Dreyfus Alcentra Global Credit Income 2024 Target Term Fund, Inc.
Common Shares
$10 per Share

The Fund. Dreyfus Alcentra Global Credit Income 2024 Target Term Fund, Inc. (the “Fund”), a Maryland corporation, is a diversified, closed-end management investment company that has a limited term of approximately seven years. The Fund has no operating history.

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

Investment Objectives. The Fund’s investment objectives are to seek high current income and to return at least $9.835 per Common Share (the public offering price per Common Share (as defined below) after deducting a sales load of $0.165 per Common Share but before deducting offering costs of $0.02 per Common Share (“Original NAV”)) to holders of record of Common Shares on or about December 1, 2024 (the “Termination Date”) (subject to certain extensions described herein). The objective to return at least the Fund’s Original NAV is not an express or implied guarantee obligation of the Fund, Dreyfus, Alcentra or any other entity, and an investor may receive less than the Original NAV upon termination of the Fund.

There is no assurance the Fund will achieve either of its investment objectives. (continued on following page)

No Prior History. The Fund has no operating history and its shares of common stock, par value $0.001 per share (the “Common Shares”), have no history of public trading. Shares of closed-end investment companies frequently trade at a discount from their net asset value. The risk of loss due to this discount may be greater for initial investors expecting to sell their Common Shares in a relatively short period after completion of this public offering.

This prospectus sets forth concisely information about the Fund that a prospective investor should know before investing, and should be retained for future reference. Investing in Common Shares involves certain risks. You could lose some or all of your investment. See “Risks” beginning on page 68 of this prospectus. The Fund may invest in credit instruments of any credit quality, including credit instruments that, at the time of investment, are rated below investment grade (i.e., below BBB- or Baa3) by one or more of the nationally recognized statistical rating organizations that rate such instruments, or, if unrated, determined to be of comparable quality by Alcentra. These instruments are regarded as predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal and are commonly referred to as “junk” or “high yield” instruments. The Fund may invest in distressed or defaulted credit instruments. See “Risks—Principal Investment Risks—Below Investment Grade Instruments Risk.”

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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(Notes on inside front cover)

The Underwriters expect to deliver the Common Shares to purchasers on or about , 2017.

Wells Fargo Securities
RBC Capital Markets
Henley & Company LLC
J.J.B. Hilliard, W.L. Lyons, LLC
Maxim Group LLC
Wedbush Securities Inc.

Morgan Stanley
Hennion & Walsh, Inc.
Janney Montgomery Scott
Newbridge Securities Corporation

UBS Investment Bank
Stifel
HilltopSecurities
Ladenburg Thalmann
Pershing LLC
Wunderlich

The date of this prospectus is , 2017.
The Fund has granted the Underwriters (as defined herein) an option to purchase up to additional Common Shares at the public offering price, less the sales load, within 45 days of the date of this prospectus solely to cover over-allotments, if any. If such option is exercised in full, the total public offering price, sales load, estimated offering costs and proceeds, after expenses, to the Fund will be $, $, $ and $, respectively. See “Underwriting.”

Dreyfus (and not the Fund) has agreed to pay from its own assets (a) additional compensation of $0.025 per Common Share to the Underwriters in connection with the offering and, separately, (b) a structuring fee to each of Wells Fargo Securities, LLC, Morgan Stanley & Co. LLC, UBS Securities LLC, RBC Capital Markets, LLC and Stifel, Nicolaus & Company, Incorporated. Dreyfus (and not the Fund) also may pay certain qualifying Underwriters a structuring fee, a sales incentive fee or other additional compensation in connection with the offering. Because the fees described in this footnote are paid by Dreyfus, they are not reflected under sales load in the table above. See “Underwriting—Additional Compensation to be Paid by Dreyfus.”

The Fund will pay its offering expenses (other than the sales load) up to an aggregate of $0.02 per Common Share sold in this offering. Dreyfus has agreed to (i) pay directly all organizational expenses of the Fund and (ii) pay the amount by which the offering costs of the Fund (other than the sales load) exceed $0.02 per Common Share. Any offering expenses paid by the Fund will be deducted from the proceeds of the offering received by the Fund. After payment of such expenses, proceeds to the Fund will be $ per Common Share. The aggregate offering expenses (other than the sales load) to be borne by the Fund are estimated to be $ (approximately $ per Common Share); therefore, offering expenses payable by Dreyfus are estimated to be $ ($ per Common Share). See “Summary of Fund Expenses.”

Investment Objectives (continued). In seeking to return at least the Original NAV to holders of its Common Shares (“Common Shareholders”) on or about the Termination Date, the Fund intends to utilize various portfolio and cash flow management techniques, including setting aside a limited portion of its net investment income, possibly retaining a portion of its short-term gains and all or a portion of its long-term gains and limiting the longest expected maturity (as defined herein) of any holding, other than floating rate senior secured loans or other credit instruments backed by such loans, to no later than June 1, 2025. The average maturity of the Fund’s holdings is generally expected to shorten as the Fund approaches its Termination Date, which may reduce interest rate risk over time but which may also reduce returns and net income amounts available for distribution to Common Shareholders.

Principal Investment Strategies and Investment Policies. Under normal market conditions, the Fund will invest at least 80% of its Managed Assets (as defined on page 2 of this prospectus) in credit instruments and other investments with similar economic characteristics. Such credit instruments include: first lien secured floating rate loans, as well as investments in participations and assignments of such loans; second lien, senior unsecured, mezzanine and other collateralized and uncollateralized subordinated loans; corporate debt obligations other than loans; and structured products, including collateralized bond, loan and other debt obligations, structured notes and credit-linked notes.

The Fund currently intends to focus its investments in credit instruments of U.S. and European companies, although as a global fund, the Fund may invest in companies located anywhere in the world. Under normal circumstances, the Fund will invest in at least three countries, which may include the United States, although the Fund will not invest more than 25% of its Managed Assets in securities of issuers located in any single country outside the United States. Moreover, the Fund will not invest more than 25% of its Managed Assets in companies located in emerging market countries. The Fund expects that, under current market conditions, it will seek to hedge substantially all of its exposure to foreign currencies against the value of the U.S. dollar.

Listing. The Fund’s Common Shares have been approved for listing on the New York Stock Exchange, subject to notice of issuance, under the ticker symbol “DCF.”
Principal Investment Strategies and Investment Policies (continued). Alcentra intends to construct the Fund’s investment portfolio by allocating the Fund’s assets to credit instruments and related investments in the following strategies: (i) Senior Secured Loans and Other Loans; (ii) Corporate Debt; (iii) Special Situations; and (iv) Structured Credit (collectively, the “Credit Strategies”).

- **Senior Secured Loans and Other Loans Strategy:** includes investments in (i) first lien secured floating rate loans, which typically are syndicated, as well as investments in participations and assignments of such loans, and (ii) second lien, senior unsecured, mezzanine and other collateralized and uncollateralized subordinated loans.

- **Corporate Debt Strategy:** includes investments in fixed rate unsecured corporate debt obligations, senior secured floating rate notes and subordinated corporate debt obligations.

- **Special Situations Strategy:** includes investments in loans and other instruments related to companies engaged in extraordinary transactions, such as mergers and acquisitions, litigation, rights offerings, liquidations outside of bankruptcy, covenant defaults, refinancings, recapitalizations and other special situations.

- **Structured Credit Strategy:** includes investments in collateralized bond, loan and other debt obligations, structured notes and credit-linked notes that provide exposure to floating rate senior secured loans, as well as investments in asset-backed securities, including mortgage-backed securities.

Alcentra intends to allocate the Fund’s Managed Assets to the Credit Strategies and among different types of credit instruments within the Credit Strategies based on absolute and relative value considerations and its analysis of the credit markets. Alcentra has considerable latitude in allocating the Fund’s Managed Assets and the composition of the Fund’s investment portfolio will vary over time, based on the allocation to the Credit Strategies and the Fund’s exposure to different types of credit instruments. Under normal market conditions, Alcentra generally expects to allocate the Fund’s Managed Assets as follows:

- at least 25% in each of the Senior Secured Loans and Other Loans Strategy;
- at least 25% in the Corporate Debt Strategy;
- no more than 15% in the Special Situations Strategy; and
- no more than 30% in both the Special Situations and Structured Credit Strategies.

Allocations among the Credit Strategies will vary over time, perhaps significantly, and the Fund may not be invested in all of the Credit Strategies at all times and may maintain zero exposure to a particular Credit Strategy or type of credit instrument. In addition, the Fund will not invest more than 25% of its Managed Assets in issuers in any one particular industry.

**Derivatives.** The Fund may use derivative instruments as a substitute for investing directly in an underlying asset, to increase returns, to manage credit or interest rate risk, to manage foreign currency risk, or as part of a hedging strategy. Although the Fund is not limited in the types of derivatives it can use, the Fund currently expects that its use of derivatives will consist principally of options, total return swaps, credit default swaps and foreign currency forward and futures contracts. The Fund will not invest more than 20% of its Managed Assets in derivatives, except that such limitation will not apply to derivatives used as part of a hedging strategy. For more information on the Fund’s use of derivatives, see “Investment Objectives and Policies—Principal Portfolio Investments—Use of Derivatives.”

**Leverage.** The Fund may employ leverage to enhance its potential for achieving its investment objectives. The Fund currently intends to utilize leverage principally through borrowings from certain financial institutions in an amount equal to 30% of the Fund’s total assets, but may borrow up to the limits imposed by the Investment Company Act of 1940, as amended (i.e., for every dollar of indebtedness from borrowings, the Fund is required to have at least three dollars of total assets, including the proceeds from borrowings). See “Use of Leverage” and “Risks—Principal Investment Risks—Leverage Risk.”
**Seven-Year Term and Final Distribution.** It is anticipated that the Fund will terminate on or about December 1, 2024. On or about the Termination Date, the Fund intends to cease its investment operations, liquidate its portfolio, retire or redeem its borrowings, and seek to return at least the Original NAV to Common Shareholders unless the Fund’s term is extended for one period of up to six months by a vote of the Fund’s entire Board of Directors. The amount distributed to Common Shareholders at the termination of the Fund will be based on the Fund’s net asset value at that time and, depending upon a variety of factors, including the performance of the Fund’s portfolio over the life of the Fund, may be less, and potentially significantly less, than the Original NAV, or their original investment. The Fund’s Termination Date may not be extended for more than one period of up to six months without an amendment to the Fund’s Charter approved by a majority of the Fund’s entire Board of Directors, 75% of the Continuing Directors (as defined in the Fund’s Charter) and the affirmative vote of the holders of at least 75% of the outstanding voting securities of the Fund. The Fund retains broad flexibility to liquidate its portfolio, wind-down its business and make liquidating distributions to Common Shareholders in a manner and on a schedule it believes will best contribute to the achievement of its investment objectives. During any wind-down period, the Fund may deviate from its 80% investment policy and its Credit Strategy allocations and may not achieve its investment objectives.

The Fund should not be confused with a so-called “target date” or “life cycle” fund whose asset allocation becomes more conservative over time as the Fund’s target date (often associated with retirement) approaches and does not typically terminate upon the target date.

**Fund Distributions.** The Fund intends to pay most, but likely not all, of its net income to Common Shareholders in monthly income dividends. The Fund also may distribute its net realized capital gains, if any, once per year. However, in seeking to achieve its investment objectives, the Fund currently intends to set aside and retain in its net assets a portion of its net investment income, and possibly all or a portion of its capital gains. This will reduce the amounts otherwise available for distribution prior to the liquidation of the Fund, and the Fund may incur taxes on such retained amount. Such retained income or capital gains, net of any taxes, would constitute a portion of the liquidating distribution returned to Common Shareholders on or about the Termination Date. The Fund will continue to pay at least the percentage of its net investment income and any capital gains necessary to maintain its status as a regulated investment company for U.S. federal income tax purposes.

You should read this prospectus, which contains important information about the Fund, before deciding whether to invest in the Common Shares, and retain it for future reference. A statement of additional information (the “SAI”), dated [date], 2017, containing additional information about the Fund, has been filed with the Securities and Exchange Commission and is incorporated by reference in its entirety into this prospectus. You may request a free copy of the SAI, the table of contents of which is on page 110 of this prospectus, the Fund’s annual and semi-annual reports to shareholders (when available), and other information about the Fund, and make shareholder inquiries by calling 1-800-346-8893, by writing to the Fund at 200 Park Avenue, New York, New York 10166, or by visiting www.dreyfus.com. You also may obtain a copy of the SAI (and other information regarding the Fund) from the Securities and Exchange Commission’s website (www.sec.gov).

The Common Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.
You should rely only on the information contained or incorporated by reference in this prospectus. The Fund has not, and the Underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Fund is not, and the Underwriters are not, making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus. The Fund’s prospects and, after it commences investment operations, its business, financial condition and results of operations, each may have changed since the date on the front of this prospectus. The Fund will amend this prospectus if there are any material changes to the information provided subsequent to the date of this prospectus and prior to completion of this offering.
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PROSPECTUS SUMMARY

This is only a summary. This summary may not contain all of the information that you should consider before investing in the Fund’s Common Shares. You should review the more detailed information contained in this prospectus and in the statement of additional information (“SAI”), especially the information set forth under the heading “Risks.”

The Fund ............................ Dreyfus Alcentra Global Credit Income 2024 Target Term Fund, Inc. (the “Fund”), a Maryland corporation, is a diversified, closed-end management investment company that has a limited term of approximately seven years. The Fund has no operating history.

The Offering ........................ The Fund is offering shares of common stock, par value $0.001 per share (the “Common Shares”), at an initial offering price of $10 per Common Share. The Common Shares are being offered by a group of underwriters (the “Underwriters”) led by Wells Fargo Securities, LLC, Morgan Stanley & Co. LLC and UBS Securities LLC. You must purchase at least 100 Common Shares ($1,000) in order to participate in the offering. The Fund has granted the Underwriters an option to purchase up to an additional Common Shares at the public offering price, less the sales load, within 45 days from the date of this prospectus to cover over-allotments, if any. The Dreyfus Corporation (“Dreyfus”), the Fund’s investment adviser, has agreed to (i) pay directly all organizational expenses of the Fund and (ii) pay all offering costs of the Fund (other than the sales load) that exceed $0.02 per Common Share. See “Underwriting.”

Investment Objectives .............. The Fund’s investment objectives are to seek high current income and to return at least $9.835 per Common Share (the public offering price per Common Share (as defined below) after deducting a sales load of $0.165 per Common Share but before deducting offering costs of $0.02 per Common Share (“Original NAV”)) to holders of record of Common Shares on or about December 1, 2024 (the “Termination Date”) (subject to certain extensions described herein). The objective to return at least the Fund’s Original NAV is not an express or implied guarantee obligation of the Fund, Dreyfus, Alcentra or any other entity, and an investor may receive less than the Original NAV upon termination of the Fund.

The Fund will attempt to strike a balance between its investment objectives, seeking to provide as high a level of current income as is consistent with the Fund’s Credit Strategies (as defined herein), the declining average maturity of its portfolio and its objective of returning at least the Original NAV on or about the Termination Date. However, as the Fund approaches the Termination Date, its monthly distributions are likely to decline, and there can be no
assurance that the Fund will achieve either of its investment objectives or that the Fund’s investment strategies will be successful. In addition, investors who sell their Common Shares prior to the Termination Date may be less likely to have the Fund return at least the Original NAV, and investors who purchase Common Shares as the Termination Date approaches may not receive a significant amount of high current income or return on their investment.

There is no assurance the Fund will achieve either of its investment objectives. The Fund’s investment objectives are fundamental and may not be changed without prior approval of the Fund’s shareholders. See “Investment Objectives and Policies” and “Risks.”

Principal Investment Strategies and Investment Policies

Under normal market conditions, the Fund will invest at least 80% of its Managed Assets (as defined herein) in credit instruments and other investments with similar economic characteristics. Such credit instruments include: first lien secured floating rate loans, as well as investments in participations and assignments of such loans; second lien, senior unsecured, mezzanine and other collateralized and uncollateralized subordinated loans; corporate debt obligations other than loans; and structured products, including collateralized bond, loan and other debt obligations, structured notes and credit-linked notes. To the extent that the Fund invests in derivative instruments with economic characteristics similar to those credit instruments, the value of such investments will be included for purposes of the Fund’s 80% investment policy.

“Managed Assets” of the Fund means the total assets of the Fund, including any assets attributable to leverage (i.e., any loans from certain financial institutions and/or the issuance of debt securities (collectively, “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.

The Fund may invest in credit instruments of any credit quality, including credit instruments that, at the time of investment, are rated below investment grade (i.e., below BBB- or Baa3) by one or more of the nationally recognized statistical
rating organizations (“NRSROs”) that rate such instruments, or, if unrated, determined to be of comparable quality by Alcentra (as defined herein). These instruments are regarded as predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal and are commonly referred to as “junk” or “high yield” instruments. The Fund may invest in credit instruments that, at the time of investment, are distressed or defaulted, or illiquid, unregistered (but are eligible for purchase and sale by certain qualified institutional buyers) or subject to contractual restrictions on their resale. The Fund also may invest in investment grade credit instruments. The Fund will not invest, either directly, indirectly or through derivatives, in contingent convertible securities (sometimes referred to as “cocos”).

The Fund may invest in credit instruments of any maturity or duration, except that the Fund will not invest in credit instruments (other than floating rate Senior Secured Loans or investments in the Structured Credit Strategy backed by such Senior Secured Loans) with an expected maturity date extending beyond June 1, 2025. “Expected maturity” means the time of expected return of the majority of the instrument’s principal and/or the time when a reasonable investor would expect to have the majority of the principal returned. The expected maturity of some credit instruments may be the same as the stated maturity. Certain credit instruments may have mandatory call features, prepayment features or features obligating the issuer or another party to repurchase or redeem the instrument at dates that are earlier than the instruments’ respective stated maturity dates. For these credit instruments, expected maturity is likely to be earlier than the stated maturity.

Under normal market conditions, the Fund will invest at least 40% (unless market conditions are not deemed favorable, in which case the Fund would invest at least 30%) of its Managed Assets in issuers organized or located outside the United States or doing a substantial amount of business outside the United States. The Fund currently intends to focus its investments in credit instruments of U.S. and European companies, although as a global fund, the Fund may invest in companies located anywhere in the world. Under normal circumstances, the Fund will invest in at least three countries, which may include the United States, although the Fund will not invest more than 25% of its Managed Assets in securities of issuers located in any single country outside the United States. Moreover, the Fund will not invest more than 25% of its Managed Assets in companies located in emerging market countries. The Fund’s investments in European companies
are generally anticipated to be in companies in Northern and Western European countries, including the United Kingdom, Ireland, France, Germany, Austria and Switzerland, as well as the Benelux countries (Belgium, the Netherlands and Luxembourg) and the Scandinavian countries (Sweden, Denmark, Norway and Finland). Other European countries in which the Fund may seek to invest include, but are not limited, to Spain, Italy, Greece and Portugal. The Fund also may invest in other developed countries, including Canada. The Fund expects that, under current market conditions, it will seek to hedge substantially all of its exposure to foreign currencies against the value of the U.S. dollar (i.e., up to 100% of its Managed Assets in the event the Fund holds no U.S. dollar-denominated investments).

Although not a principal investment strategy, the Fund may invest up to 20% of its Managed Assets in other securities and instruments including, without limitation: (i) equity securities of issuers that are related to the Fund’s investments in credit instruments, such as common stock, preferred stock and convertible securities (including warrants or other rights to acquire common or preferred stock); (ii) U.S. and foreign government securities; and (iii) short-term fixed income securities and money market instruments.

The Fund generally does not intend to invest, at the time of purchase, more than 5% of its Managed Assets in any one issuer (except securities issued by the U.S. Government and its agencies and instrumentalities). In addition, the Fund will not invest more than 25% of its Managed Assets in issuers in any one particular industry.

The Fund may use derivative instruments as a substitute for investing directly in an underlying asset, to increase returns, to manage credit or interest rate risk, to manage foreign currency risk, or as part of a hedging strategy. Although the Fund is not limited in the types of derivatives it can use, the Fund currently expects that its use of derivatives will consist principally of options, total return swaps, credit default swaps and foreign currency forward and futures contracts. The Fund will not invest more than 20% of its Managed Assets in derivatives, except that such limitation will not apply to derivatives used as part of a hedging strategy. The Fund’s use of derivatives will be limited by the Investment Company Act of 1940, as amended (the “1940 Act”). See “Investment Objectives and Policies—Principal Portfolio Investments—Use of Derivatives.”

The Fund may employ leverage to enhance its potential for achieving its investment objectives. The Fund currently intends to utilize leverage in an amount equal to 30% of its total
assets, but may borrow up to the limits imposed by the 1940 Act (i.e., for every dollar of indebtedness from Borrowings, the Fund is required to have at least three dollars of total assets, including the proceeds from Borrowings) principally through Borrowings from certain financial institutions.

In seeking to return at least the Original NAV to holders of its Common Shares (“Common Shareholders”) on or about the Termination Date, the Fund intends to utilize various portfolio and cash flow management techniques, including setting aside a limited portion of its net investment income, possibly retaining a portion of its short-term gains and all or a portion of its long-term gains and limiting the longest expected maturity of any holding, other than floating rate Senior Secured Loans or investments in the Structured Credit Strategy backed by such Senior Secured Loans, to no later than June 1, 2025. The average maturity of the Fund’s holdings is generally expected to shorten as the Fund approaches its Termination Date, which may reduce interest rate risk over time but which may also reduce returns and net income amounts available for distribution to Common Shareholders. During any wind-down period, the Fund’s portfolio composition will depend on then-current market conditions and the availability of the types of securities in which the Fund may invest. Accordingly, the Fund’s portfolio composition during that period cannot currently be estimated, nor can the Fund precisely predict how its portfolio composition may change as the Fund’s Termination Date approaches. There can be no assurance that the Fund’s strategies will be successful.

During temporary defensive periods or in order to keep the Fund’s cash fully invested, including the period during which the net proceeds of the offering of Common Shares are being initially invested or during the wind-down period of the Fund, the Fund may deviate from its investment objectives and policies. During such periods, the Fund may invest up to 100% of its assets in money market instruments, including U.S. Government securities, repurchase agreements, bank obligations and commercial paper, as well as cash, cash equivalents or high quality short-term fixed income and other securities. Accordingly, during such periods, the Fund may not achieve its investment objectives.

For a more complete discussion of the Fund’s investment strategies and policies, see “Investment Objectives and Policies—Principal Investment Strategies and Investment Policies” and “—Principal Portfolio Investments.”
Alcentra intends to construct the Fund’s investment portfolio by allocating the Fund’s assets to credit instruments and related investments in the following strategies: (i) Senior Secured Loans and Other Loans; (ii) Corporate Debt; (iii) Special Situations; and (iv) Structured Credit (collectively, the “Credit Strategies”).

- **Senior Secured Loans and Other Loans Strategy:** includes investments in (i) first lien secured floating rate loans, which typically are syndicated, as well as investments in participations and assignments of such loans, and (ii) second lien, senior unsecured, mezzanine and other collateralized and uncollateralized subordinated loans.

- **Corporate Debt Strategy:** includes investments in fixed rate unsecured corporate debt obligations, senior secured floating rate notes and subordinated corporate debt obligations.

- **Special Situations Strategy:** includes investments in loans and other instruments related to companies engaged in extraordinary transactions, such as mergers and acquisitions, litigation, rights offerings, liquidations outside of bankruptcy, covenant defaults, refinancings, recapitalizations and other special situations.

- **Structured Credit Strategy:** includes investments in collateralized bond, loan and other debt obligations, structured notes and credit-linked notes that provide exposure to floating rate senior secured loans, as well as investments in asset-backed securities, including mortgage-backed securities.

Alcentra has considerable latitude in allocating the Fund’s Managed Assets and the composition of the Fund’s investment portfolio will vary over time, based on the allocation to the Credit Strategies and the Fund’s exposure to different types of credit instruments. Under normal market conditions, Alcentra generally expects to allocate the Fund’s Managed Assets as follows:

- at least 25% in the Senior Secured Loans and Other Loans Strategy;
- at least 25% in the Corporate Debt Strategy;
- no more than 15% in the Special Situations Strategy; and
- no more than 30% in both the Special Situations Strategy and the Structured Credit Strategy.
Allocations among the Credit Strategies will vary over time, perhaps significantly, and the Fund may not be invested in all of the Credit Strategies at all times and may maintain zero exposure to a particular Credit Strategy or type of credit instrument.

The Fund’s primary portfolio managers will make all determinations regarding allocations and reallocations of the Fund’s Managed Assets to each Credit Strategy. The Fund’s primary portfolio managers will set target allocations for each Credit Strategy, which may be modified at any time. 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. At least quarterly, the Fund’s primary portfolio managers will review the percentage allocations to each Credit Strategy and rebalance the Fund’s portfolio and/or modify the target allocations as they deem necessary or appropriate in light of economic and market conditions, available investment opportunities and the relative returns and risks then represented by each type of security.

**Senior Secured Loans and Other Loans Strategy.** The Senior Secured Loans and Other Loans Strategy seeks to generate high current income by investing in the secured debt of borrowers in the higher credit quality categories of the below investment grade corporate debt market. As part of this strategy, the Fund may invest in first lien secured floating rate loans (“Senior Secured Loans”), which typically are syndicated. Senior Secured Loans are loans secured by specific collateral of the borrower and are senior to most other securities of the borrower (e.g., common stock or debt instruments) in the event of bankruptcy. The Fund also may purchase participations and assignments in, and commitments to purchase, Senior Secured Loans.

As part of this Credit Strategy, the Fund also may invest in second lien, senior unsecured, mezzanine and other collateralized and uncollateralized subordinated loans (“Subordinated Loans”). Subordinated Loans sit below the senior secured debt in a company’s capital structure, but have priority over the company’s bonds and equity securities.

