- Lower fees
- Appropriate liquidity

# INCREASED YIELD – LOWER FEES



FEE COMPARISON ASSUMING 12% PORTFOLIO YIELD AFTER FUND EXPENSES



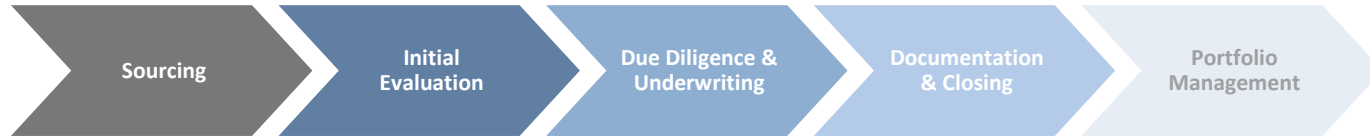


# Corporate Governance

# CORPORATE GOVERNANCE



## Investment Process



## Corresponding Oversight



- Weekly investment committee meeting:
- Paul Hatfield
  - David Scopelliti
  - Branko Krmpotic

- Stira participation:
- Officers of the Advisor and Fund

GCF board pre-approval as required by SEC order for co-investment exemptive relief

- Pro-rated allocation based on available cash from similar Alcentra Funds
- European Funds
  - SMAs
  - ABDC
  - Dreyfus Funds

- Quarterly valuation based on State Street data
- Valuations based on company fundamentals resulting in reduced mark-to-market volatility
- Annual 3<sup>rd</sup> party valuation of portfolio assets conducted by Valuation Research Corporation



# HIGHER YIELD, LOWER RISK

