

BNY Mellon Alcentra Global Multi-Strategy Credit Fund, Inc.

MANAGER COMMENTARY | Q1 2025

Ticker: **XALCX** CUSIP: 05588N108

About the Fund

BNY Mellon Alcentra Global Multi-Strategy Credit Fund, Inc. is a non-diversified, closed-end management investment company that has a limited term of approximately six years from the closing of its initial public offering on August 30, 2019. The fund's investment objective is to seek to provide total return consisting of high current income and capital appreciation.

The fund normally invests at least 80% of its managed assets* in credit instruments and other investments with similar economic characteristics. Such credit instruments include: first and second lien senior secured loans, as well as investments in participations and assignments of such loans; senior unsecured, mezzanine and other collateralized and uncollateralized subordinated loans; unitranche loans; corporate debt obligations other than loans; and structured products, including collateralized bond, loan and other debt obligations, structured notes and credit-linked notes.

Principal credit strategies include:

- Senior Secured Loans
- Direct Lending and Subordinated Loans
- Special Situations
- Structured Credit
- Corporate Debt

Market Review

The direct impact from the announced tariffs on the sub-investment grade markets are likely to be contained to a handful of sectors that rely on global commerce and supply, such as autos, retail and chemicals, of which we have very modest portfolio exposure. We see the second order effects, including rising recessionary pressures, corporate conservatism amidst the policy uncertainty, higher inflation and an impacted consumer, as more meaningful for all risk markets. While we have little insight into the duration of this initiative, we do think that some of the severities of these policy announcements are open for renegotiation. Fortunately, the sub-investment grade market is coming into this environment on positive footing, evidenced by solid credit metrics, reduced maturity wall, and adequate liquidity. Also, default rates are comfortably below long term averages across US and European bond and loan markets. Regarding our alternatives, the Fund had been reducing exposure, particularly structured credit CLOs, given valuations. We do think that special situations may provide some compelling short term opportunities but are mindful of the pending maturity in August.

Performance Summary

For the three-month period ended March 31, 2025, XALCX posted a gain of 0.72% (net return). This compares to a 1.99% return for the ICE BofA Global HY Index (USD Unhedged).

The Fund was more skewed towards floating rate assets during the quarter, which underperformed fixed assets. The Fund's largest exposure, structured credit CLOs, was its largest contributor during the quarter. CLO performance benefited from incremental yield and stable pricing. The Fund's European bank loans posted a solid quarter in terms of absolute performance as did US High Yield (HY). US Loans were also positive. Credit selection within the Food, Cable, Services and Technology were accretive. This was partly offset by selection in the US Healthcare, which

came under some pressure on concerns about future Medicare spending in the upcoming budget. US Special Situations was more mixed, owing to some pressure within its Metals & Mining selection given concerns about potential tariff impacts. During the quarter, the company initiated the paydown of the credit facility given the pending maturity of the Fund in August. It is expected that the Facility will be fully paid during the second quarter.

Market Outlook

We believe that the rapidly shifting macro, monetary and tariff environment is likely to result in significant pricing inefficiencies across sub investment grade on a global basis. The potential opportunities to take advantage and exploit could be transitory, requiring dynamic allocation and fundamentally-driven credit selection. We see increasing attractiveness in fixed paper, especially USHY, and special situations given the dislocations. That said, we are very mindful of the pending maturity of the Fund in August and are carefully managing the balance between market risk and liquidation over the next several months.

An investment in the fund's common shares may be speculative and it involves a high degree of risk. There is no assurance that the fund will achieve its investment objective. The fund should not constitute a complete investment program. Asset allocation and diversification cannot assure a profit or protect against loss. Past performance is no guarantee of future results.