**Corporate Debt Strategy.** The Corporate Debt Strategy seeks to generate high current income by capturing the higher yields offered by below investment grade corporate credit instruments while managing the Fund’s exposure to interest rate movements. As part of this strategy, the Fund
may invest in corporate debt obligations including corporate bonds, debentures, notes, commercial paper and other similar instruments, such as certain convertible securities ("Corporate Debt"). Alcentra expects that most of the Corporate Debt the Fund will invest in will be rated below investment grade (commonly referred to as “junk” or “high yield” instruments). The fixed rate Corporate Debt in which the Fund invests typically will be unsecured, while the floating rate Corporate Debt in which the Fund invests typically will be secured.

**Special Situations Strategy.** The Special Situations Strategy seeks to generate attractive total return driven by income and capital appreciation by investing in specialized credit opportunities in the below investment grade debt markets, on both a long-term and short-term basis. As part of this strategy, the Fund may invest in loans and other credit instruments related to companies engaged in extraordinary transactions, such as mergers and acquisitions, litigation, rights offerings, liquidations outside of bankruptcy, covenant defaults, refinancings, recapitalizations and other special situations (collectively, “Special Situations Investments”). Alcentra will focus the Fund’s Special Situations Investments in companies that have experienced, or are currently experiencing, financial difficulties as a result of deteriorating operations, changes in macro-economic conditions, changes in governmental monetary and fiscal policies, adverse legal judgments, or other events which may adversely impact their credit standing. As part of this strategy, the Fund may acquire equity securities incidental to the purchase or ownership of Special Situations Investments.

**Structured Credit Strategy.** The Structured Credit Strategy seeks to generate income with the potential for capital appreciation by investing predominately in the mezzanine tranches (i.e., rated below the senior tranches but above the most junior tranches) and most junior tranches of collateralized loan obligations (“CLOs”) backed by Senior Secured Loans. In addition to investing in CLOs and other collateralized debt obligations backed by Senior Secured Loans, the Fund also may invest in structured notes and credit-linked notes that provide exposure to Senior Secured Loans, as well as investments in asset-backed securities, including mortgage-backed securities. These instruments collectively are referred to in this prospectus as “Structured Credit Investments.”

For a more detailed discussion of the Credit Strategies and Alcentra’s investment process, see “Investment Objectives and Policies—Principal Investment Strategies and Investment Policies—Credit Strategies” and “—Investment Process.”
Seven-Year Term .................... It is anticipated that the Fund will terminate on or about December 1, 2024. On or about the Termination Date, the Fund intends to cease its investment operations, liquidate its portfolio, retire or redeem its Borrowings, and seek to return at least the Original NAV to Common Shareholders, unless the term is extended for one period of up to six months by a vote of the Fund's entire Board of Directors. The amount distributed to Common Shareholders at the termination of the Fund will be based on the Fund’s net asset value at that time and, depending upon a variety of factors, including the performance of the Fund’s portfolio over the life of the Fund, may be less, and potentially significantly less, than the Original NAV, or their original investment. The Fund’s Termination Date may not be extended for more than one period of up to six months without an amendment to the Fund’s Charter approved by a majority of the Fund’s entire Board of Directors, 75% of the Continuing Directors (as defined in the Fund’s Charter) and the affirmative vote of the holders of at least 75% of the outstanding voting securities of the Fund.

Depending upon a variety of factors, including the performance of the Fund’s portfolio over the life of the Fund, and the amounts of income or gains retained by the Fund instead of being paid out as income dividends or capital gain distributions over the life of the Fund, and the amount of any taxes paid on those retained amounts, the amount distributed to Common Shareholders on the Termination Date may be less, and potentially substantially less, than the Original NAV or their original investment. Interest rates, including yields on below investment grade debt investments, tend to vary with maturity. Securities with longer maturities tend to have higher yields than otherwise similar securities having shorter maturities. Because the Fund portfolio’s average expected maturity is generally expected to shorten as the Fund approaches its Termination Date, ultimately approaching zero, Common Shareholders can expect that the average portfolio yield will also fall over time, especially as the Fund approaches the Termination Date. Consequently, the Fund’s Common Share dividend rate may need to be reduced over time (i) as the yield on portfolio holdings declines as they are sold and either not replaced or replaced by lower-yielding securities as the portfolio is liquidated prior to and in anticipation of the Termination Date and (ii) as potentially increasing portions of net earnings of the Fund may be retained by the Fund and not distributed as a means of pursuing its objective of returning at least the Original NAV on or about the Termination Date.
The Fund retains broad flexibility to liquidate its portfolio, wind-down its business and make liquidating distributions to Common Shareholders in a manner and on a schedule it believes will best contribute to the achievement of its investment objectives. During any wind-down period, the Fund may deviate from its 80% investment policy and its Credit Strategy allocations and may not achieve its investment objectives.

The Fund should not be confused with a so-called “target date” or “life cycle” fund whose asset allocation becomes more conservative over time as the Fund’s target date (often associated with retirement) approaches and does not typically terminate upon the target date.

**Portfolio Investments ..........................**

*Principal Portfolio Investments.* The following are the principal investments that will be used by Alcentra when investing the Fund’s assets in the Credit Strategies described above.

**Below Investment Grade Instruments.** The Fund may invest in credit instruments that, at the time of investment, are rated below investment grade by one or more of the NRSROs that rate such instruments, or, if unrated, determined to be of comparable quality by Alcentra. Moody’s Investors Service, Inc. ("Moody’s") considers securities rated Ba1 or lower to be below investment grade. Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, Inc. (“S&P”), and Fitch Ratings, Inc. (“Fitch”) consider securities rated BB+ or lower to be below investment grade. Instruments of below investment grade quality, commonly referred to as “junk” or “high yield” instruments, are regarded as having predominantly speculative characteristics with respect to an issuer’s capacity to pay interest and repay principal. The Fund will not invest, either directly, indirectly or through derivatives, in contingent capital securities (sometimes referred to as “cocos”).

The Fund may invest up to 15% of its Managed Assets in high yield instruments rated in the lower rated categories (Caa1 or lower by Moody’s, and CCC+ or lower by S&P and Fitch) by an NRSRO or, if unrated, determined to be of comparable quality by Alcentra. The Fund also may invest in issuers that are in default at the time of purchase, including investments in debtor-in-possession or super senior financings, which are financings that take priority or are considered senior to all other debt, equity or other outstanding securities of an issuer. Such securities are subject to a very high credit risk. See “Investment Objectives and Policies—Principal Portfolio Investments—Below Investment Grade Instruments.”

**Investment Grade Debt Instruments.** The Fund may invest in credit instruments that, at the time of purchase, are rated investment grade (i.e., BBB- or Baa3 or higher) by at least
one of the NRSROs that rate such securities, or, if unrated, determined to be of comparable quality by Alcentra. See “Investment Objectives and Policies—Principal Portfolio Investments—Investment Grade Debt Instruments.”

**Senior Secured Loans.** Senior Secured Loans are typically made to or issued by corporations, partnerships, limited liability companies and other business entities (“Borrowers”) which operate in various industries and geographical regions. Borrowers may obtain Senior Secured Loans, among other reasons, to refinance existing debt, engage in acquisitions, pay dividends, recapitalize, complete leveraged buyouts and for general corporate purposes. Senior Secured Loans hold the most senior position in the capital structure of the Borrower, are secured with specific collateral and have a claim on the assets and/or stock of the Borrower that is senior to that held by other secured creditors, unsecured creditors, subordinated debt holders and stockholders of the Borrower. Most Senior Secured Loans have interest rates that adjust or “float” periodically based on a specified interest rate or other reference. The rates of interest on Senior Secured Loans adjust periodically by reference to a base lending rate, such as LIBOR, a designated U.S. bank’s prime or base rate or the overnight federal funds rate, plus a premium or credit spread. Some Senior Secured Loans reset on set dates, typically every 30 to 90 days, but not to exceed one year. Other floating rate loans reset periodically when the underlying rate resets. Many Senior Secured Loans have LIBOR floors, whereby the Borrower contractually agrees that the amount used for LIBOR in calculating the yield on the loan will not be less than an agreed upon amount. Investments in Senior Secured Loans, as well as certain other credit instruments, effectively should enable the Fund to achieve a floating rate of income.

The Fund also may purchase participations and assignments in, and commitments to purchase, Senior Secured Loans. The Fund may receive debt securities or equity securities as a result of the general restructuring of the debt of an issuer or of a Senior Secured Loan, or as part of a package of securities acquired with a Senior Secured Loan. See “Investment Objectives and Policies—Principal Portfolio Investments—Senior Secured Loans.”

**Subordinated Loans.** Subordinated Loans generally have the same characteristics as Senior Secured Loans, except that such loans are subordinated in payment and/or lower in lien priority to first lien holders (e.g., holders of Senior Secured Loans) in the event of the liquidation or bankruptcy of the issuer. Because Subordinated Loans are subordinated and thus lower in priority of payment and/or in priority of lien to Senior
Secured Loans, they are subject to the additional risk that the cash flow of the Borrower and collateral securing the loan or debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured obligations of the Borrower. Subordinated Loans also share the same risks as other below investment grade instruments. See “Investment Objectives and Policies—Principal Portfolio Investments—Subordinated Loans.”

Corporate Debt. Corporate Debt includes a wide variety of debt obligations of varying maturities issued by U.S. and foreign corporations and other business entities. Corporate Debt securities also may be acquired with warrants attached to purchase additional fixed income securities at the same coupon rate. Corporate Debt is generally used by corporations to borrow money from investors. An issuer of Corporate Debt typically pays the investor a fixed or floating rate of interest and normally must repay the amount borrowed on or before maturity. The investment return of Corporate Debt reflects interest on the security and changes in the market value of the security. The market value of fixed rate Corporate Debt generally may be expected to rise and fall inversely with interest rates. The value of intermediate- and longer-term fixed rate Corporate Debt normally fluctuates more in response to changes in interest rates than does the value of shorter-term Corporate Debt. Certain Corporate Debt is perpetual in nature in that it has no maturity date; to the extent that perpetual Corporate Debt has a fixed interest rate, it may have heightened sensitivity to changes in interest rates. The Fund may invest in Corporate Debt issued by U.S. and foreign issuers, which may be U.S. dollar-denominated or non-U.S. dollar denominated. See “Investment Objectives and Policies—Principal Portfolio Investments—Corporate Debt.”

Special Situations Investments. The Fund may invest in Senior Secured Loans, Subordinated Loans and other credit instruments of companies that are engaged in extraordinary transactions, such as mergers and acquisitions, litigation, rights offerings, liquidations outside of bankruptcy, covenant defaults, refinancings, recapitalizations, and other special situations. Alcentra will focus the Fund’s Special Situations Investments in companies that have experienced, or are currently experiencing, financial difficulties as a result of deteriorating operations, changes in macro-economic conditions, changes in governmental monetary and fiscal policies, adverse legal judgments, or other events which may adversely impact their credit standing. Special Situations Investments generally will be considered to be “illiquid securities.” In addition, the Fund may acquire equity securities incidental to the purchase or ownership
of Special Situations Investments. See “Investment Objectives and Policies—Principal Portfolio Investments—Special Situations Investments.”

Structured Credit Investments. The Fund’s investments in Structured Credit Investments may include collateralized bond, loan and other debt obligations, structured notes and credit-linked notes, as well as investments in asset-backed securities, including asset-backed loans and mortgage-backed securities.

Collateralized debt obligations (“CDOs”) are securitized interests in pools of—generally non-mortgage—assets. Multiple tranches of securities are issued by the CDO, offering investors various maturity, yield and credit risk characteristics. Tranches are categorized as senior, mezzanine and subordinated/equity, according to their degree of credit risk. If there are defaults or the CDO’s collateral otherwise underperforms, scheduled payments to senior tranches take precedence over those of mezzanine tranches, and scheduled payments to mezzanine tranches take precedence over those of subordinated/equity tranches. Senior and mezzanine tranches are typically rated. The ratings reflect both the credit quality of underlying collateral as well as how much protection a given tranche is afforded by tranches that are subordinate to it. The Fund expects to focus its CDO investments in CLOs. A CLO is a special purpose vehicle (“SPV”) typically collateralized substantially by a pool of loans, which may include, among others, Senior Secured Loans and Subordinated Loans that may be rated below investment grade or the unrated equivalent. The Fund intends to invest in both the more senior debt tranches of CLOs as well as the mezzanine and subordinated/equity tranches. The Fund’s allocation of its investments in CLOs among their senior, mezzanine and subordinated/equity tranches will vary depending on market and economic conditions, although the Fund generally expects to limit its investments in the subordinated/equity tranches to no more than 10% of its Managed Assets.

“Structured” notes and other related instruments are privately negotiated debt obligations where the principal and/or interest is determined by reference to the performance of a benchmark asset, market or interest rate (an “embedded index”), such as selected securities, an index of securities or specified interest rates, or the differential performance of two assets or markets, such as indices reflecting the performance of the bond market. Structured instruments may be issued by corporations, including banks, as well as by governmental agencies. In addition, the Fund may invest in credit-linked notes. A credit-linked note is a derivative instrument. It is a synthetic
obligation between two or more parties where the payment of principal and/or interest is based on the performance of some obligation (a reference obligation).

Asset-backed securities are securities issued by SPVs whose primary assets are expected to consist of a pool of loans, mortgages or other assets. Payment of principal and interest may depend largely on the cash flows generated by the assets backing the securities and, in certain cases, supported by letters of credit, surety bonds or other forms of credit or liquidity enhancements. The value of asset-backed securities also may be affected by the creditworthiness of the servicing agent for the pool of assets, the originator of the loans or receivables or the financial institution providing the credit support.

See “Investment Objectives and Policies—Principal Portfolio Investments—Structured Credit Investments.”

**Zero Coupon, Pay-In-Kind and Step-Up Securities.** Zero coupon securities are issued or sold at a discount from their face value and do not entitle the holder to any periodic payment of interest prior to maturity or a specified redemption date or cash payment date. Zero coupon securities also may take the form of notes and bonds that have been stripped of their unmatured interest coupons, the coupons themselves and receipts or certificates representing interests in such stripped debt obligations and coupons. A zero coupon security pays no interest to its holders during its life and is sold at a discount to its face value at maturity. Pay-in-kind (or “PIK”) securities generally pay interest through the issuance of additional securities. Step-up coupon bonds are debt securities that typically do not pay interest for a specified period of time and then pay interest at a series of different rates. The amount of any discount on these securities varies depending on the time remaining until maturity or cash payment date, prevailing interest rates, liquidity of the security and perceived credit quality of the issuer. See “Investment Objectives and Policies—Principal Portfolio Investments—Zero Coupon, Pay-In-Kind and Step-Up Securities.”

**Foreign Investments.** The Fund currently intends to focus its foreign investments in European companies, although the Fund may invest in companies located anywhere in the world. Foreign securities include the securities of companies organized under the laws of countries other than the United States and those issued or guaranteed by governments other than the U.S. Government or by foreign supranational entities. They also include securities of companies whose principal trading market is in a country other than the United States (including those that are located in the United States
or organized under U.S. law). They may be traded on foreign securities exchanges or in the foreign off-exchange or “OTC” markets. Securities of foreign issuers also may be purchased in the form of depositary receipts and may not necessarily be denominated in the same currency as the securities into which they may be converted. The Fund will not invest more than 25% of its Managed Assets in securities of issuers located in any single country outside the United States. Moreover, the Fund will not invest more than 25% of its Managed Assets in companies located in emerging market countries. See “Investment Objectives and Policies—Principal Portfolio Investments—Foreign Investments.”

**Foreign Currency Transactions.** Foreign securities in which the Fund may invest may be U.S. dollar-denominated or non-U.S. dollar-denominated. The Fund expects that, under normal conditions, it will seek to hedge substantially all of its exposure to foreign currencies against the value of the U.S. dollar (i.e., up to 100% of its Managed Assets in the event the Fund holds no U.S. dollar-denominated investments). The Fund also may enter into foreign currency transactions to fix in U.S. dollars, between trade and settlement date, the value of a security the Fund has agreed to buy or sell. Investments in foreign currencies, holding financial instruments that provide exposure to foreign currencies, or investing in securities that trade in, or receive revenues in, foreign currencies, are subject to the risk that those currencies will decline in value relative to the U.S. dollar. See “Investment Objectives and Policies—Principal Portfolio Investments—Foreign Currency Transactions.”

**Derivatives.** The Fund may use derivative instruments as a substitute for investing directly in an underlying asset, to increase returns, to manage credit or interest rate risk, to manage foreign currency risk, or as part of a hedging strategy. Although the Fund is not limited in the types of derivatives it can use, the Fund currently expects that its use of derivatives will consist principally of options, total return swaps, credit default swaps and foreign currency forward and futures contracts, but the Fund may also invest in options on futures as well as certain other currency and interest rate instruments such as currency exchange transactions on a spot (i.e., cash) basis, put and call options on foreign currencies and interest rate swaps. To the extent that the Fund invests in derivative instruments with economic characteristics similar to the Fund’s investments in credit instruments, the daily marked-to-market value of such investments will be included for purposes of the Fund’s 80% investment policy.
A derivatives contract will obligate or entitle the Fund to deliver or receive an asset or cash payment based on the change in value of one or more underlying investments, indices or currencies. When the Fund enters into derivatives transactions, it may be required to segregate liquid assets or enter into offsetting positions or otherwise cover its obligations, in accordance with applicable SEC guidance or other applicable law, while the positions are open. In the case of swaps, futures contracts, options, forward contracts and other derivative instruments that provide for full payment of the value of the underlying asset, in cash or by physical delivery, at the settlement date, for example, the Fund may be required to set aside liquid assets equal to the full notional amount of the instrument (generally, the total numerical value of the asset underlying the derivatives contract) while the positions are open, to the extent there is not an offsetting position or sufficient coverage. However, with respect to certain swaps, futures contracts, options, forward contracts and other derivative instruments that require periodic cash settlement during the term of the transaction or cash payment of the gain or loss under the transaction at the settlement date, the Fund may segregate liquid assets in an amount equal to the Fund’s daily marked-to-market net obligations (i.e., the Fund’s daily net liability) under the instrument, if any, rather than its full notional amount. By setting aside assets equal to only the Fund’s net obligations under the instrument, the Fund will have the ability to employ leverage to a greater extent than if the Fund were required to segregate liquid assets equal to the full notional value of such instruments. The Fund may enter into, modify or amend agreements with third party financial institutions regarding certain derivatives contracts that provide for physical delivery of the underlying asset to require such contracts to be settled through cash payment of the marked-to-market net obligation under the contract, if any. Future rules and regulations of the Securities and Exchange Commission (the “SEC”) may require the Fund to alter, perhaps materially, its use of derivatives as described in this prospectus.

In a total return swap, the Fund typically pays the counterparty a floating short-term interest rate and receives in exchange the total return of underlying assets. The Fund would typically have to post collateral to cover this potential obligation. An investment by the Fund in credit default swaps will allow the Fund to obtain economic exposure to certain credits without having a direct exposure to such credits. The Fund currently intends to only purchase credit default swaps.
As described above, the Fund also may invest in other types of derivatives, but does not currently expect such other derivatives to be principal investments. Such other derivative investments are described in “Investments, Investment Techniques and Risks—Principal Portfolio Investments—Derivatives and Other Strategic Transactions” in the SAI.

**Illiquid and Restricted Instruments.** The Fund is not limited in its ability to invest in instruments that, at the time of investment, are illiquid, which are investments that cannot be sold or disposed of in the ordinary course of business at approximately the prices at which they are valued. Illiquid securities include, but are not limited to, securities that may be resold pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), but that are deemed to be illiquid, and repurchase agreements with maturities in excess of seven days. The Fund also may invest, without limit, in securities that are unregistered (but are eligible for purchase and sale by certain qualified institutional buyers) or are held by control persons of the issuer and securities that are subject to contractual restrictions on their resale (“restricted securities”). See “Investment Objectives and Policies—Principal Portfolio Investments—Illiquid and Restricted Instruments.”

**Other Portfolio Investments.** In addition to the principal investments described above, the Fund may invest in the following instruments, which are not anticipated to be principal investments of the Fund.

**Equity Securities.** In connection and/or as a result of the Fund’s credit investments, from time to time, the Fund also may hold equity securities such as common stock, preferred stock and convertible securities (including warrants or other rights to acquire common or preferred stock). Common stock represents shares of a corporation or other entity that entitle the holder to a share of the profits of the entity, if any, without preference over any other shareholder or class of shareholders, including holders of the entity’s preferred stock and other senior equity. After other claims are satisfied, common stockholders and other common equity owners participate in the company’s profits on a pro-rata basis; profits may be paid out in dividends or reinvested in the company to provide potential growth. Preferred stock also is a form of equity ownership in a corporation. Generally, preferred stock has a specified dividend and ranks after loans and other debt instruments and before common stock in its claim on income for dividend payments and on assets should the corporation be liquidated or declare bankruptcy. Convertible securities include preferred stocks or other securities (including debt obligations) that may be converted or exchanged (by the holder...
or by the issuer) into shares of the underlying common stock (or cash or securities of equivalent value) at a stated exchange ratio or predetermined price (the conversion price). Convertible securities generally are subordinated to other similar but non-convertible securities of the same issuer, although convertible bonds enjoy seniority in right of payment to all equity securities, and convertible preferred stock is senior to common stock of the same issuer. Warrants and stock purchase rights give the holder the right to subscribe to equity securities at a specific price for a specified period of time. Rights are similar to warrants but typically have shorter durations and are offered to current shareholders of the issuer. Warrants, rights or other non-income producing equity securities also may be received in connection with the Fund's investments in corporate debt obligations or restructuring of investments.

For more information about the types of equity securities in which the Fund may invest, see “Investment Objectives and Policies—Other Portfolio Investments—Equity Securities.”

**U.S. Government Securities.** The Fund may invest in U.S. Government securities. U.S. Government securities are issued or guaranteed by the U.S. Government or its agencies or instrumentalities and include Treasury bills, Treasury notes and Treasury bonds, which differ in their interest rates, maturities and times of issuance. Some obligations issued or guaranteed by U.S. Government agencies and instrumentalities are supported by the full faith and credit of the Treasury; others by the right of the issuer to borrow from the Treasury; others by discretionary authority of the U.S. Government to purchase certain obligations of the agency or instrumentality; and others only by the credit of the agency or instrumentality. These securities bear fixed, floating or variable rates of interest. While the U.S. Government currently provides financial support to such U.S. Government-sponsored agencies or instrumentalities, no assurance can be given that it will always do so, since it is not so obligated by law. A security backed by the Treasury or the full faith and credit of the United States is guaranteed only as to timely payment of interest and principal when held to maturity. The Fund's net asset value is not guaranteed. See “Investment Objectives and Policies—Other Portfolio Investments—U.S. Government Securities.”

**Other Investment Companies.** The Fund may invest in securities of other open- or closed-end investment companies (including exchange-traded funds (“ETFs”)), subject to applicable regulatory limits, that invest primarily in securities of the types in which the Fund may invest directly. Although the Fund reserves the flexibility to invest in other investment companies as Alcentra deems advisable, the Fund currently
anticipates that it would invest in other investment companies (primarily ETFs) during the period during which the net proceeds of the offering of Common Shares are being invested or during the wind-down period of the Fund. See “Investment Objectives and Policies—Other Portfolio Investments—Other Investment Companies.”

*Short-Term Fixed Income Securities and Money Market Instruments; Temporary Defensive Position.* During adverse market conditions, for temporary defensive periods or in order to keep the Fund's cash fully invested, including the period during which the net proceeds of the offering of Common Shares are being initially invested or during the wind-down period of the Fund, the Fund may deviate from its investment objectives and policies. During such periods, the Fund may invest up to 100% of its assets in money market instruments, including U.S. Government securities, repurchase agreements, bank obligations and commercial paper, as well as cash, cash equivalents or high quality short-term debt securities. Accordingly, during such periods, the Fund may not achieve its investment objectives. See “Investment Objectives and Policies—Other Portfolio Investments—Short-Term Fixed Income Securities and Money Market Instruments; Temporary Defensive Position.”

Unless otherwise stated herein or in the SAI, the Fund's investment policies are non-fundamental policies and may be changed by the Fund's Board of Directors without prior shareholder approval.

For a more complete discussion of the Fund’s investment strategies and portfolio investments, see “Investment Objectives and Policies—Principal Investment Strategies and Investment Policies” and “—Principal Portfolio Investments” and “—Other Portfolio Investments.”

**Use of Leverage.**

The Fund may employ leverage to enhance its potential for achieving its investment objectives. The Fund currently intends to utilize leverage principally through Borrowings from certain financial institutions in an amount equal to 30% of the Fund’s total assets, but may borrow up to the limits imposed by the 1940 Act (i.e., for every dollar of indebtedness from Borrowings, the Fund is required to have at least three dollars of total assets, including the proceeds from Borrowings). Borrowings will have seniority over the Common Shares, and Common Shareholders will bear the costs associated with any Borrowings. Any Borrowings will leverage Common Shareholders’ investment in Common Shares. The Board of Directors of the Fund may authorize the use of leverage through Borrowings without the approval of the Common Shareholders.
As a non-fundamental policy, under normal circumstances, the aggregate liquidation preference of Preferred Shares, if any, and the principal amount of Borrowings and other sources of leverage to the extent they are senior securities under the 1940 Act (including effective leverage that is not covered through asset segregation or offsetting transactions or positions) may not exceed 38% of the Fund's Managed Assets (including the assets attributable to such instruments) at the time of incurrence. Effective leverage obtained through portfolio transactions will be treated as the issuance of debt securities and will be subject to the 33-1/3% limitation on Borrowings under the 1940 Act.

To the extent the income derived from securities purchased with proceeds received from the Fund's use of leverage exceeds the cost of such leverage, the Fund's distributions may be greater than if leverage had not been used. Conversely, if the income earned on the securities purchased with such proceeds is not sufficient to cover the cost of the Fund's use of leverage, the amount available for distribution to Common Shareholders will be less than if leverage had not been used.

The Fund may utilize leverage opportunistically and may choose to increase or decrease its use of leverage over time and from time to time. The use of leverage is speculative and involves increased risk, including increased variability of the Fund's net income, distributions and net asset value in relation to market changes. There can be no assurance that a leveraging strategy will be used or that it will be successful during any period in which it is employed. See “Risks—Principal Investment Risks—Leverage Risk” and “Use of Leverage.”

