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

Similar to other risk assets, the rapid spread of the coronavirus and steep plunge in oil prices affected the global sub-investment grade corporate credit markets negatively during the first quarter. With most of the United States and developed Europe on lockdown, these economies have suffered significant shocks to demand. Global High Yield Bonds were down 14.0% while U.S. and European loans lost 13.2% and 13.5%, respectively. In March, spreads in the Loan and High Yield markets reached their widest levels since the Great Financial Crisis faced with four straight weeks of outflows from U.S. mutual funds. The collateralized loan obligation (CLO) market was also not immune as CLO BB-rated tranches fell 33.3% during March according to the J.P. Morgan CLO index.

Since then, central banks and national governments across the world have responded with extraordinary monetary and fiscal stimulus. As of March 31, more than 20 global central banks have cut rates over the last month in response to the impact from Covid-19. The Federal Reserve Bank, European Central Bank and Bank of England have each implemented new asset purchase programs as well. Loan and High Yield markets have bounced back so far through May but remain down for the year.
Performance Summary

The Fund’s NAV decreased at the end of 2019 as the global sub-investment grade corporate credit markets all experienced downward pressure. While High Yield and loans were down sharply in March, the CLO mezzanine tranche positions came under intense mark-to-market pressure, which contributed heavily in the Fund’s NAV decline. Though these structures consist of a well-diversified pool of first lien loans (meaning holders of these securities have a priority security interest on underlying assets), they are less liquid instruments, exacerbating the volatility. At this time, we are not anticipating defaults or loss of capital but acknowledge that the pricing recovery will be more gradual than the more liquid asset classes.

Market Outlook

While there is investor concern surrounding the health of the leveraged credit markets, we believe that this market environment was healthier than that of past cycles. Unlike 2008, which was driven by a liquidity squeeze and excess leverage in the system, we are experiencing a demand shock, driven by a health crisis and a cessation of normal day activities. Underlying fundamentals for the high yield and loan space were in much better shape going into this crisis than they were in 2007/2008 as well. That said, we acknowledge that current market dynamics will likely put pressure on credit fundamentals going forward.

We remain focused on delivering optimal risk-adjusted performance to investors. Given the uncertainty, we continue to focus on defensive sectors and higher quality credits. In the High Yield space, we are seeing exceptional opportunities for alpha develop from Fallen Angels. The Fund’s global nature and ability to be tactical across the sub-investment grade credit spectrum remain some of its greatest strengths as we are also seeing attractive opportunities in CLO mezzanine tranches and European Loans, which we believe is relatively better insulated than other asset classes given its more defensive nature, lower global trade exposure and longer term investor base.

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.

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.

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 interest 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 predominately 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 predominately 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 does with respect to the risk that when a credit instrument is sold in the market, the amount received by 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. 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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 JP Morgan CLO Index captures the USD-denominated CLO market, aimed at allowing market participants to track securitized loan market valuations. 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. A fallen angel is a bond

1 “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.
that was initially given an investment-grade rating but has since been reduced to junk bond status. The downgrade is caused by a deterioration in the financial condition of the issuer.

Views expressed are those of the author(s) 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. Additional information regarding the fund can be found in the fund’s most recent shareholder report (when available).

BNY Mellon Investment Adviser, Inc. is the fund’s investment manager, and has engaged its affiliate, Alcentra NY, LLC (“Alcentra”), to serve as the fund’s sub-investment adviser. BNY Mellon Investment Adviser, Inc., Alcentra and BNY Mellon Securities Corporation are subsidiaries of The Bank of New York Mellon Corporation.

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