Risks

Risks of Investing in Credit Instruments. Credit instruments in which the fund invests are particularly susceptible to risks such as: *Issuer Risk.* The market value of credit instruments may decline for a number of reasons that directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods and services. *Credit Risk.* Credit risk is the risk that one or more credit instruments in the fund's portfolio will decline in price or fail to pay interest or principal when due because the issuer of the instrument experiences a decline in its financial status. Losses may occur because the market value of a credit instrument is affected by the creditworthiness or perceived creditworthiness of the issuer and by general economic and specific industry conditions and certain of the fund's investments will be subordinate to other debt in the issuer's capital structure. *Interest-Rate Risk.* Prices of fixed-rate credit instruments tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect these instruments and, accordingly, the fund's net asset value. During periods of very low interest rates, the fund may be subject to a greater risk of principal decline from rising interest rates. *Below Investment Grade Instruments Risk.* The fund may invest all of its assets in below investment grade instruments. Below investment grade instruments are commonly referred to as "junk" or "high yield" instruments and are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. **Limited Term Risk.** The fund will terminate in accordance with its charter. The fund is not a target term fund and thus does not seek to return its initial public offering price of \$100.00 per common share upon termination. As the fund approaches the end of its term, all or a portion of its portfolio may be liquidated through opportunistic sales. During this time, the portfolio composition of the fund may change and the fund may not achieve its investment objective, comply with the investment policies and restrictions described in this prospectus or be able to sustain its historical distribution levels. **Liquidity Risk.** In addition to the various other risks associated with investing in credit instruments, to the extent those instruments are determined to be illiquid or restricted securities, they may be difficult to dispose of at a fair price at the times when the fund believes it is desirable to do so. The market price of illiquid and restricted securities generally is more volatile than that of more liquid securities, which may adversely affect the price that the fund pays for or recovers upon the sale of such securities. Illiquid and restricted securities are also more difficult to value, especially in challenging markets. Investment of the fund's assets in illiquid and restricted securities may restrict the fund's ability to take advantage of market opportunities. The fund may invest all of its assets in below investment grade instruments, which are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. Below investment grade instruments, though generally higher yielding, are characterized by higher risk. These instruments are especially sensitive to adverse changes in general economic conditions, to changes in the financial condition of their issuers and to price fluctuation in response to changes in interest rates. **Valuation Risk.** Unlike publicly traded common stock which trades on national exchanges, there is no central place or exchange for loans or other credit instruments in which the fund may invest. Due to the lack of centralized information and trading, the valuation of credit instruments may carry more risk than that of common stock. Other market participants may value instruments differently than the fund. As a result, the fund may be subject to the risk that when a credit instrument is sold in the market, the amount received by the fund is less than the value that such credit instrument is carried at on the fund's books. In addition, certain of the fund's investments will need to be fair valued by the fund's board of directors in accordance with valuation procedures approved by the board. The fund expects that inputs into the determination of fair value of those investments will require significant management judgment or estimation. The fund's net asset value could be adversely affected if the fund's determinations regarding the fair value of those investments were materially higher or lower than the values that it ultimately realizes upon the disposal of such investments. **Leverage Risk.** The fund incurs leverage as part of its investment strategy. All costs and expenses related to any form of leverage used by the fund will be borne entirely by common shareholders. If the income and gains earned on the securities and investments purchased with leverage proceeds are greater than the cost of the leverage, the return on the common shares will be greater than if leverage had not been used. Conversely, if the income and gains from the securities and investments purchased with such proceeds do not cover the cost of leverage, the return on the common shares will be less than if leverage had not been used. There is no assurance that a leveraging strategy will be successful.

BNY Mellon Alcentra Global Multi-Strategy Credit Fund, Inc.

An investment in this fund presents a number of risks and is not suitable for all investors. Investors should carefully review and consider all potential risks.

The fund does not list its common shares on any securities exchange, and the fund does not expect any secondary market to develop for its common shares in the foreseeable future. The fund is appropriate only for long-term investors who are prepared to hold their common shares through the term of the fund, or until the fund accepts an investor's common shares for repurchase in a tender offer, if any. It is appropriate only for investors who are seeking an investment in less liquid portfolio investments in an illiquid fund. Investors should not expect to be able to sell their shares regardless of how the fund performs and, as a result, investors may be unable to reduce their exposure during any market downturn. The fund intends, but is not obligated, to conduct quarterly tender offers for up to 2.5% of the common shares then outstanding, beginning in the fall of 2020. There may be periods during which no tender offer is made, and it is possible that no tender offers will be conducted during the term of the fund. The fund's term also may be extended by its board of directors, without shareholder approval, by up to one year.

As the assets of the fund will be liquidated in connection with its termination, the fund may be required to sell portfolio securities when it otherwise would not, including at times when market conditions are not favorable, which may cause the fund to lose money. Although it is anticipated that the fund will have distributed substantially all of its net assets to shareholders as soon as practicable after the fund is terminated, securities for which no market exists, or securities trading at depressed prices, may be placed in a liquidating trust. Securities placed in a liquidating trust may be held for an indefinite period of time, potentially several years or longer, until they can be sold or pay out all of their cash flows.