To the extent the Fund enters into derivative contracts, the Fund may be required to set aside liquid assets equal to the full notional amount of the instrument (generally, the total numerical value of the asset underlying the derivatives contract) or an amount equal to the Fund’s daily marked-to-market net obligations (i.e., the Fund’s daily net liability) under the instrument, if any, while the positions are open. To the extent the Fund is required to set aside assets equal to only the Fund's net obligations under the instrument, the Fund will have the ability to employ leverage to a greater extent than if the Fund were required to segregate liquid assets equal to the full notional value of such instruments.

The Fund pays an investment management fee to Dreyfus based on a percentage of its Managed Assets. Managed Assets include the proceeds realized and managed from the Fund's use of leverage. Dreyfus and Alcentra will base their decision regarding whether and how much leverage to use for the Fund
based on its assessment of whether such use of leverage will advance the Fund's investment objectives. However, the fact that a decision to increase the Fund’s leverage will have the effect, all other things being equal, of increasing Managed Assets and therefore Dreyfus’ fee (and, indirectly, Alcentra’s fee) means that Dreyfus and Alcentra will have a conflict of interest in determining whether to increase the Fund’s use of leverage. Dreyfus and Alcentra will seek to manage that conflict by increasing the Fund’s use of leverage only when it determines that such increase is consistent with the Fund’s investment objectives, and by periodically reviewing the Fund’s performance and use of leverage with the Fund’s Board of Directors.

The Dreyfus Corporation serves as the Fund’s investment manager, and has engaged its affiliate, Alcentra NY, LLC (“Alcentra”), to serve as the Fund’s sub-investment adviser. Alcentra is responsible for the day-to-day management of the Fund’s investments in accordance with the Fund’s investment objectives and policies. Certain personnel of Alcentra Limited (“Alcentra UK”), an affiliate of Dreyfus and Alcentra, will be treated as “associated persons” of Alcentra under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), for purposes of providing investment advice, and will provide non-discretionary investment recommendations to Alcentra with respect to the Fund’s assets pursuant to a participating affiliate agreement between Alcentra and Alcentra UK.

Founded in 1947, Dreyfus managed approximately $242 billion in approximately 160 mutual fund portfolios as of June 30, 2017. Dreyfus is the primary mutual fund business of The Bank of New York Mellon Corporation (“BNY Mellon”), a global financial services company focused on helping clients manage and service their financial assets, operating in 35 countries and serving more than 100 markets. BNY Mellon is a leading investment management and investment services company, uniquely focused to help clients manage and move their financial assets in the rapidly changing global marketplace. As of June 30, 2017, BNY Mellon had $30.6 trillion in assets under custody and administration and $1.7 trillion in assets under management. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation. BNY Mellon Investment Management is one of the world’s leading investment management organizations, and one of the top U.S. wealth managers, encompassing BNY Mellon’s affiliated investment management firms, wealth management services and global distribution companies.
The Fund has agreed to pay Dreyfus a monthly investment management fee computed at the annual rate of 0.85% of the average daily value of the Fund's Managed Assets. See “Management of the Fund—Investment Manager.”

Alcentra NY, LLC, the U.S.-based investment advisory business of BNY Alcentra Group Holdings, Inc. (the “Alcentra Group”), was created from the original acquisition of Imperial Credit Management, and grew through the acquisition of Hamilton Loan Asset Management, a leveraged loan asset manager, in July 2008 and BNY Mezzanine Partners, a specialist U.S. mezzanine loan manager. Alcentra UK is one of the largest European institutional below investment grade credit managers. Both Alcentra and Alcentra UK are subsidiaries of the Alcentra Group and BNY Mellon. As of June 30, 2017, the Alcentra Group's aggregate assets under management were approximately $32.5 billion.

Dreyfus has agreed to pay from its Management Fee paid by the Fund a monthly sub-advisory fee to Alcentra computed at the annual rate of 0.425% of the average daily value of the Fund's Managed Assets. See “Management of the Fund—Sub-Investment Adviser.”

Dividends and Distributions

Commencing with the Fund's first dividend, the Fund intends to pay a regular monthly income dividend to Common Shareholders. The Fund’s initial monthly distribution is expected to be declared approximately 30 to 45 days after the completion of this offering and paid approximately 45 to 60 days after the completion of this offering, depending on market conditions. The Fund reserves the right to change the frequency of its distributions. Until the Fund fully invests the proceeds of this offering in accordance with its investment objectives, policies and strategies, the Fund may earn interest income at a more modest rate. As a result, the Fund’s distributions during this period may consist, in whole or in part, of a return of capital (i.e., a return to Common Shareholders of a portion of their original investment in the Fund). A return of capital is not taxable, but it reduces a Common Shareholder's basis in his or her Common Shares, thus reducing any loss or increasing any gain on a subsequent disposition by the Common Shareholder of such Common Shares.

For the purpose of pursuing its investment objective of returning at least the Original NAV, the Fund intends to retain a limited portion of its net investment income beginning with its initial distribution and continuing until the final liquidating distribution. The Fund also may retain a portion of its short-term gains and all or a portion of its long-term
gains. The extent to which the Fund retains income or gains, and the cumulative amount so retained, will depend on, among other things, prevailing market conditions, portfolio turnover and reinvestment and overall performance of the credit instruments held by the Fund. Adjustments to the amounts of income retained and the resulting distribution rate will take into account, among other factors, the then-current projections of the Fund’s net asset value on the Termination Date in the absence of income retention. The Fund anticipates that the possibility of some credit losses combined with the potential for declines in income over the term of the Fund, as the duration and weighted average maturity of the portfolio shorten, will likely result in successive reductions in distributions over the approximate seven-year term of the Fund. The timing and amounts of these reductions cannot be predicted.

While the amounts retained would be included in the final liquidating distribution of the Fund, the Fund’s distribution rate over the term of the Fund will be lower, and possibly significantly lower, than if the Fund distributed substantially all of its net investment income and gains in each year. To the extent that the market price of Common Shares over time is influenced by the Fund’s distribution rate, the reduction of the Fund’s monthly distribution rate because of the retention of income is expected to negatively impact the market price of the Common Shares. Any such negative effect on the market price of the Common Shares may not be offset even though the Fund’s net asset value would be higher as a result of retaining income. In the event that the Fund elects to distribute all of its net investment income or gains (if any) in each year, rather than retaining such income or gains, there is an increased risk to Common Shareholders that the final liquidating distribution may be less than Original NAV.

The Fund will continue to distribute at least the percentage of its net investment income and any gains necessary to maintain its qualification for treatment as a regulated investment company for U.S. federal income tax purposes, which may require the Fund to retain less income and gains than it otherwise would as described above.

The Fund’s retention of income, and possibly all or a portion of its gains, could result in the Fund paying U.S. federal excise tax. See “Certain Material U.S. Federal Income Tax Consequences.” The payment of such tax would reduce amounts available for current distributions and/or the final liquidating distribution. See “Dividends and Distributions—Dividend Reinvestment Plan.”
Unless you elect to receive distributions in cash (i.e., opt out), all of your distributions, including any capital gains distributions on your Common Shares, will be automatically reinvested in additional Common Shares under the Fund’s Dividend Reinvestment Plan. You may make an election at any time by contacting Computershare, Inc. (or, alternatively, by contacting your broker or dealer, who will inform the Fund). See “Dividends and Distributions—Dividend Reinvestment Plan.”

**Listing**

The Common Shares have been approved for listing on the New York Stock Exchange, subject to notice of issuance, under the ticker symbol “DCF.”

**Selected Risk Considerations**

An investment in the Common Shares involves various material risks. The following is a summary of certain of these risks. It is not complete and you should read and consider carefully the more complete list of risks described below under “Risks” before purchasing Common Shares in this offering. The Fund should not constitute a complete investment program. Due to the uncertainty in all investments, there can be no assurance that the Fund will achieve either of its investment objectives.

**General Risks of Investing in the Fund**

*No Operating History.* The Fund has no operating history and its Common Shares have no history of public trading. As a result, prospective investors have no track record or history on which to base their investment decision.

*Risk of Market Price Discount From Net Asset Value.* Shares of closed-end funds frequently trade at a market price that is below their net asset value. This is commonly referred to as “trading at a discount.” This characteristic of shares of closed-end funds is a risk separate and distinct from the risk that the Fund’s net asset value may decrease. Common Shareholders who sell their Common Shares within a relatively short period after completion of this public offering are likely to be exposed to this risk. The Fund’s net asset value will be reduced following this offering by the sales load and the amount of offering costs paid by the Fund. See “Risks—General Risks of Investing in the Fund—Risk of Market Price Discount from Net Asset Value.”

*Management and Allocation Risk.* The Fund’s primary portfolio managers will make all determinations regarding allocations and reallocations of the Fund’s Managed Assets to each Credit Strategy. 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.
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, whether pursuant to a fixed percentage allocation or otherwise, 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. See “Risks—General Risks of Investing in the Fund—Management and Allocation Risk.”

**Seven-Year Term Risk.** It is anticipated that the Fund will terminate on or about December 1, 2024, subject to certain extensions described herein. 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. In addition, the Board of Directors may choose to adopt a plan of termination prior to the Termination Date upon written notice to all shareholders of the Fund.

As the Fund approaches its Termination Date, the portfolio composition of the Fund will change as more of the Fund’s investments mature or are called or sold, which may cause the Fund’s returns to decrease. The Fund may also shift its portfolio composition to securities Alcentra believes will provide adequate liquidity upon termination of the Fund, which may also cause the Fund’s returns to decrease. In addition, rather than reinvesting the proceeds of its matured, called or sold credit investments, the Fund may distribute the proceeds in one or more liquidating distributions prior to the final liquidation, which may cause the Fund’s fixed expenses to increase when expressed as a percentage of assets under management, or the Fund may invest the proceeds in lower yielding securities or hold the proceeds in cash, which may adversely affect the performance of the Fund.

The Board of Directors may choose to commence the liquidation and termination of the Fund prior to the Termination Date, which would cause the Fund to miss any market appreciation that occurs after the termination is implemented. Conversely, the Board of Directors may decide against early termination, after which decision, market conditions may deteriorate and the Fund may experience losses. Upon its termination, it is anticipated that the Fund will have distributed substantially all of its net assets to Common
Shareholders, although securities for which no market exists or securities trading at depressed prices, if any, may be placed in a liquidating trust. Securities placed in a liquidating trust may be held for an indefinite period of time until they can be sold or pay out all of their cash flows. The Fund cannot predict the amount of securities that will be required to be placed in a liquidating trust. See “Risks—General Risks of Investing in the Fund—Seven-Year Term Risk.”

Investment and Market Risk. An investment in the Fund is subject to investment risk, including the possible loss of the entire amount that you invest. Your investment in Common Shares represents an indirect investment in the credit instruments and other investments and assets owned by the Fund. The value of the Fund’s portfolio securities may move up or down, sometimes rapidly and unpredictably. At any point in time, your Common Shares may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions. The Fund may also use leverage, which would magnify the Fund’s investment, market and certain other risks.

The Fund may be materially affected by market, economic and political conditions globally and in the jurisdictions and sectors in which it invests or operates, including conditions affecting interest rates, the availability of credit, currency exchange rates and trade barriers. These conditions are outside the control of Dreyfus and Alcentra and could adversely affect the liquidity and value of the Fund’s investments, and may reduce the ability of the Fund to make attractive new investments. See “Risks—General Risks of Investing in the Fund—Investment and Market Risk.”

Tax Risk. Certain of the Fund’s investments will require the Fund to recognize taxable income in a taxable year in excess of the cash generated on those investments during that year. In particular, the Fund expects to invest in loans and other debt obligations that will be treated as having “market discount” and/or original issue discount (“OID”) for U.S. federal income tax purposes. Because the Fund may be required to recognize income in respect of these investments before, or without receiving, cash representing such income, the Fund may have difficulty satisfying the Annual Distribution Test (see “Certain Material U.S. Federal Income Tax Consequences”) applicable to regulated investment companies and avoiding Fund-level U.S. federal income and/or excise taxes. Accordingly, the Fund may be required to sell assets, including at potentially disadvantageous times or prices, borrow, raise additional equity capital, make taxable distributions of its shares or debt securities, or reduce new investments, to obtain the
cash needed to make these income distributions. If the Fund liquidates assets to raise cash, the Fund may realize gain or loss on such liquidations; in the event the Fund realizes net capital gains from such liquidation transactions, Common Shareholders may receive larger capital gain distributions than they would in the absence of such transactions. See “Risks—General Risks of Investing in the Fund—Tax Risk.”

**Principal Investment Risks**

**Risks of Investing in Credit Instruments.** Under normal market conditions, the Fund will invest at least 80% of its Managed Assets in credit instruments and other investments with similar economic characteristics. Credit instruments are particularly susceptible to the following risks:

**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. Because the Fund generally expects to invest a significant portion of its Managed Assets in below investment grade instruments, it will be exposed to a greater amount of credit risk than a fund which invests primarily in investment grade securities. The prices of below investment grade instruments are more sensitive to negative developments, such as a decline in the issuer’s revenues or a general economic downturn, than are the prices of investment grade instruments.

**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 price per Common Share. During periods of very low interest rates, which occur from time to time due to market forces or actions of governments and/or their central banks, including the Board of Governors of the Federal Reserve System in the United States, the Fund may be subject to a greater risk of principal decline from rising interest rates. The magnitude of these fluctuations in the market price of fixed rate credit instruments is generally greater for instruments with longer effective maturities and durations.
because such instruments do not mature, reset interest rates or become callable for longer periods of time. Unlike investment grade instruments, however, the prices of high yield instruments may fluctuate unpredictably and not necessarily inversely with changes in interest rates. In addition, the rates on floating rate instruments adjust periodically with changes in market interest rates. Although these instruments are generally less sensitive to interest rate changes than fixed rate instruments, the value of floating rate loans and other floating rate instruments may decline if their interest rates do not rise as quickly, or as much, as general interest rates.

*Prepayment Risk.* During periods of declining interest rates, the issuer of a credit instrument may exercise its option to prepay principal earlier than scheduled, forcing the Fund to reinvest the proceeds from such prepayment in potentially lower yielding instruments, which may result in a decline in the Fund’s income and distributions to Common Shareholders. This is known as prepayment or “call” risk. Credit instruments frequently have call features that allow the issuer to redeem the instrument at dates prior to its stated maturity at a specified price (typically greater than par) only if certain prescribed conditions are met (“call protection”). An issuer may choose to redeem a fixed rate credit instrument if, for example, the issuer can refinance the instrument at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer.

*Reinvestment Risk.* Reinvestment risk is the risk that income from the Fund’s portfolio will decline if and when the Fund invests the proceeds from matured, traded or called credit instruments at market interest rates that are below the portfolio’s current earnings rate. A decline in income could affect the Fund’s Common Share price or its overall return.

*Spread Risk.* Wider credit spreads and decreasing market values typically represent a deterioration of an instrument’s credit soundness and a perceived greater likelihood or risk of default by the issuer. The difference (or “spread”) between the yield of a security and the yield of a benchmark, such as a U.S. Treasury security with a comparable maturity, measures the additional interest paid for credit risk. As the spread on a security widens (or increases), the price (or value) of the security generally falls. Spread widening may occur, among other reasons, as a result of market concerns over the stability of the market, excess supply, general credit concerns in other markets, security- or market-specific credit concerns or general reductions in risk tolerance.
**Inflation/Deflation Risk.** Inflation risk is the risk that the value of certain assets or income from the Fund’s investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Common Shares and distributions on the Common Shares can decline. In addition, during any periods of rising inflation, the costs associated with the Fund’s use of leverage through Borrowings would likely increase, which would tend to further reduce returns to Common Shareholders. Deflation risk is the risk that prices throughout the economy decline over time—the opposite of inflation. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer defaults more likely, which may result in a decline in the value of the Fund’s portfolio.

**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. Instruments rated C or lower by Moody’s, CCC or lower by S&P or CC or lower by Fitch or comparably rated by another NRSRO or, if unrated, determined by Alcentra to be of comparable quality, are considered to have extremely poor prospects of ever attaining any real investment standing, to have a current identifiable vulnerability to default, to be unlikely to have the capacity to pay interest and repay principal when due in the event of adverse business, financial or economic conditions and/or to be in default or not current in the payment of interest or principal. Ratings may not accurately reflect the actual credit risk associated with a corporate security.

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. During periods of economic downturn or rising interest rates, issuers of below investment grade instruments may experience financial stress that could adversely affect their ability to make payments of principal and interest and increase the possibility of default. The secondary market for below investment grade instruments may not be as liquid as the secondary market for more highly rated instruments, a factor which may have an adverse effect on the Fund’s ability to dispose of a particular security. There are fewer dealers in the market for high yield instruments than for investment grade instruments. The prices quoted by different dealers may
vary significantly, and the spread between the bid and asked price is generally much larger for high-yield securities than for higher quality instruments. Under adverse market or economic conditions, the secondary market for below investment grade instruments could contract, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become illiquid. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the values and liquidity of below investment grade instruments, especially in a market characterized by a low volume of trading.

Default, or the market’s perception that an issuer is likely to default, could reduce the value and liquidity of below investment grade instruments held by the Fund, thereby reducing the value of your investment in the Common Shares. In addition, default, or the market’s perception that an issuer is likely to default, may cause the Fund to incur expenses, including legal expenses, in seeking recovery of principal or interest on its portfolio holdings, including litigation to enforce the Fund’s rights. In any reorganization or liquidation proceeding relating to a portfolio company, the Fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.

Among the risks inherent in investments in a troubled entity is the fact that it frequently may be difficult to obtain information as to the true financial condition of such issuer. Alcentra’s judgment about the credit quality of an issuer and the relative value of its securities may prove to be wrong. In addition, not only may the Fund lose its entire investment, Common Shareholders may also lose their entire investments in the Fund.

To the extent the Fund invests in securities of distressed or defaulted issuers, the risks associated with below investment grade instruments are more pronounced. Instruments rated in the lower rating categories are subject to higher credit risk with extremely poor prospects of ever attaining any real investment standing, to have a current identifiable vulnerability to default, to be unlikely to have the capacity to pay interest and repay principal when due in the event of adverse business, financial or economic conditions and/or to be in default or not current in the payment of interest or principal. Ratings may not accurately reflect the actual credit risk associated with a corporate security.

Investments in below investment grade instruments may present special tax issues for the Fund to the extent that the issuers of these securities default on their obligations pertaining thereto, and the U.S. federal income tax
consequences to the Fund as a holder of such distressed securities may not be clear. See “Risks—Principal Investment Risks—Below Investment Grade Instruments Risk.”

**Senior Secured Loans Risk.** The Senior Secured Loans in which the Fund will invest typically will be below investment grade quality. Although, in contrast to other below investment grade instruments, Senior Secured Loans hold senior positions in the capital structure of a business entity, are secured with specific collateral and have a claim on the assets and/or stock of the Borrower that is senior to that held by unsecured creditors, subordinated debt holders and stockholders of the Borrower, the risks associated with Senior Secured Loans are similar to the risks of below investment grade instruments. See “Risks—Principal Investment Risks—Below Investment Grade Instruments Risk.” Additionally, if a Borrower under a Senior Secured Loan defaults, becomes insolvent or goes into bankruptcy, the Fund may recover only a fraction of what is owed on the Senior Secured Loan or nothing at all. Senior Secured Loans are subject to a number of risks described elsewhere in this prospectus, including, but not limited to, credit risk and liquidity risk.

Although the Senior Secured Loans in which the Fund will invest will be secured by collateral, there can be no assurance that such collateral can be readily liquidated or that the liquidation of such collateral would satisfy the Borrower’s obligation in the event of non-payment of scheduled interest or principal.

In the event of the bankruptcy or insolvency of a Borrower, the Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing a Senior Secured Loan. In the event of a decline in the value of the already pledged collateral, if the terms of a Senior Secured Loan do not require the Borrower to pledge additional collateral, the Fund will be exposed to the risk that the value of the collateral will not at all times equal or exceed the amount of the Borrower’s obligations under the Senior Secured Loan. To the extent that a Senior Secured Loan is collateralized by stock in the Borrower or its subsidiaries, such stock may lose some or all of its value in the event of the bankruptcy or insolvency of the Borrower. Senior Secured Loans that are under-collateralized involve a greater risk of loss.

In general, the secondary trading market for Senior Secured Loans is not fully-developed. No active trading market may exist for certain Senior Secured Loans, which may make it difficult to value them. Illiquidity and adverse market conditions may mean that the Fund may not be able to sell
certain Senior Secured Loans quickly or at a fair price. To the extent that a secondary market does exist for certain Senior Secured Loans, the market for them may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods.

Some Senior Secured Loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate the Senior Secured Loans to current or future indebtedness of the Borrower or take other action detrimental to lenders, including the Fund. Such court action could, under certain circumstances, include invalidation of the Senior Secured Loans.

If legislation or state or federal regulations impose additional requirements or restrictions on the ability of financial institutions to make Senior Secured Loans, the availability of Senior Secured Loans for investment by the Fund may be adversely affected. In addition, such requirements or restrictions could reduce or eliminate sources of financing for certain Borrowers. This would increase the risk of default.

If legislation or federal or state regulations require financial institutions to increase their capital requirements this may cause financial institutions to dispose of Senior Secured Loans that are considered highly levered transactions. Such sales could result in prices that, in the opinion of Dreyfus or Alcentra, do not represent fair value. If the Fund attempts to sell a Senior Secured Loan at a time when a financial institution is engaging in such a sale, the price the Fund could obtain for the Senior Secured Loan may be adversely affected.

The Fund may acquire Senior Secured Loans through assignments. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, the purchaser’s rights can be more restricted than those of the assigning institution, and the Fund may not be able to unilaterally enforce all rights and remedies under the Senior Secured Loan and with regard to any associated collateral.

The Fund also may invest in a Senior Secured Loan through participations. A participation typically results in a contractual relationship only with the institution selling the participation interest, not with the Borrower. Sellers of participations typically include banks, broker-dealers, other financial institutions and lending institutions. Certain participation agreements also include the option to convert the participation in the loan to a full assignment of the loan under agreed upon circumstances. In purchasing participations, the Fund
generally will have no direct right to enforce compliance by
the Borrower with the terms of the loan agreement against
the Borrower, and the Fund may not directly benefit from
the collateral supporting the debt obligation in which it
has purchased the participation. As a result, the Fund will
be exposed to the credit risk of both the Borrower and the
institution selling the participation.

See “Risks—Principal Investment Risks—Senior Secured
Loans Risk.”

**Subordinated Loans Risk.** Subordinated Loans generally are
subject to similar risks as those associated with investments in
Senior Secured Loans, except that such loans are subordinated
in payment and/or lower in lien priority to first lien holders. In
the event of default on a Subordinated Loan, the first priority
lien holder has first claim to the underlying collateral of the
loan. Subordinated Loans are subject to the additional risk that
the cash flow of the Borrower and collateral securing the loan
or debt, if any, may be insufficient to meet scheduled payments
after giving effect to the senior unsecured or senior secured
obligations of the Borrower. This risk is generally higher for
subordinated unsecured loans or debt, which are not backed
by a security interest in any specific collateral. There also is a
possibility that originators will not be able to sell participations
in Subordinated Loans, which would create greater credit risk
exposure for the holders of such loans. Subordinated Loans
generally have greater price volatility than Senior Secured
Loans and may be less liquid. See “Risks—Principal Investment
Risks—Subordinated Loans Risk.”

**Corporate Debt Risk.** The market value of fixed rate
Corporate Debt generally may be expected to rise and fall
inversely with interest rates. The market value of intermediate
and longer term fixed rate Corporate Debt is generally more
sensitive to changes in interest rates than is the market value
of shorter term Corporate Debt. The market value of Corporate
Debt may be affected by factors directly related to the issuer,
such as investors’ perceptions of the creditworthiness of the
issuer, the issuer’s financial performance, perceptions of the
issuer in the market place, performance of management of
the issuer, the issuer’s capital structure and use of financial
leverage and demand for the issuer’s goods and services. There
is a risk that the issuers of Corporate Debt may not be able to
meet their obligations on interest and/or principal payments
at the time called for by an instrument. See “Risks—Principal
Investment Risks—Corporate Debt Risk.”
**Special Situations Investments Risk.** Special Situations Investments are subject to many of the risks discussed elsewhere in this prospectus, including risks associated with investing in high yield instruments. From time to time, Alcentra may take control positions, sit on creditors’ committees or otherwise take an active role in seeking to influence the management of the issuers of Special Situations Investments, in which case the Fund may be subject to increased litigation risk resulting from their actions and they may obtain inside information that may restrict their ability to dispose of Special Situations Investments. See “Risks—Principal Investment Risks—Special Situations Investments Risk.”

**Structured Credit Investments Risk.** Holders of Structured Credit Investments bear risks associated with the underlying investments, index or reference obligation and are subject to counterparty risk. The Fund may have the right to receive payments only from the Structured Credit Investment, and generally does not have direct rights against the issuer or the entity that sold the assets to be securitized. Although it is difficult to predict whether the prices of indices and securities underlying Structured Credit Investments will rise or fall, these prices (and, therefore, the prices of structured products) will be influenced by the same types of political and economic events that affect issuers of securities and capital markets generally. In addition, certain Structured Credit Investments may be thinly traded or have a limited trading market.

CLOs and other types of CDOs are typically privately offered and sold, and thus are not registered under the securities laws. As a result, investments in CLOs and other types of CDOs may be characterized by the Fund as illiquid securities. In addition to the general risks associated with credit instruments, CLOs and other types of CDOs carry additional risks, including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the possibility that the CLO or CDO is subordinate to other classes; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

Asset-backed securities are a form of derivative instrument. Payment of principal and interest may depend largely on the cash flows generated by the assets backing the securities and, in certain cases, supported by letters of credit, surety bonds or other forms of credit or liquidity enhancements. The value of these asset-backed securities may be affected by the
creditworthiness of the servicing agent for the pool of assets, the originator of the loans or receivables or the financial institution providing the credit support.

See “Risks—Principal Investment Risks—Structured Credit Investments Risk.”

**Zero Coupon, Pay-In-Kind and Step-Up Securities Risk.** The amount of any discount on these securities varies depending on the time remaining until maturity or cash payment date, prevailing interest rates, liquidity of the security and perceived credit quality of the issuer. The market prices of these securities generally are more volatile and are likely to respond to a greater degree to changes in interest rates than the market prices of securities that pay cash interest periodically having similar maturities and credit qualities. In addition, unlike bonds that pay cash interest throughout the period to maturity, the Fund will realize no cash until the cash payment date unless a portion of such securities are sold and, if the issuer defaults, the Fund may obtain no return at all on its investment. The interest payments deferred on a PIK security are subject to the risk that the borrower may default when the deferred payments are due in cash at the maturity of the instrument. In addition, the interest rates on PIK securities are higher to reflect the time value of money on deferred interest payments and the higher credit risk of borrowers who may need to defer interest payments. See “Risks—Principal Investment Risks—Zero Coupon, Pay-In-Kind and Step-Up Securities Risk.”

**Foreign Investments Risk.** The Fund intends to invest in securities of foreign issuers, including those companies located in Western and Northern Europe. Such investments involve certain risks not involved in U.S. investments. Securities markets in foreign countries often are not as developed, efficient or liquid as securities markets in the United States, and therefore, the prices of foreign securities can be more volatile. Certain foreign countries may impose restrictions on the ability of issuers of foreign securities to make payments of principal and interest to investors located outside the country. In addition, the Fund will be subject to risks associated with adverse political and economic developments in foreign countries.

Foreign government debt includes bonds that are issued or backed by foreign governments or their agencies, instrumentalities or political subdivisions or by foreign central banks. The governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal and/or interest when due in accordance with terms of such debt, and the Fund may have limited legal recourse
in the event of a default. The ability of a foreign sovereign issuer to make timely payments on its debt obligations also will be strongly influenced by the sovereign issuer’s balance of payments, including export performance, its access to international credit facilities and investments, fluctuations of interest rates and the extent of its foreign reserves. The cost of servicing external debt will also generally be adversely affected by rising international interest rates, as many external debt obligations bear interest at rates which are adjusted based upon international interest rates.

The risks of investing in foreign securities may be heightened to the extent the Fund invests in issuers located or doing business in emerging market countries. The securities of issuers located in emerging markets countries tend to be more volatile and less liquid than securities of issuers located in countries of more mature economies, and emerging markets generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. The securities of issuers located or doing substantial business in emerging markets are often subject to rapid and large changes in price.

See “Risks—Principal Investment Risks—Foreign Investments Risk.”

**European Investments Risk.** A number of countries in Europe have experienced severe economic and financial difficulties. Many non-governmental issuers, and even certain governments, have defaulted on, or been forced to restructure, their debts; many other issuers have faced difficulties obtaining credit or refinancing existing obligations; financial institutions have in many cases required government or central bank support, have needed to raise capital, and/or have been impaired in their ability to extend credit; and financial markets in Europe and elsewhere have experienced extreme volatility and declines in asset values and liquidity. These difficulties may continue, worsen or spread within and outside Europe. Responses to the financial problems by European governments, central banks and others, including austerity measures and reforms, may not work, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and others of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world.

Ongoing concerns regarding the economies of certain European countries and/or their sovereign debt, as well as the possibility that one or more countries might abandon the euro, the common
currency of the European Union (the “EU”), and/or withdraw from the EU, create additional risks for investing in Europe. In June 2016, the United Kingdom (the “UK”) held a referendum resulting in a vote in favor of the exit of the UK from the EU (known as “Brexit”). The current uncertainty and related future developments could have a negative impact on both the UK economy and the economies of other countries in Europe, as well as greater volatility in the global financial and currency markets. A process of negotiation will follow that will determine the future terms of the UK’s relationship with the EU. It is unclear how and in what timeframe Brexit withdrawal negotiations will proceed and what the potential consequences may be. As a result of the political divisions within the UK and between the UK and the EU that the referendum vote has highlighted and the uncertain consequences of Brexit, the UK and European economies and the broader global economy could be significantly impacted, which may result in increased volatility and illiquidity, and potentially lower economic growth on markets in the UK, Europe and globally. Depreciation of the British pound sterling and/or the euro in relation to the U.S. dollar in anticipation of Brexit would adversely affect Fund investments denominated in British pound sterling and/or the euro that are not fully and effectively hedged, regardless of the performance of the investment.

The impact of these actions, especially if they occur in a disorderly fashion, is not clear but could be significant and far-reaching. Whether or not the Fund invests in securities of issuers located in Europe or with significant exposure to European issuers or countries, these events could negatively affect the value and liquidity of the Fund’s investments.

**Foreign Currency Transactions Risk.** As the Fund intends to invest in securities that trade in, and expects to receive revenues in, foreign currencies, or in derivatives that provide exposure to foreign currencies, it will be subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions intended to protect the Fund from decline in the value of non-U.S. currencies, that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad. As a result, the Fund’s investments in foreign currency denominated securities may reduce the returns of the Fund. While the Fund intends to hedge substantially all
of its non-U.S. dollar-denominated securities into U.S. dollars, hedging may not alleviate all currency risks. Furthermore, the companies in which the Fund invests may be subject to risks relating to changes in currency rates, as described above. If a company in which the Fund invests suffers such adverse consequences as a result of such changes, the Fund may also be adversely affected as a result. See “Risks—Principal Investment Risks—Foreign Currency Transactions Risk.”

**Principal Risks of the Use of Derivatives.** The Fund will be subject to additional risks with respect to its use of derivatives. A small investment in derivatives could have a potentially large impact on the Fund’s performance. The use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid and difficult to value, and there is the risk that changes in the value of a derivative held by the Fund will not correlate with the underlying assets or the Fund’s other investments in the manner intended. Derivative instruments, such as OTC swap agreements, forward contracts and other OTC transactions, also involve the risk that a loss may be sustained as a result of the failure of the counterparty to the derivative instruments to make required payments or otherwise comply with the derivative instruments’ terms. Many of the regulatory protections afforded participants on organized exchanges for futures contracts and exchange-traded options, such as the performance guarantee of an exchange clearing house, are not available in connection with OTC derivative transactions. Certain types of derivatives, including swap agreements, forward contracts and other OTC transactions, involve greater risks than the underlying assets because, in addition to general market risks, they are subject to liquidity risk, counterparty risk, credit risk and pricing risk, and may involve commissions or other costs.

Because many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, reference rate or index can result in a loss substantially greater than the amount invested in the derivative itself. The Fund may be required to set aside liquid assets equal to the full notional amount of the instrument (generally, the total numerical value of the asset underlying the derivatives contract) or an amount equal to the Fund’s daily marked-to-market net obligations (i.e., the Fund’s daily net liability) under the instrument, if any, while the positions are open. Certain derivatives, such as written call options, have the potential for unlimited loss, regardless of the size of the initial investment. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately-negotiated derivatives,
including swap agreements), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price. Future rules and regulations of the SEC may require the Fund to alter, perhaps materially, its use of derivatives as described in this prospectus.

Options prices can diverge from the prices of their underlying instruments and may be affected by such factors as current and anticipated short-term interest rates, changes in volatility of the underlying instrument, and the time remaining until expiration of the contract, which may not affect the prices of the underlying instruments in the same way. Imperfect correlation also may result from differing levels of demand in the options markets and the securities markets, from structural differences in how options and securities are traded, or from imposition of daily price fluctuation limits or trading halts.

In addition, the use of credit derivatives is a highly specialized activity which involves strategies and risks different from those associated with ordinary portfolio security transactions. If Alcentra is incorrect in its forecasts of default risks, market spreads or other applicable factors, the investment performance of the Fund would diminish compared with what it would have been if these techniques were not used. Moreover, even if Alcentra is correct in its forecasts, there is a risk that a credit derivative position may correlate imperfectly with the price of the asset or liability being protected.

The Fund will be subject to risk with respect to the counterparties to its derivative and strategic transactions. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in bankruptcy or other reorganization proceeding.

The federal income tax treatment of payments in respect of certain derivatives contracts is unclear. Common Shareholders may receive distributions that are attributable to derivatives contracts that are treated as ordinary income for federal income tax purposes.

For a more complete discussion of risks associated with the use of specific derivative instruments by the Fund, see “Risks—Principal Investment Risks—Principal Risks of the Use of Derivatives.”

**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. Some credit instruments trade in an OTC
market which may be anywhere in the world where the buyer and seller can settle on a price. Due to the lack of centralized information and trading, the valuation of credit instruments may carry more risk than that of common stock. Uncertainties in the conditions of the financial market, unreliable reference data, lack of transparency and inconsistency of valuation models and processes may lead to inaccurate asset pricing. In addition, 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 Fund. Those portfolio valuations may be based on unobservable inputs and certain assumptions about how market participants would price the instrument. The Fund expects that inputs into the determination of fair value of those investments will require significant management judgment or estimation. See “Risks—Principal Investment Risks—Valuation Risk.”

**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. In order to dispose of an unregistered security, the Fund, where it has contractual rights to do so, may have to cause such security to be registered. Contractual restrictions on the resale of securities vary in length and scope and are generally the result of a negotiation between the issuer and purchaser of the securities. In either case, the Fund would bear market risks during that period. See “Risks—Principal Investment Risks—Liquidity Risk.”

**Leverage Risk.** The Fund anticipates incurring 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 the Common Shareholders. See “Use of Leverage.”
The Fund’s use of leverage could create special risks for 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.

Leverage involves risks and special considerations compared to a comparable portfolio without leverage including: (i) the likelihood of greater volatility of the Fund’s net asset value; (ii) the risk that fluctuations in interest rates on Borrowings will reduce the return to the Common Shareholders or will result in fluctuations in the dividends paid on the Common Shares; (iii) the effect of leverage in a declining market, which is likely to cause a greater decline in the net asset value of the Common Shares than if the Fund were not leveraged; (iv) when the Fund uses leverage, the investment management fees payable to Dreyfus (and, indirectly, Alcentra) will be higher than if the Fund did not use leverage, and may provide a financial incentive to Dreyfus and Alcentra to increase the Fund’s use of leverage and create an inherent conflict of interest; and (v) leverage may increase expenses, which may reduce total return.

The Fund may continue to use leverage if the benefits to the Common Shareholders of maintaining the leveraged position are believed to outweigh any current reduced return, but expects to reduce, modify or cease its leverage if it is believed the costs of the leverage will exceed the return provided from the investments made with the proceeds of the leverage.

See “Use of Leverage—Leverage Risks” and “Risks—Principal Investment Risks—Leverage Risk.”

Other Risks of Investing in the Fund. In addition to the principal risks described above, the Fund is subject to the following additional risks that are not anticipated to be principal risks of investing in the Fund.

Equity Securities Risk. From time to time, the Fund also may invest in or hold common stock and other equity securities or warrants incidental to the purchase or ownership of a fixed income instrument or in connection with a reorganization of an issuer or other Special Situation Investment. Investments in equity securities incidental to investments in fixed income instruments entail certain risks in addition to those associated with investments in fixed income instruments.
Because equity is merely the residual value of an issuer after all claims and other interests, it is inherently more risky than the bonds or loans of the same issuer. The value of the equity securities may be affected more rapidly, and to a greater extent, by company-specific developments and general market conditions. These risks may increase fluctuations in the Fund’s net asset value. The Fund frequently may possess material non-public information about a Borrower or issuer as a result of its ownership of a fixed income instrument. To the extent the Fund invests in other equity securities, including convertible securities, warrants or depository receipts, the Fund will be subject to specific risks associated with those instruments. See “Risks—Other Investment Risks—Equity Securities Risk.”

**U.S. Government Debt Securities Risk.** U.S. Government debt securities generally do not involve the credit risks associated with investments in other types of fixed income securities, although, as a result, the yields available from U.S. Government debt securities are generally lower than the yields available from other securities. Like other fixed income securities, the values of U.S. Government debt securities change as interest rates fluctuate. Fluctuations in the value of portfolio securities will not affect interest income on existing portfolio securities but will be reflected in the Fund’s net asset value. Since the magnitude of these fluctuations will generally be greater at times when the Fund’s average maturity is longer, under certain market conditions the Fund may, for temporary defensive purposes, accept lower current income from short-term investments rather than investing in higher yielding long-term securities. See “Risks—Other Investment Risks—U.S. Government Debt Securities Risk.”

**Other Investment Companies Risk.** Subject to applicable regulatory limitations, the Fund may acquire shares in other investment companies (including ETFs). ETFs are listed on an exchange, and shares are generally purchased and sold in the secondary market at market price. At times, the market price may be at a premium or discount to the ETF’s net asset value. Because shares of ETFs trade on an exchange, they may be subject to trading halts on the exchange. As an investor in an investment company, the Fund would bear its ratable share of that entity’s expenses, including its investment advisory and administration fees, while continuing to pay its own management fees and other expenses. As a result, Common Shareholders will be absorbing duplicative levels of fees with respect to the Fund’s investments in other investment companies. See “Risks—Other Investment Risks—Other Investment Companies Risk.”
Potential Conflicts of Interest Risk. Dreyfus, Alcentra and their affiliates may participate in the primary and secondary market for loan obligations. Because of limitations imposed by applicable law, the presence of Dreyfus, Alcentra and their affiliates in the loan obligations market may restrict the Fund's ability to acquire some loan obligations or affect the timing or price of such acquisitions. Dreyfus, Alcentra and their affiliates engage in a broad spectrum of financial services and asset management activities in which their interests or the interests of their clients may conflict with those of the fund. In addition, because of the financial services and asset management activities of Dreyfus, Alcentra and their affiliates, Dreyfus and Alcentra may not have access to material non-public information regarding the borrower to which other lenders have access.

Dreyfus, Alcentra and their affiliates may provide investment management services to other funds and discretionary managed accounts that follow an investment program similar to that of the Fund and may engage in the ordinary course of business in activities in which their interests or the interests of their clients may conflict with those of the fund. Dreyfus, Alcentra and their affiliates have adopted policies and procedures designed to address potential conflicts of interests and to allocate investments among the accounts managed by them and their affiliates in a fair and equitable manner. The results of the Fund's investment activities, however, may differ from those of other accounts managed by Dreyfus, Alcentra and their affiliates, and it is possible that the Fund could sustain losses during periods in which one or more of the other accounts managed by Dreyfus, Alcentra or their affiliates achieve profits. See “Risks—Other Investment Risks—Potential Conflicts of Interest Risk.”

Recent Market Events Risk. In the recent past, the debt and equity capital markets in the United States were negatively impacted by significant write-offs in the financial services sector relating to sub-prime mortgages and the re-pricing of credit risk in the broadly syndicated market, among other things. These events, along with the downgrade to the United States credit rating, deterioration of the housing market, the failure of major financial institutions and the resulting United States federal government actions led in the recent past, and may lead in the future, to worsening general economic conditions, which did, and could, materially and adversely impact the broader financial and credit markets and reduce the availability of debt and equity capital for the market as a whole and financial firms in particular. These events may increase the volatility of the value of securities owned by the Fund.
and/or result in sudden and significant valuation increases or decreases in its portfolio. These events also may make it more difficult for the Fund to accurately value its securities or to sell its securities on a timely basis.

While the extreme volatility and disruption that U.S. and global markets experienced for an extended period of time beginning in 2007 and 2008 has generally subsided, uncertainty and periods of volatility remain, and risks to a robust resumption of growth persist. Federal Reserve policy, including with respect to certain interest rates and the decision to begin tapering its quantitative easing policy, may adversely affect the value, volatility and liquidity of dividend and interest paying securities. Market volatility, rising interest rates and/or a return to unfavorable economic conditions could impair the Fund’s ability to achieve its investment objective.

General market uncertainty and consequent re-pricing of risk have led to market imbalances of sellers and buyers, which in turn have resulted in significant valuation uncertainties in a variety of securities and significant and rapid value decline in certain instances. Additionally, periods of market volatility remain, and may continue to occur in the future, in response to various political, social and economic events both within and outside of the United States. These conditions resulted in, and in many cases continue to result in, greater price volatility, less liquidity, widening credit spreads and a lack of price transparency, with many securities remaining illiquid and of uncertain value. Such market conditions may make valuation of some of the Fund’s securities uncertain and/or result in sudden and significant valuation increases or declines in its holdings. If there is a significant decline in the value of the Fund’s portfolio, this may impact the asset coverage levels for any outstanding leverage the Fund may have. See “Risks—Other Investment Risks—Recent Market Events Risk.”

Regulation and Government Intervention Risk. The recent global financial crisis led the U.S. Government to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that experienced extreme volatility, and in some cases a lack of liquidity, including through direct purchases of equity and debt securities. In addition, the European Central Bank and other foreign government and supranational finance authorities have taken unprecedented actions to regulate or manipulate international financial markets. These governments, agencies and/or organizations may take additional actions that affect the regulation of the securities or derivatives in which the Fund invests, or the issuers of such securities or derivatives. Issuers of credit instruments held by the Fund may seek
protection under the bankruptcy laws. Legislation or regulation also may change the way in which the Fund itself is regulated. Such legislation or regulation could limit or preclude the Fund’s ability to achieve its investment objectives. See “Risks—Other Investment Risks—Regulation and Government Intervention Risk.”

**Market Disruption and Geopolitical Risk.** The aftermath of the war in Iraq, instability in Afghanistan, Pakistan, Egypt, Libya, Syria, Russia, Ukraine and the Middle East, terrorist attacks in the United States, Europe and other regions, tensions with North Korea, growing social and political discord in the United States, the European debt crisis, the response of the international community — through economic sanctions and otherwise — to Russia’s annexation of the Crimea region of Ukraine and posture vis-a-vis Ukraine, further downgrade of U.S. Government securities and other similar events, may have long-term effects on the U.S. and worldwide financial markets and may cause further economic uncertainties in the United States and worldwide. The Fund does not know how long the securities markets may be affected by these events and cannot predict the effects of these and similar events in the future on the U.S. and European economies and securities markets. The Fund may be adversely affected by uncertainties such as terrorism, international political developments, and changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries in which it is invested. See “Risks—Other Investment Risks—Market Disruption and Geopolitical Risk.”

**Anti-Takeover Provisions.** Certain provisions of the Fund’s Charter and Bylaws could have the effect of limiting the ability of other entities or persons to acquire control of the Fund or to modify the Fund’s structure, including inhibiting conversion of the Fund to an open-end investment company. See “Certain Provisions of the Charter and Bylaws.”

**Additional Risks.** For additional risks relating to investments in the Fund, including “Lender Liability Risk,” “Limitations on Transactions with Affiliates” and “Portfolio Turnover Risk,” please see “Risks” beginning on page 68 of this prospectus.

**Custodian, Transfer Agent and Dividend Disbursing Agent**

The Bank of New York Mellon serves as the Fund’s custodian, and Computershare, Inc. serves as the Fund’s transfer agent and dividend disbursing agent. See “Custodian, Transfer Agent and Dividend Disbursing Agent.”
SUMMARY OF FUND EXPENSES

The purpose of the following table and the example below is to help you understand all fees and expenses that you, as a Common Shareholder, would bear directly or indirectly. Common Shareholders should understand that some of the percentages indicated in the table below are estimates and may vary. The expenses shown in the table under “Other Expenses” and “Total Annual Fund Operating Expenses” are based on estimated amounts for the Fund’s first year of operations and assume that the Fund issues approximately 20,000,000 Common Shares. The table also assumes the Fund’s use of leverage through Borrowings in an amount equal to 30% of the Fund’s total assets (as determined immediately after such Borrowings), and shows Fund expenses as a percentage of net assets attributable to Common Shares. If the Fund issues fewer Common Shares, all other things being equal, these expenses would increase as a percentage of net assets attributable to Common Shares. The following table should not be considered a representation of the Fund’s future expenses. Actual expenses may be greater or less than those shown.

Common Shareholder Transaction Expenses

Sales load paid by you (as a percentage of offering price) .............................................. 1.65%
Offering costs borne by the Fund’s Common Shareholders ............................................. 0.20%\(^{(1)}\)\(^{(2)}\)
Dividend reinvestment plan fees. ....................................................................................... $2.50\(^{(3)}\)

As a Percentage of Net Assets Attributable to Common Shares\(^{(4)}\)

<table>
<thead>
<tr>
<th>Annual Expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Management Fee</td>
<td>1.21%(^{(5)})</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>1.04%(^{(6)})</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>0.13%(^{(7)})</td>
</tr>
<tr>
<td>Total Annual Fund Operating Expenses</td>
<td>2.38%</td>
</tr>
</tbody>
</table>

(1) The Fund will pay its offering expenses (other than the sales load) up to an aggregate of $0.02 per Common Share sold in this offering. Dreyfus has agreed to (i) pay directly all organizational expenses of the Fund and (ii) pay the amount by which the Fund’s offering costs (other than the sales load) exceed $0.02 per Common Share (0.20% of the offering price). Assuming the Fund issues 20,000,000 Common Shares in the offering at a total public offering price of $10.00 per Common Share, total offering expenses are estimated to be approximately $950,000 (approximately $0.05 per Common Share), of which the Fund would pay $400,000. The offering costs to be paid by the Fund are not included in the Total Annual Expenses amount shown in the table, and will be borne indirectly by Common Shareholders and result in a reduction of the Fund’s net asset value per Common Share.

(2) Dreyfus (and not the Fund) has agreed to pay from its own assets (a) additional compensation of $0.025 per Common Share to the Underwriters in connection with the offering and, separately, (b) a structuring fee to Wells Fargo Securities, LLC, Morgan Stanley & Co. LLC, UBS Securities LLC, RBC Capital Markets, LLC and Stifel, Nicolaus & Company, Incorporated, and may pay certain other Underwriters a structuring fee, an incentive fee or other additional compensation in connection with the offering. Because these fees are paid by Dreyfus (and not the Fund), they are not reflected under “Sales load paid by you” or “Offering costs borne by the Fund’s Common Shareholders” in the table above. In accordance with Financial Industry Regulatory Authority, Inc. rules, these upfront structuring fees are considered underwriting compensation to the recipients of such fees. See “Underwriting.”

(3) You will be charged a $2.50 service charge and pay a brokerage commission if you direct the Plan Agent (as defined herein) to sell your Common Shares held in a dividend reinvestment account. See “Dividends and Distributions—Dividend Reinvestment Plan.”
The Fund anticipates initially using leverage through the use of Borrowings. The fee table below assumes in the calculation of the investment management fee that the Fund incurs leverage of 30% of its total assets. See “Use of Leverage.” All costs and expenses related to any form of leverage used by the Fund will be borne entirely by Common Shareholders.

Stated as a percentage of net assets attributable to Common Shares assuming no Borrowings or other leverage, the Fund’s estimated expenses would be as follows:

<table>
<thead>
<tr>
<th>Annual Expenses</th>
<th>As a Percentage of Net Assets Attributable to Common Shares (assuming no leverage incurred)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Management Fee</td>
<td>0.85%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>0.13%(7)</td>
</tr>
<tr>
<td>Total Annual Fund Operating Expenses</td>
<td>0.98%</td>
</tr>
</tbody>
</table>

The Fund has agreed to pay Dreyfus a monthly investment management fee computed at the annual rate of 0.85% of the average daily value of the Fund’s Managed Assets. The management fee rate of 0.85% represents 1.21% of the Fund’s net assets attributable to Common Shareholders assuming the use of leverage by the Fund equal to 30% of its total assets.

“Interest Expense” relates to the Fund’s expenses associated with the use of Borrowings and is based on the assumption that the Fund incurs leverage of 30% of its total assets.

Other expenses are based on estimated amounts for the Fund’s first year of operations and assume that the Fund issues 20,000,000 Common Shares.

Example

The following example illustrates the expenses that you would pay on a $1,000 investment in the Fund’s Common Shares (including a sales load of $0.165 and estimated offering expenses of $0.02), assuming (i) the Fund issues 20,000,000 Common Shares in this offering, (ii) total annual Fund operating expenses of 2.38% of net assets attributable to the Fund’s Common Shares in years one through ten, (iii) a 5% annual return and (iv) reinvestment of all dividends and distributions at net asset value:

<table>
<thead>
<tr>
<th>Total expenses incurred</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>$42</td>
<td>$91</td>
<td>$143</td>
<td>$285</td>
<td></td>
</tr>
</tbody>
</table>

The example above should not be considered a representation of future expenses. Actual expenses may be higher or lower than those shown. The example assumes that the estimated “Other Expenses” set forth in the Annual Expenses table is accurate. Actual expenses may be greater or less than those assumed. Moreover, the Fund’s actual rate of return may be greater or less than the hypothetical 5% return shown in the example. Assuming the Fund does not use any leverage, including through the use of Borrowings, the illustrated expenses in the example above would be $28, $49, $72 and $136 for years 1, 3, 5 and 10, respectively.

THE FUND

Dreyfus Alcentra Global Credit Income 2024 Target Term Fund, Inc. is a diversified, closed-end management investment company that has a limited term of approximately seven years. The Fund was incorporated as a Maryland corporation on December 11, 2014, and is registered as an investment company under the 1940 Act. The Fund has claimed an exclusion from the term “commodity pool operator” (“CPO”) under the Commodity Exchange Act. The Fund has no operating history. The Fund’s principal office is located at 200 Park Avenue, New York, New York 10166, and its telephone number is 1-800-346-8893.
USE OF PROCEEDS

The net proceeds of this offering of Common Shares will be approximately $ (or approximately $ assuming the Underwriters exercise the over-allotment option in full) after payment of offering costs estimated to be approximately $ (or approximately $ assuming the Underwriters exercise the over-allotment option in full) and the deduction of the sales load. Dreyfus has agreed to (i) pay directly all organizational expenses of the Fund and (ii) pay the amount by which the Fund’s offering costs (other than the sales load) exceed $ per Common Share. The Fund will invest the net proceeds of the offering in accordance with the Fund’s investment objectives and policies as stated below. The Fund currently anticipates that it will be able to invest substantially all of the net proceeds from this offering in accordance with its investment objectives and policies within two to four months after the completion of this offering. Pending such investment, the Fund may invest up to 100% of its Managed Assets in money market instruments, including U.S. Government securities, repurchase agreements, bank obligations and commercial paper, as well as cash, cash equivalents or high quality short-term fixed income and other securities, which have returns substantially lower than those the Fund anticipates earning once it has fully invested the proceeds of the offering in accordance with its investment objectives. Accordingly, during this period, the Fund may not achieve its investment objectives. See “Investment Objectives and Policies.”