The fund's primary portfolio managers will make all determinations regarding allocations and reallocations of the fund's managed assets to the fund's different credit strategies. The percentage allocations among credit strategies may, from time to time, be out of balance with the target allocations set by the fund's primary portfolio managers due to various factors, such as varying investment performance among credit strategies, illiquidity of certain portfolio investments or a change in the target allocations. Any rebalancing of the fund's portfolio may have an adverse effect on the performance of the fund and may be subject to certain additional limits and constraints. There can be no assurance that the decisions of the fund's primary portfolio managers with respect to the allocation and reallocation of the fund's managed assets among the credit strategies, or that an investment within a particular credit strategy, will be successful.

Definitions

Q is quarter. **NAV** is Net Asset Value. **YTD** is Year to Date. **FDIC** is Federal Deposit Insurance Corp.

The **ICE BofA Global High Yield Index** is a measure of the global high yield debt market. The index represents the union of the US high yield, the pan-European high yield, and emerging markets hard currency high yield indices. An investor cannot invest directly in any index.

A **collateralized loan obligation (CLO)** is a single security backed by a pool of debt. Often these are corporate loans that have a low credit rating or leveraged buyouts made by a private equity firm to take a controlling interest in an existing company. The letters or numbers used to express a **credit rating** or credit score express the creditworthiness of the individual, business, or government being assessed. A typical credit rating scale uses the following letter ratings: AAA, AA, A, BBB, BB, B, CCC, CC, C, and D. **Basis points (bps)** basis point (bps) refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001.

Managed assets of the fund means the total assets of the fund, including any assets attributable to leverage (i.e., any borrowings, preferred stock or other similar preference securities ("Preferred Shares"), or the use of derivative instruments that have the economic effect of leverage), minus the fund's accrued liabilities, other than any liabilities or obligations attributable to leverage obtained through (i) indebtedness of any type (including, without limitation, borrowings), (ii) the issuance of Preferred Shares, and/or (iii) any other means, all as determined in accordance with generally accepted accounting principles. **Special situations** refer to unique events or circumstances that significantly impact a company's value, potentially creating investment opportunities. These events, which can be positive or negative, include corporate actions like mergers, acquisitions, restructurings, and spin-offs, as well as less common events like bankruptcies or significant litigation. **Sub-investment grade**, also known as non-investment grade or speculative grade, refers to debt securities with credit ratings below BBB- (S&P) or Baa3 (Moody's). These bonds carry a higher risk of default and are typically associated with higher yields to compensate investors for the increased risk.

This material has been provided for informational purposes only and should not be construed as investment advice or a recommendation of any particular investment product, strategy, investment manager or account arrangement, and should not serve as a primary basis for investment decisions. Prospective investors should consult a legal, tax or financial professional in order to determine whether any investment product, strategy or service is appropriate for their particular circumstances. Views expressed are those of the author stated and do not reflect views of other managers or the firm overall. Views are current as of the date of this publication and subject to change. This information contains projections or other forward-looking statements regarding future events, targets or expectations, and is only current as of the date indicated. Additional information regarding the fund can be found in the fund's most recent shareholder report. There is no assurance that such events or expectations will be achieved, and actual results may be significantly different from that shown here. The information is based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. References to specific securities, asset classes and financial markets are for illustrative purposes only and are not intended to be and should not be interpreted as recommendations. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission.

BNY Mellon Alcentra Global Multi-Strategy Credit Fund, Inc.

BNY Investment Adviser, Inc. is the fund's investment adviser, and has engaged Alcentra NY, LLC ("Alcentra NY"), to serve as the fund's sub-adviser. Alcentra NY is a global asset management firm focused on sub-investment grade corporate credit. BNY Mellon Investment Adviser, Inc. and BNY Mellon Securities Corporation are affiliated with The Bank of New York Mellon Corporation. Alcentra NY is not affiliated with BNY Mellon Securities Corporation or The Bank of New York Mellon Corporation. BNY is the corporate brand of The Bank of New York Mellon Corporation and may be used to reference the corporation as a whole and/or its various subsidiaries generally. © 2025 **BNY Mellon Securities Corporation**, distributor, 240 Greenwich Street, 9th Floor, New York, NY 10286.

MARK-735138-2025-05-06