INVESTMENT OBJECTIVES AND POLICIES

Investment Objectives

The Fund’s investment objectives are to seek high current income and to return at least the Fund’s Original NAV to holders of record of Common Shares on or about the Termination Date. The objective to return at least the Fund’s Original NAV is not an express or implied guarantee obligation of the Fund, Dreyfus, Alcentra or any other entity, and an investor may receive less than the Original NAV upon termination of the Fund.

The Fund will attempt to strike a balance between its investment objectives, seeking to provide as high a level of current income as is consistent with the Fund’s Credit Strategies (as defined herein), the declining average maturity of its portfolio and its objective of returning at least the Original NAV on or about the Termination Date. However, as the Fund approaches the Termination Date, its monthly distributions are likely to decline, and there can be no assurance that the Fund will achieve either of its investment objectives or that the Fund’s investment strategies will be successful. In addition, investors who sell their Common Shares prior to the Termination Date may be less likely to have the Fund return at least the Original NAV, and investors who purchase Common Shares as the Termination Date approaches may not receive a significant amount of high current income or return on their investment.

The Fund is not intended as a complete investment program. There is no assurance the Fund will achieve either of its investment objectives. The Fund’s investment objectives are fundamental and may not be changed without prior approval of the Fund’s shareholders.

Investment Guidelines

Under normal circumstances:

- The Fund will invest at least 80% of its Managed Assets in credit instruments and other investments with similar economic characteristics. It is expected that a material portion of the Fund’s investments will consist of credit instruments that, at the time of investment, are rated below investment grade (i.e., below BBB- or Baa3) by one or more of the NRSROs that rate such instruments, or, if unrated, determined to be of comparable quality by Alcentra. The Fund will not invest, either directly, indirectly or through derivatives, in contingent capital securities (sometimes referred to as “cocos”).

- Alcentra generally expects to allocate the Fund’s Managed Assets as follows: at least 25% in the Senior Secured Loans and Other Loans Strategy; at least 25% in the Corporate Debt Strategy; no more than 15% in the Special Situations Strategy; and no more than 30% in both the Special Situations Strategy and the Structured Credit Strategy (including no more than 10% in...
subordinated/equity tranches of CLOs). Allocations among the Credit Strategies will vary over time, perhaps significantly, and the Fund may not be invested in all of the Credit Strategies at all times and may maintain zero exposure to a particular Credit Strategy or type of credit instrument.

- The Fund will not invest more than 15% of its Managed Assets in high yield instruments rated in the lower rated categories (Caal or lower by Moody’s, and CCC+ or lower by S&P and Fitch) by an NRSRO or, if unrated, determined to be of comparable quality by Alcentra.

- The Fund may invest in credit instruments of any maturity or duration, except that the Fund will not invest in credit instruments (other than floating rate Senior Secured Loans or investments in the Structured Credit Strategy backed by such Senior Secured Loans) with an expected maturity date extending beyond June 1, 2025.

- Under normal market conditions, the Fund will invest at least 40% (unless market conditions are not deemed favorable, in which case the Fund would invest at least 30%) of its Managed Assets in issuers organized or located outside the United States or doing a substantial amount of business outside the United States.

- The Fund will not invest more than 25% of its Managed Assets in securities of issuers located in any single country outside the United States. Moreover, the Fund will not invest more than 25% of its Managed Assets in companies located in emerging market countries.

- The Fund’s exposure to derivatives used for non-hedging purposes will not exceed 20% of its Managed Assets.

- The Fund will not invest more than 25% of its Managed Assets in issuers in any one particular industry.

Principal Investment Strategies and Investment Policies

Under normal market conditions, the Fund will invest at least 80% of its Managed Assets (as defined on page 2 of this prospectus) in credit instruments and other investments with similar economic characteristics. Such credit instruments include: first lien secured floating rate loans, as well as investments in participations and assignments of such loans; second lien, senior unsecured, mezzanine and other collateralized and uncollateralized subordinated loans; corporate debt obligations other than loans; and structured products, including collateralized bond, loan and other debt obligations, structured notes and credit-linked notes. To the extent that the Fund invests in derivative instruments with economic characteristics similar to those credit instruments, the value of such investments will be included for purposes of the Fund’s 80% investment policy.

The Fund may invest in credit instruments of any credit quality, including credit instruments that, at the time of investment, are rated below investment grade (i.e., below BBB- or Baa3) by one or more of the NRSROs that rate such instruments, or, if unrated, determined to be of comparable quality by Alcentra. Instruments of below investment grade quality, commonly referred to as “junk” or “high yield” instruments, are regarded as having predominantly speculative characteristics with respect to an obligor’s capacity to pay interest and repay principal and are more susceptible to default or decline in market value due to adverse economic and business developments than higher quality instruments. The Fund may invest in credit instruments that, at the time of investment, are distressed or defaulted, or illiquid, unregistered (but are eligible for purchase and sale by certain qualified institutional buyers) or subject to contractual restrictions on their resale. The Fund also may invest in investment grade credit instruments.

The Fund may invest in credit instruments of any maturity or duration, except that the Fund will not invest in credit instruments (other than floating rate Senior Secured Loans or investments in the Structured Credit Strategy backed by such Senior Secured Loans) with an expected maturity date extending beyond June 1, 2025. “Expected maturity” means the time of expected return of the majority of the instrument’s principal and/or the time when a reasonable investor would expect to have the majority of the principal returned. The expected maturity of some credit instruments may be the same as the stated
maturity. Certain credit instruments may have mandatory call features, prepayment features or features obligating the issuer or another party to repurchase or redeem the instrument at dates that are earlier than the instruments’ respective stated maturity dates. For these credit instruments, expected maturity is likely to be earlier than the stated maturity.

The Fund currently intends to focus its investments in credit instruments of U.S. and European companies, although as a global fund, the Fund may invest in companies located anywhere in the world. Under normal circumstances, the Fund will invest in at least three countries, which may include the United States. The Fund’s investments in European companies are generally anticipated to be in companies in Northern and Western European countries, including the United Kingdom, Ireland, France, Germany, Austria and Switzerland, as well as the Benelux countries (Belgium, the Netherlands and Luxembourg) and the Scandinavian countries (Sweden, Denmark, Norway and Finland). Other European countries in which the Fund may seek to invest include, but are not limited, to Spain, Italy, Greece and Portugal. The Fund also may invest in other developed countries, including Canada. The Fund will not invest more than 25% of its Managed Assets in securities of issuers located in any single country outside the United States. Moreover, the Fund will not invest more than 25% of its Managed Assets in companies located in emerging market countries. The Fund expects that, under current market conditions, it will seek to hedge substantially all of its exposure to foreign currencies against the value of the U.S. dollar (i.e., up to 100% of its Managed Assets in the event the Fund holds no U.S. dollar-denominated investments).

Although not a principal investment strategy, the Fund may invest up to 20% of its Managed Assets in other securities and instruments including, without limitation: (i) equity securities of issuers that are related to the Fund’s investments in credit instruments, such as common stock, preferred stock and convertible securities (including warrants or other rights to acquire common or preferred stock); (ii) U.S. and foreign government securities; and (iii) short-term fixed income securities and money market instruments.

The Fund generally does not intend to invest, at the time of purchase, more than 5% of its Managed Assets in any one issuer (except securities issued by the U.S. Government and its agencies and instrumentalities). In addition, the Fund will not invest more than 25% of its Managed Assets in issuers in any one particular industry.

The Fund may use derivative instruments as a substitute for investing directly in an underlying asset, to increase returns, to manage credit or interest rate risk, to manage foreign currency risk, or as part of a hedging strategy. Although the Fund is not limited in the types of derivatives it can use, the Fund currently expects that its use of derivatives will consist principally of options, total return swaps, credit default swaps and foreign currency forward and futures contracts. The Fund will not invest more than 20% of its Managed Assets in derivatives, except that such limitation will not apply to derivatives used as part of a hedging strategy. The Fund’s use of derivatives will be limited by the 1940 Act. See “Investment Objectives and Policies—Principal Portfolio Investments—Use of Derivatives.”

The Fund may employ leverage to enhance its potential for achieving its investment objectives. The Fund currently intends to utilize leverage in an amount equal to 30% of the Fund’s total assets, but may borrow up to the limits imposed by the 1940 Act (i.e., for every dollar of indebtedness from Borrowings, the Fund is required to have at least three dollars of total assets, including the proceeds from Borrowings) principally through Borrowings from certain financial institutions.

In seeking to return at least the Original NAV on or about the Termination Date, the Fund intends to utilize various portfolio and cash flow management techniques, including setting aside a portion of its net investment income, possibly retaining capital gains and limiting the longest expected maturity of any holding, other than floating rate Senior Secured Loans or investments in the Structured Credit Strategy backed by such Senior Secured Loans, to no later than June 1, 2025. The average maturity of the Fund’s holdings is generally expected to shorten as the Fund approaches its Termination Date, which may reduce interest rate risk over time but which may also reduce returns and net income amounts available for distribution to Common Shareholders. During any wind-down period, the Fund’s portfolio composition
will depend on then-current market conditions and the availability of the types of securities in which the Fund may invest. Accordingly, the Fund's portfolio composition during that period cannot currently be estimated, nor can the Fund precisely predict how its portfolio composition may change as the Fund's Termination Date approaches. There can be no assurance that the Fund's strategies will be successful.

During temporary defensive periods or in order to keep the Fund's cash fully invested, including the period during which the net proceeds of the offering of Common Shares are being initially invested or during the wind-down period of the Fund, the Fund may deviate from its investment objectives and policies. During such periods, the Fund may invest up to 100% of its assets in money market instruments, including U.S. Government securities, repurchase agreements, bank obligations and commercial paper, as well as cash, cash equivalents or high quality short-term fixed income and other securities. Accordingly, during such periods, the Fund may not achieve its investment objectives.

**Credit Strategies**

Alcentra intends to construct the Fund's investment portfolio by allocating the Fund's assets to credit instruments and related investments in the following Credit Strategies: (i) Senior Secured Loans and Other Loans; (ii) Corporate Debt; (iii) Special Situations; and (iv) Structured Credit. Alcentra has considerable latitude in allocating the Fund's Managed Assets and the composition of the Fund's investment portfolio will vary over time, based on the allocation to the Credit Strategies and the Fund's exposure to different types of credit instruments. Under normal market conditions, Alcentra generally expects to allocate the Fund's Managed Assets as follows:

- at least 25% in the Senior Secured Loans and Other Loans Strategy;
- at least 25% in the Corporate Debt Strategy;
- no more than 15% in the Special Situations Strategy; and
- no more than 30% in both the Special Situations Strategy and the Structured Credit Strategy.

Allocations among the Credit Strategies will vary over time, perhaps significantly, and the Fund may not be invested in all of the Credit Strategies at all times and may maintain zero exposure to a particular Credit Strategy or type of credit instrument.

The Fund's primary portfolio managers will make all determinations regarding allocations and reallocations of the Fund's Managed Assets to each Credit Strategy. The Fund's primary portfolio managers will set target allocations for each Credit Strategy, which may be modified at any time. 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. At least quarterly, the Fund's primary portfolio managers will review the percentage allocations to each Credit Strategy and rebalance the Fund's portfolio and/or modify the target allocations as they deem necessary or appropriate in light of economic and market conditions, available investment opportunities and the relative returns and risks then represented by each type of security.

**Senior Secured Loans and Other Loans Strategy.** The Senior Secured Loans and Other Loans Strategy seeks to generate high current income by investing in the secured debt of borrowers in the higher credit quality categories of the below investment grade corporate debt market. As part of this strategy, the Fund may invest in Senior Secured Loans, which typically are syndicated. Senior Secured Loans are loans secured by specific collateral of the borrower and are senior to most other securities of the borrower (e.g., common stock or debt instruments) in the event of bankruptcy. The Fund also may purchase participations and assignments in, and commitments to purchase, Senior Secured Loans. Investments in Senior Secured Loans may provide more favorable exposure to the below investment grade corporate debt market due to their senior position in an issuer's capital structure, which promotes lower price volatility and higher recoveries in the event of default. Senior Secured Loans also may provide additional protection through
financial covenants and access to private management accounting information from the borrower. There also is a more established market for syndicated Senior Secured Loans, which, under normal market conditions, may facilitate a more liquid trading environment.

As part of this Credit Strategy, the Fund also may invest in second lien, senior unsecured, mezzanine and other collateralized and uncollateralized subordinated loans. Subordinated Loans sit below the senior secured debt in a company’s capital structure, but have priority over the company’s bonds and equity securities. The Fund, from time to time, also may seek to participate in the upside gain of a business through the exercise of warrants or other equity securities acquired in connection with its investment in a Subordinated Loan.

**Corporate Debt Strategy.** The Corporate Debt Strategy seeks to generate high current income by capturing the higher yields offered by below investment grade corporate credit instruments while managing the Fund’s exposure to interest rate movements. Alcentra expects that most of the Corporate Debt the Fund will invest in will be rated below investment grade. The fixed rate Corporate Debt in which the Fund invests typically will be unsecured, while the floating rate Corporate Debt in which the Fund invests typically will be secured.

**Special Situations Strategy.** The Special Situations Strategy seeks to generate attractive total return driven by income and capital appreciation by investing in specialized credit opportunities in the below investment grade debt markets, on both a long-term and short-term basis. As part of this strategy, the Fund may invest in Special Situations Investments related to companies engaged in extraordinary transactions, such as mergers and acquisitions, litigation, rights offerings, liquidations outside of bankruptcy, covenant defaults, refinancings, recapitalizations and other special situations. Alcentra will focus the Fund’s Special Situations Investments in companies that have experienced, or are currently experiencing, financial difficulties as a result of deteriorating operations, changes in macro-economic conditions, changes in governmental monetary and fiscal policies, adverse legal judgments, or other events which may adversely impact their credit standing. Alcentra expects to seek opportunistic investment opportunities where it believes that the return potential exceeds the downside risk. Consequently, the Fund’s Special Situations Investments will focus on loans and other secured credit instruments over equity securities, as those credit instruments provide a claim on an issuer’s assets. As part of this strategy, however, the Fund may acquire equity securities incidental to the purchase or ownership of Special Situations Investments.

**Structured Credit Strategy.** The Structured Credit Strategy seeks to generate income with the potential for capital appreciation by investing predominately in the mezzanine (i.e., rated below the senior tranches but above the most junior tranches) tranches and most junior tranches of CLOs backed by Senior Secured Loans. When analyzing the value and suitability of CLO tranches, Alcentra assesses collateral composition, subordination levels and cash flow levels. The underlying portfolio is reviewed by Alcentra, which looks at, among other things: downgrade and default risk for individual credits; recovery rate expectations and the amount of second lien and mezzanine exposure in the portfolio; and the pricing on the underlying portfolio.

In addition to investing in CLOs and other collateralized debt obligations backed by Senior Secured Loans, as part of the Structured Credit Strategy, the Fund also may invest in structured notes and credit-linked notes that provide exposure to Senior Secured Loans, as well as asset-backed securities, including mortgage-backed securities. Alcentra believes attractive returns in Structured Credit Investments can be achieved through a combination of current income and price appreciation due to the discounted valuations of many of these investments.

**Investment Process**

Alcentra is one of the largest institutional investors in the leveraged loan market and maintains longstanding relationships with lead arranging banks, secondary trading houses and deal sponsors. Alcentra’s investment philosophy is driven by credit fundamentals and its credit investment process is highly geared towards diligence, all of which is performed internally and not by third party researchers. New investment opportunities (whether primary or secondary) are subjected to a disciplined
investment and credit approval process. Each relationship is allocated to a specific member of Alcentra’s credit team who is responsible for sourcing new investment opportunities. Through this process, Alcentra seeks to ensure that it has access to the widest possible universe of potential investment opportunities. Potential opportunities are subjected to a sophisticated combination of in-depth fundamental and technical analysis.

Alcentra will seek to achieve the Fund’s investment objectives through a disciplined approach to its credit investment selection and evaluation processes. When identifying prospective investment opportunities in credit instruments, Alcentra intends to focus primarily on companies and instruments, depending on the Credit Strategy, possessing the following attributes:

**Experienced management.** Alcentra intends to concentrate on investments where the management team of the company is well experienced and has a proven track record of success over a number of years within the field in which the target company operates.

**Companies with strong positive cash flow in stable sectors.** Alcentra will focus on companies whose businesses generate strong positive cash flow and where such cash flow is not predominantly used to fund capital expenditures. Alcentra typically will seek to avoid investing in companies and sectors where there are high fixed costs and low profit margins, or where there is persistent volatility in the industry. Alcentra does not intend to invest in start-up companies or companies where repayment of any borrowings is primarily reliant on high levels of growth that may not materialize.

**Strong sponsor support.** Alcentra will seek to invest in companies with strong support from reputable and well-resourced sponsors known to Alcentra through its market experience and relationships and backed up by referencing and research. Alcentra will look for such sponsors whose interests are aligned with those of the Fund and the management teams in terms of their incentives and dividend payouts, so that such sponsors typically have significant capital at risk in the investment.

Alcentra will seek to mitigate the risks associated with investing in below investment grade instruments by careful selection of Borrowers and issuers across a broad range of industries and of Borrowers or issuers of varying characteristics and return profiles, as well as active management of such investments in light of current economic developments and trends. Additionally, Alcentra has established procedures for the regular and periodic monitoring of credit risk with a goal toward the early identification and sale of potential credit problems. This monitoring process includes, but is not be limited to, the Borrower’s or issuer’s financial resources and operating history, comparison of current operating results with the initial investment thesis and Alcentra’s initial expectations for the performance of the issuer and/or obligor for each investment held by the Fund, the Borrower’s or issuer’s sensitivity to economic conditions, the ability of the Borrower’s or issuer’s management, the Borrower’s or issuer’s debt maturities and borrowing requirements, the Borrower’s or issuer’s interest and asset coverage, and relative value based on anticipated cash flow. Alcentra’s personnel are experienced in corporate reorganizations, workouts and restructurings with the goal of maximizing recovery in the event of bankruptcy or serious financial failings or default of a credit investment held by the Fund.

Alcentra maintains a disciplined approach to investment performance monitoring from both a fundamental as well as a relative value perspective which may result in decisions to sell investments. From a fundamental perspective, an investment may be sold at a loss if the investment does not meet original performance expectations or if the investment thesis no longer applies because of changes in the underlying fundamentals of the business or industry. Investments also may be sold if a price target is achieved or if credit deterioration occurs. From a relative value perspective, Alcentra may decide to sell an investment if it believes there are better risk/reward opportunities available or there is a risk of default or loss of principal.

**Principal Portfolio Investments**

The Fund’s portfolio will be composed principally of the following investments. A more detailed description of the Fund’s investment policies and restrictions and more detailed information about its portfolio investments are contained in the SAI.
Below Investment Grade Instruments

The Fund may invest in credit instruments that, at the time of investment, are rated below investment grade by one or more of the NRSROs that rate such instruments, or, if unrated, determined to be of comparable quality by Alcentra. Moody’s considers securities rated Ba1 or lower to be below investment grade. S&P and Fitch consider securities rated BB+ or lower to be below investment grade. Instruments of below investment grade quality, commonly referred to as “junk” or “high yield” instruments, are regarded as having predominantly speculative characteristics with respect to an issuer’s capacity to pay interest and repay principal. While such obligations may not necessarily always have near-term vulnerability to default, they face major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments. In addition, lower quality debt securities tend to be more sensitive to general economic conditions. The descriptions of the investment rating categories by Moody’s, S&P and Fitch, including a description of their speculative characteristics, are set forth in Appendix A to the SAI.

The prices of fixed rate credit instruments generally are inversely related to interest rate changes; however, the price volatility caused by fluctuating interest rates of instruments also is inversely related to the coupon of such instruments. Accordingly, fixed rate below investment grade instruments may be relatively less sensitive to interest rate changes than higher quality instruments of comparable maturity, because of their higher coupon. This higher coupon is what the investor receives in return for bearing greater credit risk. The higher credit risk associated with below investment grade instruments potentially can have a greater effect on the value of such instruments than may be the case with higher quality issues of comparable maturity.

Although Alcentra considers credit ratings in selecting investments for the Fund, Alcentra bases its investment decision for a particular instrument primarily on its own credit analysis and not on the instrument’s credit rating. Alcentra will consider, among other things, the issuer’s financial resources and operating history, its sensitivity to economic conditions and trends, the ability of its management, its debt maturity schedules and borrowing requirements, and relative values based on anticipated cash flow, interest and asset coverage, and earnings prospects.

Because of the greater number of investment considerations involved in investing in high yield instruments, the ability of the Fund to meet its investment objectives depends more on Alcentra’s judgment and analytical abilities than would be the case if the Fund invested primarily in securities in the higher rating categories. While Alcentra will attempt to reduce the risks of investing in below investment grade instruments through active portfolio management, credit analysis and attention to current developments and trends in the economy and the financial markets, there can be no assurance that such a strategy would substantially lessen the risks of defaults brought about by an economic downturn or recession.

Stressed, Distressed and Defaulted Instruments. As part of its investments in credit instruments, primarily as part of the Special Situations Strategy, the Fund may invest in credit instruments of stressed or distressed issuers. Such instruments may be rated in the lower rating categories (Caa1 or lower by Moody’s, or CCC+ or lower by S&P or Fitch) by an NRSRO or, if unrated, determined to be of comparable quality by Alcentra. Such instruments are subject to very high credit risk. The Fund will limits its investments in credit instruments rated in those rating categories to no more than 15% of its Managed Assets.

The Fund also may invest in issuers that are in default at the time of purchase, including investments in debtor-in-possession or super senior financings, which are financings that take priority or are considered senior to all other debt, equity or other outstanding securities of an issuer, and also may end up holding such an instrument as a result of the default by an issuer of an existing credit instrument. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments.
**Investment Grade Debt Instruments**

The Fund may invest in credit instruments that, at the time of purchase, are rated investment grade (i.e., BBB- or Baa3 or higher) by at least one of the NRSROs that rate such securities, or, if unrated, determined to be of comparable quality by Alcentra.

**Senior Secured Loans**

As part of the Senior Secured Loans and Other Loans Strategy, the Fund generally will purchase Senior Secured Loans in primary and secondary offerings. Senior Secured Loans hold the most senior position in the capital structure of the Borrower, are secured with specific collateral and have a claim on the assets and/or stock of the Borrower that is senior to that held by other secured creditors, unsecured creditors, subordinated debt holders and stockholders of the Borrower. Senior Secured Loans typically have rates of interest which are determined daily, monthly, quarterly or semi-annually by reference to a base lending rate, plus a premium or credit spread. As a result, as short-term interest rates increase, interest payable to the Fund from its investments in Senior Secured Loans should increase, and as short-term interest rates decrease, interest payable to the Fund from its investments in Senior Secured Loans should decrease. These base lending rates are primarily LIBOR and secondarily the prime rate offered by one or more major U.S. banks and the certificate of deposit rate or other base lending rates used by commercial lenders. LIBOR fluctuates and when LIBOR is at lower levels, total yield on a Senior Secured Loan usually will be lower, and when LIBOR is at higher levels, total yield on a Senior Secured Loan usually will be higher. However, many of the Senior Secured Loans that the Fund will invest in will have LIBOR floors, whereby the Borrower contractually agrees that the amount used for LIBOR in calculating the yield on the Senior Secured Loan will not be less than an agreed upon amount. Investments with LIBOR floors are still considered floating rate investments. Investments in Senior Secured Loans, as well as certain other credit instruments, effectively should enable the Fund to achieve a floating rate of income.

Senior Secured Loans are subject to the risk of non-payment of scheduled interest or principal. Such non-payment would result in a reduction of income to the Fund, a reduction in the value of the investment and a potential decrease in the net asset value of the Fund. There can be no assurance that the liquidation of any collateral securing a Senior Secured Loan would satisfy the Borrower’s obligation in the event of non-payment of scheduled interest or principal payments, or that such collateral could be readily liquidated. In the event of bankruptcy or insolvency of a Borrower, the Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing a Senior Secured Loan. The collateral securing a Senior Secured Loan may lose all or substantially all of its value in the event of the bankruptcy or insolvency of a Borrower. Some Senior Secured Loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate such Senior Secured Loans to presently existing or future indebtedness of the borrower or take other action detrimental to the holders of Senior Secured Loans including, in certain circumstances, invalidating such Senior Secured Loans or causing interest previously paid to be refunded to the Borrower. If interest were required to be refunded, it could negatively affect the Fund’s performance.

Senior Secured Loans may not be rated by an NRSRO. In evaluating the creditworthiness of Borrowers, Alcentra will consider, and may rely in part, on analyses performed by others. To the extent that they are rated by an NRSRO, all of the Senior Secured Loans in which the Fund may invest may be assigned below investment grade ratings by such NRSROs. In the event Senior Secured Loans are not rated, they are likely to be the equivalent of below investment grade quality. Alcentra does not view ratings as the determinative factor in its investment decisions and relies more upon its credit analysis abilities than upon ratings.

Senior Secured Loans are not registered with the SEC, or any state securities commission, and are not listed on any national securities exchange. There is less readily available or reliable public information about most Senior Secured Loans than is the case for many other types of securities, including securities issued in transactions registered under the Securities Act or registered under the Securities Exchange Act of 1934, as amended. No active trading market may exist for some Senior Secured Loans, and some Senior
Secured Loans may be subject to restrictions on resale. A secondary market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods, which may impair the ability to realize full value and thus cause a material decline in the Fund's net asset value.

The floating or variable rate feature of Senior Secured Loans is a significant difference from typical fixed income investments, which carry significant interest rate risk. To the extent the Fund invests a greater percentage of its Managed Assets in floating rate instruments, the Fund can be expected to have less interest rate-related fluctuations in its net asset value per share than investment companies that invest a greater percentage of their assets in fixed rate instruments (other than money market funds and some short term bond funds). When interest rates decline, the value of a fixed income portfolio can normally be expected to rise. Conversely, when interest rates rise, the value of a fixed income portfolio can be expected normally to decline. Although the income available to the Fund will vary, Alcentra expects that fluctuations in net asset value of the Fund resulting from changes in market interest rates may be reduced to the extent the Fund acquires interests in floating rate Senior Secured Loans. However, because floating or variable rates on Senior Secured Loans only reset periodically, changes in prevailing interest rates can be expected to cause some fluctuations in the Fund’s net asset value. Similarly, a sudden and significant increase in market interest rates may cause a decline in the Fund’s net asset value. A material decline in the Fund’s net asset value may impair the Fund’s ability to maintain required levels of asset coverage. Other factors (including, but not limited to, rating downgrades, credit deterioration, a large downward movement in stock prices, a disparity in supply and demand of certain securities or market conditions that reduce liquidity) can reduce the value of Senior Secured Loans and other debt obligations, impairing the Fund’s net asset value.

The UK Financial Conduct Authority (the “FCA”) recently announced its intent to cease the use and publication of LIBOR at the end of calendar year 2021. It is not currently known what the effect of the FCA’s announcement will be on existing loans and other credit instruments with maturities out past that date where the reference rate or floor is based on LIBOR, what other reference rate may be used for future loans or what impact the FCA’s announcement may have on the credit markets generally.

**Direct Assignments.** The Fund may purchase Senior Secured Loans on a direct assignment basis. If the Fund purchases a Senior Secured Loan on direct assignment, it typically succeeds to all the rights and obligations under the loan agreement of the assigning lender and becomes a lender under the loan agreement with the same rights and obligations as the assigning lender. Investments in Senior Secured Loans on a direct assignment basis may involve additional risks to the Fund. For example, if such Senior Secured Loan is foreclosed, the Fund could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral.

**Loan Participations.** The Fund may purchase participations in Senior Secured Loans. The participation by the Fund in a lender's portion of a Senior Secured Loan typically will result in the Fund having a contractual relationship only with such lender, not with the Borrower. As a result, the Fund may have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the participation and only upon receipt by such lender of payments from the Borrower.

The Fund may use an independent pricing service or prices provided by dealers to value certain Senior Secured Loans and other credit instruments at their market value. The Fund will use the fair value method to value those Senior Secured Loans and other credit instruments for which market quotations are not readily available or are deemed unreliable. An instrument that is fair valued may be valued at a price higher or lower than actual market quotations or the value determined by other funds using their own fair valuation procedures. See “Risks—Principal Investment Risks—Valuation Risk” and “Determination of Net Asset Value.”

**Subordinated Loans**

The Fund may invest in Subordinated Loans, which generally have the same characteristics as Senior Secured Loans, except that such loans are subordinated in payment and/or lower in lien priority to first lien holders. Accordingly, the risks associated with Subordinated Loans are higher than the risk of loans
with first priority over the collateral. In the event of default on a Subordinated Loans, the first priority lien holder has first claim to the underlying collateral of the loan. It is possible that no collateral value would remain for the second priority lien holder and therefore result in a loss of investment to the Fund. Issuer risk is more pronounced for any unsecured Subordinated Loans held by the Fund, since the Fund will not have recourse to recoup its investment against collateral securing the loan. Subordinated Loans, like Senior Secured Loans, typically have adjustable floating rate interest payments.

**Corporate Debt**

The Fund may invest in a wide variety of Corporate Debt of varying maturities issued by U.S. and foreign corporations and other business entities. Alcentra expects that most of the Corporate Debt the Fund will invest in will be rated below investment grade. Corporate Debt generally is used by corporations to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and normally must repay the amount borrowed on or before maturity. Holders of Corporate Debt, as creditors, have a prior legal claim over common and preferred stockholders as to both income and assets of the issuer for the principal and interest due them and may have a prior claim over other creditors but are generally subordinate to any existing lenders in the issuer’s capital structure.

Corporate Debt comes in many varieties and may differ in the way that interest is calculated, the amount and frequency of payments, the type of collateral, if any, and the presence of special features (e.g., conversion rights). The Fund’s investments in Corporate Debt may include, but are not limited to, senior, junior, secured and unsecured bonds, notes and other debt securities. The investment return of Corporate Debt reflects interest on the security and changes in the market value of the security. The fixed rate Corporate Debt in which the Fund invests typically will be unsecured, while the floating rate Corporate Debt in which the Fund invests typically will be secured. The market value of fixed rate Corporate Debt will generally rise and fall inversely with interest rates. The value of intermediate- and longer-term fixed rate Corporate Debt normally fluctuates more in response to changes in interest rates than does the value of shorter-term fixed rate Corporate Debt. The market value of Corporate Debt may be affected by the credit rating of the corporation, the corporation’s performance and perceptions of the corporation in the market place. There is a risk that the issuers of the securities may not be able to meet their obligations on interest or principal payments at the time called for by an instrument. Corporate Debt usually yields more than government or agency bonds due to the presence of credit risk.

**Special Situations Investments**

The Fund may invest in Senior Secured Loans, Subordinated Loans and other credit instruments of companies that are engaged in extraordinary transactions, such as mergers and acquisitions, litigation, rights offerings, liquidations outside of bankruptcy, covenant defaults, refinancings, recapitalizations, and other special situations. Alcentra will focus the Fund’s Special Situations Investments in companies that have experienced, or are currently experiencing, financial difficulties as a result of deteriorating operations, changes in macro-economic conditions, changes in governmental monetary and fiscal policies, adverse legal judgments, or other events which may adversely impact their credit standing. Special Situations Investments generally will be considered to be “illiquid securities.” In addition, the Fund may acquire equity securities incidental to the purchase or ownership of Special Situations Investments.

The Fund may purchase and retain Senior Secured Loans where a Borrower has experienced, or may be perceived to be likely to experience, credit problems, including involvement in or recent emergence from bankruptcy court proceedings or other forms of debt restructuring. Such investments may provide opportunities for enhanced income, although they also will be subject to greater risk of loss. At times, in connection with the restructuring of a Senior Secured Loan either outside of bankruptcy court or in the context of bankruptcy court proceedings, the Fund may determine or be required to accept equity securities or junior credit securities in exchange for all or a portion of a Senior Secured Loan.
**Structured Credit Investments**

The Fund’s investments in Structured Credit Investments may include collateralized bond, loan and other debt obligations, structured notes and credit-linked notes, as well as investments in asset-backed securities, including asset-backed loans and mortgage-backed securities.

**Collateralized Debt Obligations.** CDOs are securitized interests in pools of—generally non-mortgage—assets. Assets called collateral usually are comprised of loans or other credit instruments. A CDO may be called a collateralized loan obligation or collateralized bond obligation if it holds only loans or bonds, respectively. Multiple tranches of securities are issued by the CDO, offering investors various maturity, yield and credit risk characteristics. Tranches are categorized as senior, mezzanine and subordinated/equity, according to their degree of credit risk. If there are defaults or the CDO’s collateral otherwise underperforms, scheduled payments to senior tranches take precedence over those of mezzanine tranches, and scheduled payments to mezzanine tranches take precedence over those of subordinated/equity tranches. Senior and mezzanine tranches are typically rated, with the former receiving ratings of A to AAA/Aaa and the latter receiving ratings of B to BBB/Baa. The ratings reflect both the credit quality of underlying collateral as well as how much protection a given tranche is afforded by tranches that are subordinate to it.

The Fund expects to focus its CDO investments in CLOs. While the assets underlying CLOs are often Senior Secured Loans, the assets may also include (i) Subordinated Loans; (ii) debt tranches of other CLOs; and (iii) equity securities incidental to investments in Senior Secured Loans. The loan collateral may be rated below investment grade or the unrated equivalent. Senior tranches typically have higher ratings and lower yields than the CLO’s underlying securities and subordinated tranches, and may be rated investment grade. The Fund intends to invest in both the more senior debt tranches of CLOs as well as the mezzanine and subordinated/equity tranches. The Fund’s allocation of its investments in CLOs among their senior, mezzanine and subordinated/equity tranches will vary depending on market and economic conditions, although the Fund generally will limit its investments in subordinated/equity tranches to no more than 10% of its Managed Assets.

A key feature of the CLO structure is the prioritization of the cash flows from a pool of collateral among the several classes of the CLO. The SPV is a company founded for the purpose of securitizing payment claims arising out of this asset pool. On this basis, marketable securities are issued by the SPV which, due to a measure of diversification of the underlying risk, generally represent a lower level of risk than the original assets. The redemption of the securities issued by the SPV typically takes place at maturity out of the cash flow generated by the collected claims.

**Structured Notes and Credit-Linked Notes.** The Fund also may invest in “structured” notes and other related instruments that provide exposure to Senior Secured Loans. These instruments are privately negotiated debt obligations where the principal and/or interest is determined by reference to the performance of a benchmark asset, market or interest rate (an “embedded index”), such as selected securities, an index of securities or specified interest rates, or the differential performance of two assets or markets, such as indices reflecting the performance of the bond market. Structured instruments may be issued by corporations, including banks, as well as by governmental agencies.

In addition, the Fund may invest in credit-linked notes that provide exposure to Senior Secured Loans. A credit-linked note is a derivative instrument. It is a synthetic obligation between two or more parties where the payment of principal and/or interest is based on the performance of a reference entity. Credit-linked notes are created by embedding a credit default swap in a funded asset to form an investment whose credit risk and cash flow characteristics resemble those of a bond or loan. These credit-linked notes pay an enhanced coupon to the investor for taking on the added credit risk of the reference issuer. In addition to the credit risk of the reference entity and interest rate risk, the buyer/seller of credit-linked notes is subject to counterparty risk.
**Asset-Backed Securities.** The Fund also may purchase asset-backed securities, which are securities issued by SPVs whose primary assets are expected to consist of a pool of loans, mortgages or other assets. Payment of principal and interest may depend largely on the cash flows generated by the assets backing the securities and, in certain cases, supported by letters of credit, surety bonds or other forms of credit or liquidity enhancements. The value of asset-backed securities also may be affected by the creditworthiness of the servicing agent for the pool of assets, the originator of the loans or receivables or the financial institution providing the credit support.

**Zero Coupon, Pay-In-Kind and Step-Up Securities**

Zero coupon securities are issued or sold at a discount from their face value and do not entitle the holder to any periodic payment of interest prior to maturity or a specified redemption date or cash payment date. Zero coupon securities also may take the form of notes and bonds that have been stripped of their unmatured interest coupons, the coupons themselves and receipts or certificates representing interests in such stripped debt obligations and coupons. Zero coupon securities issued by corporations and financial institutions typically constitute a proportionate ownership of the issuer’s pool of underlying Treasury securities. A zero coupon security pays no interest to its holders during its life and is sold at a discount to its face value at maturity. The amount of any discount varies depending on the time remaining until maturity or cash payment date, prevailing interest rates, liquidity of the security and perceived credit quality of the issuer. Pay-in-kind (or “PIK”) securities generally pay interest through the issuance of additional securities. Step-up coupon bonds are debt securities that typically do not pay interest for a specified period of time and then pay interest at a series of different rates. The amount of any discount on these securities varies depending on the time remaining until maturity or cash payment date, prevailing interest rates, liquidity of the security and perceived credit quality of the issuer.

**Foreign Investments**

The Fund currently intends to focus its investments in credit instruments of U.S. and European companies, although as a global fund, the Fund may invest in companies located anywhere in the world. Under normal circumstances, the Fund will invest in at least three countries, which may include the United States. The Fund will not invest more than 25% of its Managed Assets in companies located in emerging market countries. Foreign securities include the securities of companies organized under the laws of countries other than the United States and those issued or guaranteed by governments other than the U.S. Government or by foreign supranational entities. They also include securities of companies whose principal trading market is in a country other than the United States (including those that are located in the United States or organized under U.S. law). They may be traded on foreign securities exchanges or in the foreign OTC markets. Securities of foreign issuers also may be purchased in the form of depositary receipts and may not necessarily be denominated in the same currency as the securities into which they may be converted.

**Foreign Currency Transactions**

Foreign securities in which the Fund may invest may be U.S. dollar-denominated or non-U.S. dollar-denominated. The Fund expects that, under normal conditions, it will seek to hedge substantially all of its exposure to foreign currencies against the value of the U.S. dollar (i.e., up to 100% of its Managed Assets in the event the Fund holds no U.S. dollar-denominated investments). The Fund also may enter into foreign currency transactions to fix in U.S. dollars, between trade and settlement date, the value of a security the Fund has agreed to buy or sell. For example, the Fund may transact in foreign currencies, may enter into forward foreign currency exchange contracts, and may buy and sell foreign currency futures contracts and options on foreign currencies and foreign currency futures. Generally, the Fund’s currency exchange transactions will be conducted on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market. The cost of the Fund’s currency exchange transactions will generally be the difference between the bid and offer spot rate of the currency being purchased or sold. In order to protect against uncertainty in the level of future currency exchange rates, the Fund is authorized to enter into various currency exchange transactions.
Use of Derivatives

The Fund may, but is not required to, use a variety of derivative instruments as a substitute for investing directly in an underlying asset, to increase returns, to manage credit or interest rate risk, to manage foreign currency risk, or as part of a hedging strategy. Generally, a derivative is a financial contract whose value depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to individual debt instruments, interest rates, currencies or currency exchange rates and related indices. Although the Fund reserves the flexibility to use various derivative instruments as Alcentra deems advisable, it anticipates that its derivative instrument investments in its first year of operations will consist principally of options, total return swaps, credit default swaps and foreign currency forward and futures contracts. The Fund’s use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investment directly in securities and other more traditional investments. See “Risks—Principal Investment Risks—Principal Risks of the Use of Derivatives.” To the extent that the Fund invests in derivative or other instruments with economic characteristics similar to the Fund’s investments in credit instruments, the value of such investments will be included for purposes of the Fund’s 80% investment policy. Alcentra may decide not to employ any of these strategies and there is no assurance that any derivatives strategy used by the Fund will succeed.

Derivative instruments may be purchased on established exchanges or through privately negotiated transactions referred to as OTC derivatives. Exchange-traded derivative instruments generally are guaranteed by the clearing agency which is the issuer or counterparty to such derivatives. This guarantee usually is supported by a daily variation margin system operated by the clearing agency in order to reduce overall credit risk. As a result, unless the clearing agency defaults, there is relatively little counterparty credit risk associated with derivatives purchased on an exchange. By contrast, no clearing agency guarantees OTC derivatives. Therefore, each party to an OTC derivative instrument bears the risk that the counterparty will default. Accordingly, Alcentra will consider the creditworthiness of counterparties to OTC derivative instruments in the same manner as it would review the credit quality of a security to be purchased by the Fund. In addition, mandatory margin requirements have been imposed on OTC derivative instruments, which will add to the costs of such transactions.

Options. The Fund may enter into call and put options to the extent that the Fund may invest in such securities or instruments (or securities underlying an index, in the case of options on securities indices). Call and put options on specific instruments (or groups or “baskets” of specific instruments) convey the right to buy or sell, respectively, the underlying securities at prices which are expected to be lower or higher than the current market prices of the securities at the time the options are exercised. An option on an index is similar to an option in respect of specific securities, except that settlement does not occur by delivery of the securities comprising the index. Instead, the option holder receives an amount of cash if the closing level of the index upon which the option is based is greater in the case of a call, or less, in the case of a put, than the exercise price of the option. Thus, the effectiveness of purchasing or writing index options will depend upon price movements in the level of the index rather than the price of a particular security. Call and put options on foreign currency convey the right to buy or sell the underlying currency at a price which is expected to be lower or higher than the spot price of the currency at the time the option is exercised or expires.

Total Return Swaps. The Fund may enter into total return swaps. In a total return swap, the Fund pays another party a fixed or floating short-term interest rate and receives in exchange the total return of underlying debt securities. If the other party to a total return swap defaults, the Fund’s risk of loss consists of the net amount of total return payments that the Fund is contractually entitled to receive. The Fund typically would have to post collateral to cover this potential obligation. The Fund may use total return swaps for financing or investment purposes.

Credit Default Swaps. The Fund may enter into credit default swaps. A credit default swap is an agreement between two counterparties that allows one counterparty (the “seller”) to sell protection under the swap and be “long” on a third party’s credit risk and the other party (the “buyer”) to purchase protection under the swap and be “short” on the credit risk. Typically, the buyer agrees to make regular
fixed payments to the seller with the same frequency as the underlying reference instrument. In exchange, the buyer typically has the right upon a credit event on the underlying instrument to deliver the instrument to the seller in exchange for the instrument’s par value plus interest. Credit default swaps can be used as a substitute for purchasing or selling a credit security and sometimes are preferable to actually purchasing the security. An investment by the Fund in credit default swaps will allow the Fund to obtain economic exposure to certain credits without having a direct exposure to such credits. The Fund currently intends to only purchase credit default swaps. As a protection “buyer” in a credit default swap, the Fund may be obligated to pay the protection “seller” an up-front payment or a periodic stream of payments over the term of the contract provided generally that no credit event on a reference obligation has occurred. If a credit event occurs, the seller generally must pay the buyer the “par value” (full notional value) of the swap in exchange for an equal face amount of deliverable obligations of the reference entity described in the swap, or the seller may be required to deliver the related net cash amount, if the swap is cash settled.

Foreign Currency Forwards and Futures Contracts. The Fund expects that, under normal conditions, it will seek to hedge substantially all of its exposure to foreign currencies against the value of the U.S. dollar. The Fund also may enter into foreign currency transactions to fix in U.S. dollars, between trade and settlement date, the value of a security the Fund has agreed to buy or sell.

A forward or futures foreign currency exchange contract involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days (usually less than one year) from the date of the contract agreed upon by the parties, at a price and for an amount set at the time of the contract. Forward contracts are traded in the interbank market conducted directly between currency traders (usually large commercial banks) and their customers. A forward contract generally has a deposit requirement, and no commissions are charged at any stage for trades. Although foreign exchange dealers do not charge a fee for conversion, they do realize a profit based on the difference (the spread) between the price at which they are buying and selling various currencies. However, forward and futures foreign currency exchange contracts may limit potential gains which could result from a positive change in such currency relationships. The Fund does not speculate in foreign currency.

At the consummation of a forward contract, the Fund may either make delivery of the foreign currency or terminate its contractual obligation to deliver the foreign currency by purchasing an offsetting contract obligating it to purchase, at the same maturity date, the same amount of such foreign currency. Futures contracts are traded on exchanges, so that, in most cases, either party can close out its position on the exchange for cash, without delivering the security or other asset. Although some futures contracts call for making or taking delivery of the underlying securities or other asset, generally these obligations are closed out before delivery by offsetting purchases or sales of matching futures contracts (same exchange, underlying asset, and delivery month). Closing out a futures contract sale is effected by purchasing a futures contract for the same aggregate amount of the specific type of financial instrument with the same delivery date. If the Fund chooses to make delivery of the foreign currency, it may be required to obtain such currency through the sale of portfolio securities denominated in such currency or through conversion of other assets of the Fund into such currency. If the Fund engages in an offsetting transaction, the Fund will incur a gain or loss to the extent that there is a difference between the forward contract price and the offsetting forward contract price.

It should be realized that this method of protecting the value of the Fund’s portfolio securities against a decline in the value of a currency does not eliminate fluctuations in the underlying prices of the securities. It simply establishes a rate of exchange which can be achieved at some future point in time. Additionally, although such contracts tend to minimize the risk of loss due to a decline in the value of the hedged currency, at the same time they tend to limit any potential gain should the value of such currency increase.

A derivatives contract will obligate or entitle the Fund to deliver or receive an asset or cash payment based on the change in value of one or more underlying investments, indices or currencies. When the Fund enters into derivatives transactions, it may be required to segregate liquid assets or enter into offsetting positions or otherwise cover its obligations, in accordance with applicable SEC guidance or
other applicable law, while the positions are open. If such segregated assets represent a large portion of the Fund’s portfolio, portfolio management may be affected as covered positions may have to be reduced if it becomes necessary for the Fund to reduce the amount of segregated assets in order to repurchase Common Shares or meet other obligations. In addition, future rules and regulations of the SEC may impact the Fund’s operations as described in this prospectus.

For a description of other derivatives the Fund may invest in, including options on futures as well as certain other currency and interest rate instruments such as currency exchange transactions on a spot (i.e., cash) basis, put and call options on foreign currencies and interest rate swaps, see “Investments, Investment Techniques and Risks—Principal Portfolio Investments—Derivatives and Other Strategic Transactions” in the SAI.

**Illiquid and Restricted Investments**

The Fund may invest without limit in illiquid securities, which are investments that cannot be sold or disposed of in the ordinary course of business at approximately the prices at which they are valued. Illiquid securities include, but are not limited to, restricted securities (described below), securities that may be resold pursuant to Rule 144A under the Securities Act, but that are deemed to be illiquid, and repurchase agreements with maturities in excess of seven days. The Fund’s Board of Directors or its delegate has the ultimate authority to determine, to the extent permissible under the federal securities laws, which securities are liquid or illiquid. Valuing illiquid securities typically requires greater judgment than valuing securities for which there is an active trading market. The market price of illiquid 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 illiquid securities. Investment of the Fund’s assets in illiquid securities may restrict the Fund’s ability to take advantage of market opportunities because of the Fund’s inability to sell such securities.

The Fund may invest without limit in restricted securities, which are securities that may not be sold to the public without an effective registration statement under the Securities Act. The restriction on public sale may make it more difficult to value such securities, limit the Fund’s ability to dispose of them and lower the amount the Fund could realize upon their sale. Because they are not registered, restricted securities may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. In recognition of the increased size and liquidity of the institutional market for unregistered securities and the importance of institutional investors in the formation of capital, the SEC adopted Rule 144A under the Securities Act. Rule 144A is designed to facilitate efficient trading among institutional investors by permitting the sale of certain unregistered securities to qualified institutional buyers. To the extent privately placed securities held by the Fund qualify under Rule 144A and an institutional market develops for those securities, the Fund likely will be able to dispose of the securities without registering them under the Securities Act. To the extent that institutional buyers become, for a time, uninterested in purchasing these securities, investing in Rule 144A securities could increase the level of illiquidity in the Fund’s portfolio.

**Other Portfolio Investments**

In addition to the principal investments described above, the Fund may invest in the following instruments, which are not anticipated to be principal investments of the Fund.

**Equity Securities**

The Fund generally expects to invest in or hold equity securities incident to the purchase or ownership of a credit instrument or in connection with a reorganization of an issuer or as a result of a Special Situation Investment. These investments could arise when a Borrower or issuer defaults or enters reorganization proceedings and such Borrower or issuer offers and the Fund agrees to accept equity securities in lieu of cash repayment of the principal and any outstanding interest on the fixed income
security. The Fund, from time to time, also may seek to participate in the upside gain of a business through the exercise of warrants or other equity securities acquired in connection with its investment in a Subordinated Loan.

**Common Stock.** Common stock represents shares of a corporation or other entity that entitle the holder to a share of the profits of the entity, if any, without preference over any other shareholder or class of shareholders, including holders of the entity’s preferred stock and other senior equity. After other claims are satisfied, common stockholders and other common equity owners participate in the company’s profits on a pro-rata basis; profits may be paid out in dividends or reinvested in the company to provide potential growth. Increases and decreases in earnings are usually reflected in a company’s common equity securities, so common equity securities generally have the greatest appreciation and depreciation potential of all corporate securities. Common stock usually carries with it the right to vote and frequently an exclusive right to do so. Common stock may be received upon the conversion of convertible securities.

**Preferred Stock.** Preferred stock is a form of equity ownership in a corporation. Generally, preferred stock has a specified dividend and ranks after loans and other debt instruments and before common stocks in its claim on income for dividend payments and on assets should the corporation be liquidated or declare bankruptcy. The market value of preferred stock generally increases when interest rates decline and decreases when interest rates rise, but, as with debt instruments, also is affected by the issuer’s ability or perceived ability to make payments on the preferred stock. While most preferred stocks pay a dividend, the Fund may purchase preferred stock where the issuer has omitted, or is in danger of omitting, payment of its dividend. Certain classes of preferred stock are convertible, meaning the preferred stock is convertible into shares of common stock of the issuer. Holding convertible preferred stock can provide a steady stream of dividends and the option to convert the preferred stock to common stock.

**Convertible Securities.** Convertible securities include preferred stocks or other securities (including debt obligations) that may be converted or exchanged (by the holder or by the issuer) into shares of the underlying common stock (or cash or securities of equivalent value) at a stated exchange ratio or predetermined price (the conversion price). Convertible securities have characteristics similar to both equity and debt securities. Convertible securities generally are subordinated to other similar but non-convertible securities of the same issuer, although convertible bonds enjoy seniority in right of payment to all equity securities, and convertible preferred stock is senior to common stock of the same issuer. Because of the subordination feature, however, convertible securities typically have lower ratings than similar non-convertible securities. The Fund will not invest, either directly, indirectly or through derivatives, in contingent convertible securities (sometimes referred to as “cocos”) or synthetic convertible securities. For the purposes of this investment limitation (i) the term “contingent convertible securities” refers solely to convertible securities that convert upon the occurrence of an external trigger event, such as the failure of the issuer to satisfy certain capitalization criteria, and does not refer to convertible securities that are generally convertible at the option of the security holder, and (ii) the term “synthetic convertible securities” refers to packages of securities that include derivatives and are designed to replicate the economic features of convertible securities.

Generally, the market value of convertible securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price of the convertible security, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security, like a debt security, tends to trade increasingly on a yield basis, and thus may not decline in price to the same extent as the underlying common stock.

**Warrants and Rights.** Warrants and other stock purchase rights give the holder the right to subscribe to equity securities at a specific price for a specified period of time. Rights are similar to warrants but typically have shorter durations and are offered to current shareholders of the issuer. Warrants and rights are subject to the same market risk as stocks, but may be more volatile in price. The Fund’s investment in warrants and rights will not entitle it to receive dividends or exercise voting rights,
provide no rights with respect to the assets of the issuer and will become worthless if not profitably exercised before the expiration date. Credit instruments with warrants attached to purchase equity securities have many characteristics of convertible bonds and their prices may, to some degree, reflect the performance of the underlying stock.

**U.S. Government Securities**

The Fund may invest in U.S. Government securities. U.S. Government securities are issued or guaranteed by the U.S. Government or its agencies or instrumentalities. U.S. Government securities include Treasury bills, Treasury notes and Treasury bonds, which differ in their interest rates, maturities and times of issuance. Treasury bills have initial maturities of one year or less; Treasury notes have initial maturities of one to ten years; and Treasury bonds generally have initial maturities of greater than ten years. Some obligations issued or guaranteed by U.S. Government agencies and instrumentalities are supported by the full faith and credit of the Treasury; others by the right of the issuer to borrow from the Treasury; others by discretionary authority of the U.S. Government to purchase certain obligations of the agency or instrumentality; and others only by the credit of the agency or instrumentality. These securities bear fixed, floating or variable rates of interest. While the U.S. Government currently provides financial support to such U.S. Government-sponsored agencies or instrumentalities, no assurance can be given that it will always do so, since it is not so obligated by law. A security backed by the Treasury or the full faith and credit of the United States is guaranteed only as to timely payment of interest and principal when held to maturity. The Fund’s net asset value is not guaranteed.

**Other Investment Companies**

The Fund may invest in securities issued by other investment companies within the limits prescribed by the 1940 Act, the rules and regulations thereunder and any exemptive orders currently or in the future obtained by the Fund from the SEC. Although the Fund reserves the flexibility to invest in other investment companies as Alcentra deems advisable, the Fund currently anticipates that it would invest in other investment companies (primarily ETFs) during the period during which the net proceeds of the offering of Common Shares are being invested or during the wind-down period of the Fund. These securities include shares of other closed-end funds and open-end funds (including ETFs) that invest primarily in debt securities, or related instruments, of the types in which the Fund may invest directly. ETFs are registered investment companies that generally aim to track or replicate a desired index, such as a sector, market or global segment. Most ETFs are passively managed and their shares are traded on a national exchange. ETFs do not sell individual shares directly to investors and only issue their shares in large blocks known as “creation units.”

**Short-Term Fixed Income Securities and Money Market Instruments; Temporary Defensive Position**

During temporary defensive periods or in order to keep the Fund’s cash fully invested, including the period during which the net proceeds of the offering of Common Shares are being initially invested or during the wind-down period of the Fund, the Fund may deviate from its investment objectives and policies. During such periods, the Fund may invest up to 100% of its assets in money market instruments, including U.S. Government securities, repurchase agreements, bank obligations and commercial paper, as well as cash, cash equivalents or high quality short-term fixed income and other securities. Accordingly, during such periods, the Fund may not achieve its investment objectives. The Fund also may purchase money market instruments when it has cash reserves or in anticipation of taking a market position.

**Repurchase and Reverse Repurchase Agreements**

The Fund may enter into repurchase agreements, in which the Fund purchases a security from a bank or broker-dealer and the bank or broker-dealer agrees to repurchase the security at the Fund’s cost plus interest within a specified time. If the party agreeing to repurchase should default, the Fund will seek to sell the securities which it holds. This could involve transaction costs or delays in addition to a loss on the securities if their value should fall below their repurchase price. Repurchase agreements maturing in more than seven days are considered to be illiquid securities.
The Fund may utilize reverse repurchase agreements. Under a reverse repurchase agreement, the Fund would sell securities to a bank or broker-dealer and agree to repurchase the securities at a mutually agreed upon date and price. Generally, the effect of such a transaction is that the Fund can recover and reinvest all or most of the cash invested in the portfolio securities involved during the term of the reverse repurchase agreement and still be entitled to the returns associated with those portfolio securities. Such transactions are advantageous if the interest cost to the Fund of the reverse repurchase transaction is less than the returns it obtains on investments purchased with the cash. Unless the Fund covers its positions in reverse repurchase agreements (by segregating liquid assets at least equal in amount to the forward purchase commitment), its obligations under the agreements will be subject to the Fund’s limitation on the use of Borrowings. Reverse repurchase agreements involve leverage risk and also the risk that the market value of the securities that the Fund is obligated to repurchase under the agreement may decline below the repurchase price. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Fund’s use of the proceeds of the agreement may be restricted pending a determination by the other party, or its trustee or receiver, whether to enforce the Fund’s obligation to repurchase the securities.

**Portfolio Turnover**

It is not the Fund’s policy to engage in transactions with the objective of seeking profits from short-term trading. However, active and frequent trading may arise when Alcentra deems it in the Fund’s best interest to redirect its investment focus from one type of credit instrument or Credit Strategy to another.

**USE OF LEVERAGE**

The Fund may employ leverage to enhance its potential for achieving its investment objectives. The Fund currently intends to utilize leverage principally through Borrowings from certain financial institutions in an amount equal to 30% of the Fund’s total assets, but may borrow up to the limits imposed by the 1940 Act (i.e., for every dollar of indebtedness from Borrowings, the Fund is required to have at least three dollars of total assets, including the proceeds from Borrowings). Borrowings will have seniority over the Common Shares and Common Shareholders will bear the costs associated with any Borrowings. Any Borrowings will leverage your investment in Common Shares. The Board of Directors of the Fund may authorize the use of leverage through Borrowings without the approval of the Common Shareholders.

Under the 1940 Act, the Fund generally is not permitted to borrow unless immediately after the Borrowing the value of the Fund’s assets less liabilities other than the Borrowings is at least 300% of the principal amount of such Borrowing (i.e., for every dollar of indebtedness from Borrowings, the Fund is required to have at least three dollars of total assets, including the proceeds from Borrowings). In addition, the Fund is not permitted to declare any cash dividend or other distribution on its Common Shares unless, at the time of such declaration, the value of the Fund’s total assets, less liabilities other than the Borrowings, is at least 300% of such principal amount. If the Fund borrows, the Fund intends, to the extent possible, to prepay all or a portion of the principal amount of the Borrowing to the extent necessary in order to maintain the required asset coverage. Failure to maintain certain asset coverage requirements could result in an event of default and entitle the debt holders to elect a majority of the Board of Directors.

The Fund currently is negotiating with certain financial institutions to arrange a credit facility (the “Credit Facility”) pursuant to which the Fund would be entitled to borrow an amount equal to approximately 30% of the Fund’s total assets less any amounts of existing leverage. The rights of lenders to the Fund to receive interest on and repayment of principal of any Borrowings will be senior to those of the Common Shareholders, and the terms of any such Borrowings may contain provisions which limit certain activities of the Fund, including the payment of distributions to Common Shareholders in certain circumstances. Further, the 1940 Act does (in certain circumstances) grant to the lenders to the Fund certain voting rights in the event of default in the payment of interest on or repayment of principal. In the event that such provisions would impair the Fund’s status as a regulated investment company under the Internal Revenue Code of 1986, as amended (the “Code”), the Fund intends to repay the Borrowings.
The Fund expects that the Credit Facility will contain customary covenants relating to asset coverage and portfolio composition requirements. Generally, covenants to which the Fund may be subject to under the Credit Facility include affirmative covenants, negative covenants, financial covenants and investment covenants. An example of an affirmative covenant would be one that requires the Fund to send its annual audited financial report to the lender. An example of a negative covenant would be one that prohibits the Fund from making any amendments to its fundamental investment policies. An example of a financial covenant is one that would require the Fund to maintain a 3:1 asset coverage ratio. An example of an investment covenant is one that would require the Fund to limit its investment in a particular asset class. The Fund may be required to pledge some or all of its assets and to maintain a portion of its assets in cash or higher-grade instruments as a reserve against interest or principal payments and expenses. The Fund’s custodian will retain all assets that are pledged. There can be no assurance that the Fund will enter into an agreement for the Credit Facility on terms and conditions representative of the foregoing, or that additional material terms will not apply. In addition, if entered into, the Credit Facility may in the future be replaced or refinanced by one or more credit facilities having substantially different terms, including higher costs of borrowing. The Fund also may not be able to renew the Credit Facility or replace the Credit Facility with one or more other credit facilities and may elect to issue Preferred Shares or debt securities. In the event of such issuance, the Fund may be subject to certain restrictions on investments imposed by guidelines of one or more rating agencies, which may issue ratings for any debt securities or Preferred Shares issued by the Fund. These guidelines may impose asset coverage or portfolio composition requirements that are more stringent than those imposed by the 1940 Act. It is not anticipated that any of these covenants or guidelines will impede Dreyfus or Alcentra from managing the Fund’s portfolio in accordance with the Fund’s investment objectives and policies.

The Fund also may borrow money to finance the repurchase of Common Shares or as a temporary measure for extraordinary or emergency purposes, to the extent permitted under the 1940 Act, including the payment of dividends and the settlement of securities transactions which otherwise might require detrimental dispositions of its portfolio securities.

The Fund may use leverage through the issuance of Preferred Shares in an aggregate amount of up to 50% of the Fund’s Managed Assets immediately after such issuance, although the Fund has no current intention to issue Preferred Shares. Under the 1940 Act, the Fund is not permitted to issue Preferred Shares unless immediately after the issuance the value of the Fund’s assets is at least 200% of the liquidation value of the outstanding preferred shares (i.e., such liquidation preference may not exceed 50% of the Fund’s assets less liabilities other than Borrowings). In addition, the Fund is not permitted to declare any cash dividend or other distribution on its Common Shares unless, at the time of such declaration, the value of the Fund’s total assets less liabilities other than Borrowings is at least 200% of such liquidation value. If the Fund issues Preferred Shares, the Fund intends, to the extent possible, to purchase or redeem Preferred Shares from time to time to the extent necessary in order to maintain coverage of any preferred shares of at least 200%. If the Fund has Preferred Shares outstanding, two of the Fund’s Directors will be elected by the holders of Preferred Shares, voting separately as a class. The remaining Directors of the Fund will be elected by holders of Common Shares and Preferred Shares voting together as a single class. In the event the Fund failed to pay dividends on Preferred Shares for two years, holders of Preferred Shares would be entitled to elect a majority of the Directors of the Fund. The failure to pay dividends or make distributions could result in the Fund ceasing to qualify as a regulated investment company under the Code, which could have a material adverse effect on the value of the Common Shares. See “Description of Shares—Preferred Shares.” The Fund does not currently intend to issue Preferred Shares. As noted above, however, in the event the Fund is not able to renew the Credit Facility or enter into one or more other credit facilities, on terms determined by Dreyfus and Alcentra to be reasonable, the Fund may elect to issue Preferred Shares.

As a non-fundamental policy, under normal circumstances, the aggregate liquidation preference of Preferred Shares, if any, and the principal amount of Borrowings and other sources of leverage to the extent they are senior securities under the 1940 Act (including effective leverage that is not covered through asset segregation or offsetting transactions or positions) may not exceed 38% of the Fund’s Managed
Assets (including the assets attributable to such instruments) at the time of incurrence. Effective leverage obtained through portfolio transactions will be treated as the issuance of debt securities and will be subject to the 33-1/3% limitation on Borrowings under the 1940 Act.

The use of leverage involves increased risk, including increased variability of the Fund’s net income, distributions and net asset value in relation to market changes. See “Risks—Principal Investment Risks—Leverage Risk.” The Fund’s leverage strategy may not work as planned or achieve its goals.

Effects of Leverage

Assuming that the leverage obtained from the use of Borrowings will represent approximately 30% of the Fund’s total assets and the interest expense with respect to Borrowings is 1.04%, the additional income that the Fund must earn (net of estimated expenses) in order to cover such expense is 1.40%. These numbers are merely estimates used for illustration. Actual interest expense associated with the Fund’s use of Borrowings will vary and may be significantly higher or lower than the rate estimated above.

The following table is designed to illustrate the effect of the Fund’s anticipated use of leverage on Common Share total return. The assumed portfolio total returns and Common Share total returns are hypothetical and actual returns may be greater or less than those appearing in the table. The table assumes investment portfolio total returns (comprised of income and changes in the value of the investments held in the Fund’s portfolio net of expenses) of -10%, -5%, 0%, 5% and 10%. See “—Leverage Risks.”

<table>
<thead>
<tr>
<th>Assumed Portfolio Total Return</th>
<th>(10)%</th>
<th>(5)%</th>
<th>0%</th>
<th>5%</th>
<th>10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Share Total Return</td>
<td>-(15.69)%</td>
<td>-(8.54)%</td>
<td>-(1.40)%</td>
<td>5.74%</td>
<td>12.89%</td>
</tr>
</tbody>
</table>

Common Share total return is composed of two elements: the Common Share distributions paid by the Fund (the amount of which is largely determined by the net investment income of the Fund after paying expenses, including interest expense associated with Borrowings) and changes in the value of the investments that the Fund owns. The table depicts three cases in which the Fund suffers capital losses and two in which it enjoys capital appreciation. For example, to assume a total return of 0%, the Fund must assume that the interest it receives on its investments is entirely offset by losses in the value of those investments.

Leverage Risks

Utilization of leverage is a speculative investment technique and involves certain risks to Common Shareholders. These include the possibility of higher volatility of the net asset value and distributions on the Common Shares. So long as the Fund is able to realize a higher net return on its investment portfolio than the then-current cost of any leverage together with other related expenses, the effect of such leverage will be to cause Common Shareholders to realize higher current net investment income than if the Fund were not so leveraged. On the other hand, to the extent that the then-current cost of any leverage, together with other related expenses, approaches the net return on the Fund’s investment portfolio, the benefit of leverage to Common Shareholders will be reduced, and if the then-current cost of such leverage were to exceed the net return on the Fund’s portfolio, the Fund’s leveraged capital structure would result in a lower rate of return to Common Shareholders than if the Fund were not so leveraged.

Any decline in the net asset value of the Fund’s investments will be borne entirely by Common Shareholders. Therefore, if the market value of the Fund’s portfolio declines, the leverage will result in a greater decrease in net asset value to Common Shareholders than if the Fund were not leveraged. Such greater net asset value decrease will also tend to cause a greater decline in the market price for the Common Shares. To the extent that the Fund is required or elects to prepay any Borrowings (or redeem Preferred Shares, if any) the Fund may need to liquidate investments to fund such prepayments (or redemptions). Liquidation at times of adverse economic conditions may result in capital loss and reduce returns to Common Shareholders.
RISKS

An investment in the Fund involves special risk considerations, which are described below. The Fund is designed as a long-term investment and not as a vehicle for short-term trading purposes. An investment in the Fund’s Common Shares may be speculative and it involves a high degree of risk. The Fund should not constitute a complete investment program. Due to the uncertainty in all investments, there can be no assurance that the Fund will achieve its investment objectives. Your Common Shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

General Risks of Investing in the Fund

No Operating History

The Fund has no operating history and its Common Shares have no history of public trading. As a result, prospective investors have no track record or history on which to base their investment decision.

Risk of Market Price Discount From Net Asset Value

Shares of closed-end funds frequently trade at a market price that is below their net asset value. This is commonly referred to as “trading at a discount.” This characteristic of shares of closed-end funds is a risk separate and distinct from the risk that the Fund’s net asset value may decrease. Common Shareholders who sell their Common Shares within a relatively short period after completion of this public offering are likely to be exposed to this risk. The Fund’s net asset value will be reduced following this offering by the sales load and the amount of offering costs paid by the Fund.

Whether Common Shareholders will realize a gain or loss upon the sale of the Common Shares will depend upon whether the market value of those Common Shares at the time of sale is above or below the price the Common Shareholder paid, taking into account transaction costs, for the Common Shares and is not directly dependent upon the Fund’s net asset value. Because the market value of the Common Shares will be determined by factors such as the relative demand for and supply of the Common Shares in the market, general market conditions and other factors beyond the control of the Fund, the Fund cannot predict whether its Common Shares will trade at, below or above net asset value, or below or above the initial offering price for such Common Shares.

Management and Allocation Risk

The Fund’s primary portfolio managers will make all determinations regarding allocations and reallocations of the Fund’s Managed Assets to each Credit Strategy. 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, whether pursuant to a fixed percentage allocation or otherwise, 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.

Seven-Year Term Risk

It is anticipated that the Fund will terminate on or about December 1, 2024, subject to certain extensions described herein. 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. During any wind-down period, the Fund may deviate from its 80% investment policy and its Credit Strategy allocations and may not achieve its investment objectives. In addition, the Board of Directors may choose to adopt a plan of termination prior to the Termination Date upon written notice to all shareholders of the Fund.
As the Fund approaches its Termination Date, the portfolio composition of the Fund will change as more of the Fund’s investments mature or are called or sold, which may cause the Fund’s returns to decrease. The Fund may also shift its portfolio composition to securities Alcentra believes will provide adequate liquidity upon termination of the Fund, which may also cause the Fund’s returns to decrease. In addition, rather than reinvesting the proceeds of its matured, called or sold credit investments, the Fund may distribute the proceeds in one or more liquidating distributions prior to the final liquidation, which may cause the Fund’s fixed expenses to increase when expressed as a percentage of assets under management, or the Fund may invest the proceeds in lower yielding securities or hold the proceeds in cash, which may adversely affect the performance of the Fund.

The Board of Directors may choose to commence the liquidation and termination of the Fund prior to the Termination Date, which would cause the Fund to miss any market appreciation that occurs after the termination is implemented. Conversely, the Board of Directors may decide against early termination, after which decision, market conditions may deteriorate and the Fund may experience losses. Upon its termination, it is anticipated that the Fund will have distributed substantially all of its net assets to Common Shareholders, although securities for which no market exists or securities trading at depressed prices, if any, may be placed in a liquidating trust. Securities placed in a liquidating trust may be held for an indefinite period of time until they can be sold or pay out all of their cash flows. The Fund cannot predict the amount of securities that will be required to be placed in a liquidating trust.

**Investment and Market Risk**

An investment in the Fund is subject to investment risk, including the possible loss of the entire amount that you invest. Your investment in Common Shares represents an indirect investment in the credit instruments and other assets owned by the Fund. The value of the Fund's portfolio securities may move up or down, sometimes rapidly and unpredictably. At any point in time, your Common Shares may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions. The Fund also may use leverage, which would magnify the Fund’s investment, market and certain other risks. The Fund may also use leverage, which would magnify the Fund’s investment, market and certain other risks. See “—Principal Investment Risks—Leverage Risk.”

The Fund may be materially affected by market, economic and political conditions globally and in the jurisdictions and sectors in which it invests or operates, including conditions affecting interest rates, the availability of credit, currency exchange rates and trade barriers. These conditions are outside the control of Dreyfus and Alcentra and could adversely affect the liquidity and value of the Fund’s investments, and may reduce the ability of the Fund to make attractive new investments.

**Tax Risk**

Certain of the Fund’s investments will require the Fund to recognize taxable income in a taxable year in excess of the cash generated on those investments during that year. In particular, the Fund expects to invest in loans and other debt obligations that will be treated as having “market discount” and/or original issue discount (“OID”) for U.S. federal income tax purposes. Because the Fund may be required to recognize income in respect of these investments before, or without receiving, cash representing such income, the Fund may have difficulty satisfying the Annual Distribution Test (see “Certain Material U.S. Federal Income Tax Consequences”) applicable to regulated investment companies and avoiding Fund-level U.S. federal income and/or excise taxes. Accordingly, the Fund may be required to sell assets, including at potentially disadvantageous times or prices, borrow, raise additional equity capital, make taxable distributions of its shares or debt securities, or reduce new investments, to obtain the cash needed to make these income distributions. If the Fund liquidates assets to raise cash, the Fund may realize gain or loss on such liquidations; in the event the Fund realizes net capital gains from such liquidation transactions, its shareholders may receive larger capital gain distributions than they would in the absence of such transactions.
Principal Investment Risks

Risks of Investing in Credit Instruments

Under normal market conditions, the Fund will invest at least 80% of its Managed Assets in credit instruments and other investments with similar economic characteristics. Credit instruments are particularly susceptible to the following risks:

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. The market value of a credit instrument also may be affected by investors’ perceptions of the creditworthiness of the issuer, the issuer’s performance and perceptions of the issuer in the market place.

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 the Fund’s investments will often be subordinate to other debt in the issuer’s capital structure. Because the Fund generally expects to invest a significant portion of its Managed Assets in below investment grade instruments, it will be exposed to a greater amount of credit risk than a fund which invests in investment grade securities. The prices of below investment grade instruments are more sensitive to negative developments, such as a decline in the issuer’s revenues or a general economic downturn, than are the prices of investment grade instruments, which may reduce the Fund’s net asset value.

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, will cause the value of the Fund’s investments in these securities to decline. During periods of very low interest rates, which occur from time to time due to market forces or actions of governments and/or their central banks, including the Board of Governors of the Federal Reserve System in the United States, the Fund may be subject to a greater risk of principal decline from rising interest rates. The magnitude of these fluctuations in the market price of fixed rate credit instruments is generally greater for instruments with longer effective maturities and durations because such instruments do not mature, reset interest rates or become callable for longer periods of time. The change in the value of a fixed income security or portfolio can be approximated by multiplying its duration by a change in interest rates. For example, the market price of a fixed income security with a duration of three years would be expected to decline 3% if interest rates fell 1%. Risks associated with rising interest rates are heightened given that interest rates in the United States and other countries currently are at or near historic lows. Unlike investment grade instruments, however, the prices of high yield (“junk”) instruments may fluctuate unpredictably and not necessarily inversely with changes in interest rates. In addition, the rates on floating rate instruments adjust periodically with changes in market interest rates. Although these instruments are generally less sensitive to interest rate changes than fixed rate instruments, the value of floating rate loans and other floating rate instruments may decline if their interest rates do not rise as quickly, or as much, as general interest rates.

Prepayment Risk

During periods of declining interest rates, the issuer of a credit instrument may exercise its option to prepay principal earlier than scheduled, forcing the Fund to reinvest the proceeds from such prepayment in potentially lower yielding instruments, which may result in a decline in the Fund’s income and distributions to Common Shareholders. This is known as prepayment or “call” risk. Credit instruments
frequently have call features that allow the issuer to redeem the instrument at dates prior to its stated maturity at a specified price (typically greater than par) only if certain prescribed conditions are met (“call protection”). An issuer may choose to redeem a fixed rate credit instrument if, for example, the issuer can refinance the instrument at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer. For premium bonds (bonds acquired at prices that exceed their par or principal value) purchased by the Fund, prepayment risk may be enhanced.

Reinvestment Risk

Reinvestment risk is the risk that income from the Fund’s portfolio will decline if and when the Fund invests the proceeds from matured, traded or called credit instruments at market interest rates that are below the portfolio’s current earnings rate. A decline in income could affect the Common Share price or its overall return.

Spread Risk

Wider credit spreads and decreasing market values typically represent a deterioration of the fixed income instrument’s credit soundness and a perceived greater likelihood or risk of default by the issuer. Fixed income instruments generally compensate for greater credit risk by paying interest at a higher rate. The difference (or “spread”) between the yield of a security and the yield of a benchmark, such as a U.S. Treasury security with a comparable maturity, measures the additional interest paid for credit risk. As the spread on a security widens (or increases), the price (or value) of the security generally falls. Spread widening may occur, among other reasons, as a result of market concerns over the stability of the market, excess supply, general credit concerns in other markets, security- or market-specific credit concerns or general reductions in risk tolerance.

Inflation/Deflation Risk

Inflation risk is the risk that the value of certain assets or income from the Fund’s investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Common Shares and distributions on the Common Shares can decline. In addition, during any periods of rising inflation, the costs associated with the Fund’s use of leverage through Borrowings would likely increase, which would tend to further reduce returns to Common Shareholders. Deflation risk is the risk that prices throughout the economy decline over time—the opposite of inflation. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer defaults more likely, which may result in a decline in the value of the Fund’s portfolio.

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. 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. During periods of economic downturn or rising interest rates, issuers of below investment grade instruments may experience financial stress that could adversely affect their ability to make payments of principal and interest and increase the possibility of default. The secondary market for below investment grade instruments may not be as liquid as the secondary market for more highly rated instruments, a factor which may have an adverse effect on the Fund’s ability to dispose of a particular security. There are fewer dealers in the market for high yield instruments than for investment grade instruments. The prices quoted by different dealers may vary significantly, and the spread between the bid and asked price is generally much larger for high-yield securities than for higher quality instruments. Under adverse market or economic conditions, the secondary market for below investment grade instruments could contract, independent of any specific adverse changes in the condition of a particular issuer, and these instruments
may become illiquid. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the values and liquidity of below investment grade instruments, especially in a market characterized by a low volume of trading.

Default, or the market’s perception that an issuer is likely to default, could reduce the value and liquidity of below investment grade instruments held by the Fund, thereby reducing the value of your investment in the Common Shares. In addition, default, or the market’s perception that an issuer is likely to default, may cause the Fund to incur expenses, including legal expenses, in seeking recovery of principal or interest on its portfolio holdings, including litigation to enforce the Fund’s rights. In any reorganization or liquidation proceeding relating to a portfolio company, the Fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment. Among the risks inherent in investments in a troubled entity is the fact that it frequently may be difficult to obtain information as to the true financial condition of such issuer. Alcentra’s judgment about the credit quality of an issuer and the relative value of its securities may prove to be wrong. In addition, not only may the Fund lose its entire investment, Common Shareholders may also lose their entire investments in the Fund. Investments in below investment grade instruments may present special tax issues for the Fund to the extent that the issuers of these securities default on their obligations pertaining thereto, and the U.S. federal income tax consequences to the Fund as a holder of such distressed securities may not be clear.

Because of the greater number of investment considerations involved in investing in below investment grade instruments, the ability of the Fund to meet its investment objectives depends more on Alcentra’s judgment and analytical abilities than would be the case if the portfolio invested primarily in securities in the higher rating categories. While Alcentra will attempt to reduce the risks of investing in below investment grade instruments through active portfolio management, diversification, credit analysis and attention to current developments and trends in the economy and the financial markets, there can be no assurance that a broadly diversified portfolio of such instruments would substantially lessen the risks of defaults brought about by an economic downturn or recession.

**Distressed or Defaulted Issuers.** The Fund may invest up to 15% of its Managed Assets in credit instruments of distressed or defaulted issuers. Such instruments may be rated in the lower rating categories (Caa1 or lower by Moody’s, or CCC+ or lower by S&P or Fitch) or, if unrated, are considered by Alcentra to be of comparable quality. For these securities, the risks associated with below investment grade instruments are more pronounced. Instruments rated in the lower rating categories are subject to higher credit risk with extremely poor prospects of ever attaining any real investment standing, to have a current identifiable vulnerability to default, to be unlikely to have the capacity to pay interest and repay principal when due in the event of adverse business, financial or economic conditions and/or to be in default or not current in the payment of interest or principal. Ratings may not accurately reflect the actual credit risk associated with a corporate security.

Investing in distressed or defaulted securities is speculative and involves substantial risks. The Fund may make such investments when, among other circumstances, Alcentra believes it is reasonably likely that the issuer of the distressed or defaulted securities will make an exchange offer or will be the subject of a plan of reorganization pursuant to which the Fund will receive new securities in return for the distressed or defaulted securities. There can be no assurance, however, that such an exchange offer will be made or that such a plan of reorganization will be adopted. In addition, a significant period of time may pass between the time at which the Fund makes its investment in distressed or defaulted securities and the time that any such exchange offer or plan of reorganization is completed, if at all. During this period, it is unlikely that the Fund would receive any interest payments on the distressed or defaulted securities, the Fund would be subject to significant uncertainty whether the exchange offer or plan of reorganization will be completed and the Fund may be required to bear certain extraordinary expenses to protect and recover its investment. The Fund also will be subject to significant uncertainty as to when, in what manner and for what value the obligations evidenced by the distressed or defaulted securities will eventually be satisfied (e.g., through a liquidation of the issuer’s assets, an exchange offer or plan of reorganization involving the distressed or defaulted securities or a payment of some amount in satisfaction of the obligation). Even
if an exchange offer is made or plan of reorganization is adopted with respect to distressed or defaulted securities held by the Fund, there can be no assurance that the securities or other assets received by the Fund in connection with the exchange offer or plan of reorganization will not have a lower value or income potential than may have been anticipated when the investment was made, or no value.

**Senior Secured Loans Risk**

The Senior Secured Loans in which the Fund will invest typically will be below investment grade quality. Although, in contrast to other below investment grade instruments, Senior Secured Loans hold senior positions in the capital structure of a business entity, are secured with specific collateral and have a claim on the assets and/or stock of the Borrower that is senior to that held by unsecured creditors, subordinated debt holders and stockholders of the Borrower, the risks associated with Senior Secured Loans are similar to the risks of below investment grade instruments. See “Risks—Principal Investment Risks—Below Investment Grade Instruments Risk” above. Additionally, if a Borrower under a Senior Secured Loan defaults, becomes insolvent or goes into bankruptcy, the Fund may recover only a fraction of what is owed on the Senior Secured Loan or nothing at all. Senior Secured Loans are subject to a number of risks described elsewhere in this prospectus, including, but not limited to, credit risk and liquidity risk.

Although the Senior Secured Loans in which the Fund will invest will be secured by collateral, there can be no assurance that such collateral can be readily liquidated or that the liquidation of such collateral would satisfy the Borrower’s obligation in the event of non-payment of scheduled interest or principal.

In the event of the bankruptcy or insolvency of a Borrower, the Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing a Senior Secured Loan. In the event of a decline in the value of the already pledged collateral, if the terms of a Senior Secured Loan do not require the Borrower to pledge additional collateral, the Fund will be exposed to the risk that the value of the collateral will not at all times equal or exceed the amount of the Borrower’s obligations under the Senior Secured Loan. To the extent that a Senior Secured Loan is collateralized by stock in the Borrower or its subsidiaries, such stock may lose some or all of its value in the event of the bankruptcy or insolvency of the Borrower. Senior Secured Loans that are under-collateralized involve a greater risk of loss.

In general, the secondary trading market for Senior Secured Loans is not fully-developed. No active trading market may exist for certain Senior Secured Loans, which may make it difficult to value them. Illiquidity and adverse market conditions may mean that the Fund may not be able to sell certain Senior Secured Loans quickly or at a fair price. To the extent that a secondary market does exist for certain Senior Secured Loans, the market for them may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods.

Some Senior Secured Loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate the Senior Secured Loans to presently existing or future indebtedness of the Borrower or take other action detrimental to lenders, including the Fund. Such court action could, under certain circumstances, include invalidation of the Senior Secured Loans.

If legislation or state or federal regulations impose additional requirements or restrictions on the ability of financial institutions to make Senior Secured Loans, the availability of Senior Secured Loans for investment by the Fund may be adversely affected. In addition, such requirements or restrictions could reduce or eliminate sources of financing for certain Borrowers. This would increase the risk of default.

If legislation or federal or state regulations require financial institutions to increase their capital requirements this may cause financial institutions to dispose of Senior Secured Loans that are considered highly levered transactions. Such sales could result in prices that, in the opinion of Dreyfus or Alcentra, do not represent fair value. If the Fund attempts to sell a Senior Secured Loan at a time when a financial institution is engaging in such a sale, the price the Fund could obtain for the Senior Secured Loan may be adversely affected.
**Loan Valuation Risk.** Because there may be a lack of centralized information and trading for certain loans in which the Fund may invest, reliable market value quotations may not be readily available for such loans and their valuation may require more research than for securities with a more developed secondary market. Moreover, the valuation of such loans may be affected by uncertainties in the conditions of the financial market, unreliable reference data, lack of transparency and inconsistency of valuation models and processes. Trades can be infrequent and the market for floating rate loans may experience substantial volatility. As a result, the Fund is subject to the risk that when a loan is sold in the market, the amount received by the Fund may be less than the value that such instrument is carried at on the Fund’s books immediately prior to the sale.

**Participations and Assignments Risk.** A participation interest gives the Fund an undivided interest in a loan in the proportion that the Fund’s participation interest bears to the total principal amount of the loan, but does not establish any direct relationship between the Fund and the Borrower. If a floating rate loan is acquired through a participation, the Fund generally will have no right to enforce compliance by the Borrower with the terms of the loan agreement against the Borrower, and the Fund may not directly benefit from the collateral supporting the loan obligation in which it has purchased the participation. As a result of holding a participation interest, it may be necessary to assert through an Intermediate Participant such rights as may exist against the Borrower, in the event the Borrower fails to pay principal and interest when due. The Fund may be subject to delays, expenses and risks that are greater than those that would be involved if the Fund would enforce its rights directly against the Borrower. Moreover, under the terms of a participation interest the Fund may be regarded as a creditor of another lender or co-participant (rather than of the Borrower), so that the Fund may also be subject to the risk that such party may become insolvent. Similar risks may arise with respect to the agent if, for example, assets held by the agent for the benefit of the Fund were determined by the appropriate regulatory authority or court to be subject to the claims of the agent’s creditors. In such case, the Fund might incur certain costs and delays in realizing payment in connection with the participation interest or suffer a loss of principal and/or interest. Further, in the event of the bankruptcy or insolvency of the Borrower, the obligation of the Borrower to repay the loan may be subject to certain defenses that can be asserted by such Borrower as a result of improper conduct by the agent or intermediate participant.

The Fund also may have difficulty disposing of participation interests and assignments because to do so it will have to sell such securities to a third party. Because there is no established secondary market for such securities, it is anticipated that such securities could be sold only to a limited number of institutional investors. The lack of an established secondary market may have an adverse impact on the value of such securities and the Fund’s ability to dispose of particular participation interests or assignments when necessary to meet the Fund’s liquidity needs or in response to a specific economic event such as a deterioration in the creditworthiness of the Borrower. The lack of an established secondary market for participation interests and assignments also may make it more difficult for the Fund to assign a value to these securities for purposes of valuing the Fund’s portfolio.

**Subordinated Loans Risk**

Subordinated Loans generally are subject to similar risks as those associated with investments in Senior Secured Loans, except that such loans are subordinated in payment and/or lower in lien priority to first lien holders (e.g., holders of Senior Secured Loans) in the event of the liquidation or bankruptcy of the issuer. In the event of default on a Subordinated Loan, the first priority lien holder has first claim to the underlying collateral of the loan. Subordinated Loans are subject to the additional risk that the cash flow of the Borrower and collateral securing the loan or debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior unsecured or senior secured obligations of the Borrower. This risk is generally higher for subordinated unsecured loans or debt, which are not backed by a security interest in any specific collateral. There also is a possibility that originators will not be able to sell participations in Subordinated Loans, which would create greater credit risk exposure for the holders of such loans. Subordinated Loans generally have greater price volatility than Senior Secured Loans and may be less liquid.
Corporate Debt Risk

The market value of Corporate Debt generally may be expected to rise and fall inversely with interest rates. The market value of intermediate and longer term Corporate Debt is generally more sensitive to changes in interest rates than is the market value of shorter term Corporate Debt. The market value of Corporate Debt also may be affected by factors directly related to the issuer, such as investors’ perceptions of the creditworthiness of the issuer, the issuer’s financial performance, perceptions of the issuer in the market place, performance of management of the issuer, the issuer’s capital structure and use of financial leverage and demand for the issuer’s goods and services. There is a risk that the issuers of Corporate Debt may not be able to meet their obligations on interest and/or principal payments at the time called for by an instrument. Corporate Debt rated below investment grade quality is often high risk and has speculative characteristics and may be particularly susceptible to adverse issuer-specific developments. Corporate Debt of below investment grade quality is subject to the risks described herein under “—Below Investment Grade Instruments Risk.”

Special Situations Investments Risk

Alcentra intends to focus the Fund’s Special Situations Investments in companies that have experienced, or are currently experiencing, financial difficulties as a result of deteriorating operations, changes in macro-economic conditions, changes in governmental monetary and fiscal policies, adverse legal judgments, or other events which may adversely impact their credit standing. These investments are subject to many of the risks discussed elsewhere in this prospectus, including risks associated with investing in high yield fixed income securities. Special Situations Investments generally will be treated as illiquid securities by the Fund.

From time to time, Alcentra may take control positions, sit on creditors’ committees or otherwise take an active role in seeking to influence the management of the issuers of Special Situations Investments, in which case the Fund may be subject to increased litigation risk resulting from their actions and they may obtain inside information that may restrict their ability to dispose of Special Situations Investments.

Structured Credit Investments Risk

Holders of Structured Credit Investments bear risks of the underlying investments, index or reference obligation and are subject to counterparty risk. The Fund may have the right to receive payments only from the structured product, and generally does not have direct rights against the issuer or the entity that sold the assets to be securitized. While certain Structured Credit Investments enable the investor to acquire interests in a pool of securities without the brokerage and other expenses associated with directly holding the same securities, investors in Structured Credit Investments generally pay their share of the investment’s administrative and other expenses. Although it is difficult to predict whether the prices of indices and securities underlying structured products will rise or fall, these prices (and, therefore, the prices of structured products) will be influenced by the same types of political and economic events that affect issuers of securities and capital markets generally. If the issuer of a Structured Credit Investment uses shorter term financing to purchase longer term securities, the issuer may be forced to sell its securities at below market prices if it experiences difficulty in obtaining such financing, which may adversely affect the value of the Structured Credit Investments owned by the Fund.

CDOs may be thinly traded or have a limited trading market. CDOs, such as CLOs, are typically privately offered and sold, and thus are not registered under the securities laws. As a result, investments in CLOs and other types of CDOs may be characterized by the Fund as illiquid securities, especially investments in mezzanine and subordinated/equity tranches of CLOs; however, an active dealer market may exist for certain investments and more senior CLO tranches, which would allow such securities to be considered liquid in some circumstances. In addition to the general risks associated with credit instruments discussed herein, CLOs and other types of CDOs carry additional risks, including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the
The possibility that the CLO or CDO is subordinate to other classes; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

Certain credit-linked notes also may be thinly traded or have a limited trading market. Credit-linked notes are typically privately offered and sold. As a result, investments in credit-linked notes may be characterized by the Fund as illiquid securities. Holders of credit-linked notes bear risks of the underlying investments, index or reference obligation and are subject to counterparty risk. Credit-linked notes are used to transfer credit risk. The performance of the notes is linked to the performance of an underlying reference entity. The notes are usually issued by an SPV that sells credit protection through a credit default swap transaction in return for a premium and an obligation to pay the transaction sponsor should a reference entity experience a certain credit event or events, such as bankruptcy. The SPV invests the proceeds from the notes to cover its contingent payment obligation. Revenue from the investments and the money received as premium are used to pay interest to note holders. The main risk of credit-linked notes is the risk of the reference entity experiencing a credit event that triggers the contingent payment obligation. Should such an event occur, the SPV would have to pay the transaction sponsor and payments to the note holders would be subordinated.

The Fund may have the right to receive payments only from the SPV and generally does not have direct rights against the issuer or the entity that sold the assets to be securitized. While certain credit-linked notes enable the investor to acquire interests in a pool of securities without the brokerage and other expenses associated with directly holding the same securities, investors in credit-linked notes generally pay their share of the SPV’s administrative and other expenses. Although it is difficult to predict whether the prices of indices and securities underlying credit-linked notes will rise or fall, these prices (and, therefore, the prices of credit-linked notes) will be influenced by the same types of political and economic events that affect issuers of securities and capital markets generally. If the SPV of a credit-linked note uses shorter term financing to purchase longer term securities, the SPV may be forced to sell its securities at below market prices if it experiences difficulty in obtaining short-term financing, which may adversely affect the value of the credit-linked notes owned by the Fund.

Asset-backed securities are a form of derivative instrument. Payment of principal and interest may depend largely on the cash flows generated by the assets backing the securities and, in certain cases, supported by letters of credit, surety bonds or other forms of credit or liquidity enhancements. The value of these asset-backed securities may be affected by the creditworthiness of the servicing agent for the pool of assets, the originator of the loans or receivables or the financial institution providing the credit support.

**Zero Coupon, Pay-In-Kind and Step-Up Securities Risk**

The amount of any discount on these securities varies depending on the time remaining until maturity or cash payment date, prevailing interest rates, liquidity of the security and perceived credit quality of the issuer. The market prices of these securities generally are more volatile and are likely to respond to a greater degree to changes in interest rates than the market prices of securities that pay cash interest periodically having similar maturities and credit qualities. In addition, unlike bonds that pay cash interest throughout the period to maturity, the Fund will realize no cash until the cash payment date unless a portion of such securities are sold and, if the issuer defaults, the Fund may obtain no return at all on its investment. The interest payments deferred on a PIK security are subject to the risk that the borrower may default when the deferred payments are due in cash at the maturity of the instrument. In addition, the interest rates on PIK securities are higher to reflect the time value of money on deferred interest payments and the higher credit risk of borrowers who may need to defer interest payments. The deferral of interest on a PIK loan increases its loan to value ratio, which is a measure of the riskiness of a loan. PIK securities also may have unreliable valuations because the accruals require judgments by Alcentra about ultimate collectability of the deferred payments and the value of the associated collateral. Federal income tax law requires the holder of a zero coupon security or of certain pay-in-kind or step-up bonds to accrue income with respect to these securities prior to the receipt of cash payments.
Foreign Investments Risk

Investing in foreign instruments involve certain risks not involved in domestic investments. Foreign securities markets generally are not as developed or efficient as those in the United States. There may be a lack of comprehensive information regarding foreign issuers, and their securities are less liquid and more volatile than securities of comparable U.S. issuers. Similarly, volume and liquidity in most foreign securities markets are less than in the United States and, at times, volatility of price can be greater than in the United States.

Because evidences of ownership of foreign securities usually are held outside the United States, additional risks of investing in foreign securities include possible adverse political, social and economic developments, seizure or nationalization of foreign deposits and adoption of governmental restrictions that might adversely affect or restrict the payment of principal and interest on the foreign securities to investors located outside the country of the issuer, whether from currency blockage, exchange control regulations or otherwise. Foreign securities held by the Fund may trade on days when the Fund does not calculate its net asset value.

Certain foreign countries may impose restrictions on the ability of issuers of foreign instruments to make payments of principal and interest to investors located outside the country. In addition, the Fund will be subject to risks associated with adverse political and economic developments in foreign countries, which could cause the Fund to lose money on its investments in non-U.S. instruments. The ability of a foreign sovereign issuer to make timely payments on its debt obligations will also be strongly influenced by the sovereign issuer’s balance of payments, including export performance, its access to international credit facilities and investments, fluctuations of interest rates and the extent of its foreign reserves. The cost of servicing external debt will also generally be adversely affected by rising international interest rates, as many external debt obligations bear interest at rates which are adjusted based upon international interest rates.

Some foreign instruments may be less liquid and more volatile than securities of comparable U.S. issuers. Similarly, there is less volume and liquidity in most foreign securities markets than in the United States and, at times, greater price volatility than in the United States. Because evidences of ownership of such instruments usually are held outside the United States, the Fund will be subject to additional risks if it invests in non-U.S. instruments, which include possible adverse political and economic developments, seizure or nationalization of foreign deposits and adoption of governmental restrictions which might adversely affect or restrict the payment of principal and interest on the foreign instruments to investors located outside the country of the issuer, whether from currency blockage or otherwise. Foreign instruments may trade on days when the common shares are not priced.

Foreign government debt includes bonds that are issued or backed by foreign governments or their agencies, instrumentalities or political subdivisions or by foreign central banks. The governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal and/or interest when due in accordance with terms of such debt, and the Fund may have limited legal recourse in the event of a default. In addition, since 2010, the risks of investing in certain foreign government debt have increased dramatically as a result of the ongoing European debt crisis which began in Greece and spread throughout various other European countries. These debt crises and the ongoing efforts of governments around the world to address these debt crises have also resulted in increased volatility and uncertainty in the global securities markets and it is impossible to predict the effects of these or similar events in the future on the Fund, though it is possible that these or similar events could have a significant adverse impact on the value and risk profile of the Fund.

The risks associated with investing in foreign securities are often heightened for investments in emerging market countries. These heightened risks include: (1) greater risks of expropriation, confiscatory taxation and nationalization, and less social, political and economic stability; (2) the small size of the markets for securities of emerging market issuers and a low or nonexistent volume of trading, resulting in lack of liquidity and in price volatility; (3) certain national policies which may restrict the investment
opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; and (4) the absence of developed legal structures governing private or foreign investment and private property. The purchase and sale of portfolio securities in certain emerging market countries may be constrained by limitations as to daily changes in the prices of listed securities, periodic trading or settlement volume and/or limitations on aggregate holdings of foreign investors. In certain cases, such limitations may be computed based upon the aggregate trading by or holdings of the Fund, Dreyfus, Alcentra and their affiliates and their respective clients and other service providers. The Fund may not be able to sell securities in circumstances where price, trading or settlement volume limitations have been reached.

**European Investments Risk**

A number of countries in Europe have experienced severe economic and financial difficulties. Many non-governmental issuers, and even certain governments, have defaulted on, or been forced to restructure, their debts; many other issuers have faced difficulties obtaining credit or refinancing existing obligations; financial institutions have in many cases required government or central bank support, have needed to raise capital, and/or have been impaired in their ability to extend credit; and financial markets in Europe and elsewhere have experienced extreme volatility and declines in asset values and liquidity. These difficulties may continue, worsen or spread within and without Europe. Responses to the financial problems by European governments, central banks and others, including austerity measures and reforms, may not work, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and others of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world.

Ongoing concerns regarding the economies of certain European countries and/or their sovereign debt, as well as the possibility that one or more countries might abandon the euro, the common currency of the EU, and/or withdraw from the EU, create additional risks for investing in Europe. In June 2016, the UK held a referendum resulting in a vote in favor of the exit of the UK from the EU (known as “Brexit”). The current uncertainty and related future developments could have a negative impact on both the UK economy and the economies of other countries in Europe, as well as greater volatility in the global financial and currency markets. A process of negotiation will follow that will determine the future terms of the UK’s relationship with the EU. It is unclear how and in what timeframe Brexit withdrawal negotiations will proceed and what the potential consequences may be. As a result of the political divisions within the UK and between the UK and the EU that the referendum vote has highlighted and the uncertain consequences of Brexit, the UK and European economies and the broader global economy could be significantly impacted, which may result in increased volatility and illiquidity, and potentially lower economic growth on markets in the UK, Europe and globally. Depreciation of the British pound sterling and/or the euro in relation to the U.S. dollar in anticipation of Brexit would adversely affect Fund investments denominated in British pound sterling and/or the euro that are not fully and effectively hedged, regardless of the performance of the investment.

The impact of these actions, especially if they occur in a disorderly fashion, is not clear but could be significant and far-reaching. These events could negatively affect the Fund’s investments in securities of issuers located in Europe, or with significant exposure to European issuers or countries, and also could negatively affect the value and liquidity of the Fund’s investments outside of Europe.

**Foreign Currency Transactions Risk**

As the Fund intends to invests in securities that trade in, and expects to receive revenues in, foreign currencies, or in derivatives that provide exposure to foreign currencies, it will be subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions intended to protect the Fund from decline in the value of non-U.S. currencies, that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates,
intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad. As a result, the Fund's investments in foreign currency denominated securities may reduce the returns of the Fund. While the Fund intends to hedge substantially all of its non-U.S. dollar-denominated securities into U.S. dollars, hedging may not alleviate all currency risks. Furthermore, the companies in which the Fund invests may be subject to risks relating to changes in currency rates, as described above. If a company in which the Fund invests suffers such adverse consequences as a result of such changes, the Fund may also be adversely affected as a result.

Continuing uncertainty as to the status of the euro and the EU has created significant volatility in currency and financial markets generally. Any partial or complete dissolution of the EU could have significant adverse effects on currency and financial markets, and on the values of the Fund's portfolio investments. If one or more EU countries were to stop using the euro as its primary currency, the Fund’s investments in such countries, if any, may be redenominated into a different or newly adopted currency. As a result, the value of those investments could decline significantly and unpredictably. In addition, instruments or other investments that are redenominated may be subject to foreign currency risk, liquidity risk and valuation risk to a greater extent than similar investments currently denominated in euros.

**Principal Risks of the Use of Derivatives**

The Fund will be subject to additional risks with respect to the use of derivatives. Derivatives can be volatile and involve various types and degrees of risk, depending upon the characteristics of the particular derivative and the portfolio as a whole. Derivatives permit the Fund to increase or decrease the level of risk, or change the character of the risk, to which its portfolio is exposed in much the same way as the Fund can increase or decrease the level of risk, or change the character of the risk, of its portfolio by making investments in specific securities. However, derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential impact on the Fund’s performance. If the Fund invests in derivatives at inopportune times or judges market conditions incorrectly, such investments may lower the Fund’s return or result in a loss. The Fund also could experience losses if its derivatives were poorly correlated with the underlying instruments or the Fund's other investments, or if the Fund were unable to liquidate its position because of an illiquid secondary market. The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives. If a derivative transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price. Additionally, some derivatives the Fund may use may involve economic leverage, which may increase the volatility of these instruments as they may increase or decrease in value more quickly than the underlying security, index, currency, futures contract, or other economic variable.

Derivatives may be purchased on established exchanges or through privately negotiated transactions referred to as OTC derivatives. Exchange-traded derivatives generally are guaranteed by the clearing agency that is the issuer or counterparty to such derivatives. This guarantee usually is supported by a daily variation margin system operated by the clearing agency in order to reduce overall credit risk. As a result, unless the clearing agency defaults, there is relatively little counterparty credit risk associated with derivatives purchased on an exchange. In contrast, no clearing agency guarantees OTC derivatives. Therefore, many of the regulatory protections afforded participants on organized exchanges for futures contracts and exchange-traded options, such as the performance guarantee of an exchange clearing house, are not available in connection with OTC derivative transactions. As a result, each party to an OTC derivative bears the risk that the counterparty will default. Accordingly, Alcentra will consider the creditworthiness of counterparties to OTC derivatives in the same manner as it would review the credit quality of a security to be purchased by the Fund. OTC derivatives are less liquid than exchange-traded derivatives since the other party to the transaction may be the only investor with sufficient understanding of the derivative to be interested in bidding for it.
Because many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, reference rate or index can result in a loss substantially greater than the amount invested in the derivative itself. The Fund may be required to set aside liquid assets equal to the full notional value of the instrument (generally, the total numerical value of the asset underlying the derivatives contract) or an amount equal to the Fund’s daily marked-to-market net obligations (i.e., the Fund’s daily net liability) under the instrument, if any, while the positions are open. Certain derivatives, such as written call options, have the potential for unlimited loss, regardless of the size of the initial investment. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately-negotiated derivatives, including swap agreements), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price. Future rules and regulations of the SEC may require the Fund to alter, perhaps materially, its use of derivatives as described in this prospectus.

**Options.** Options prices can diverge from the prices of their underlying instruments and may be affected by such factors as current and anticipated short-term interest rates, changes in volatility of the underlying instrument, and the time remaining until expiration of the contract, which may not affect the prices of the underlying instruments in the same way. Imperfect correlation also may result from differing levels of demand in the options markets and the securities markets, from structural differences in how options and securities are traded, or from imposition of daily price fluctuation limits or trading halts.

**Credit Derivatives.** The use of credit derivatives is a highly specialized activity which involves strategies and risks different from those associated with ordinary portfolio security transactions. If Alcentra is incorrect in its forecasts of default risks, market spreads or other applicable factors, the investment performance of the Fund would diminish compared with what it would have been if these techniques were not used. Moreover, even if Alcentra is correct in its forecasts, there is a risk that a credit derivative position may correlate imperfectly with the price of the asset or liability being protected. The Fund’s risk of loss in a credit derivative transaction varies with the form of the transaction. For example, if the Fund purchases a default option on a security, and if no default occurs with respect to the security, the Fund’s loss is limited to the premium it paid for the default option. In contrast, if there is a default by the grantor of a default option, the Fund’s loss will include both the premium it paid for the option and the decline in value of the underlying security that the default option hedged.

**Swap Agreements.** The Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. The Fund will enter into swap agreements only with counterparties that meet certain standards of creditworthiness (generally, such counterparties would have to be eligible counterparties under the terms of the Fund’s repurchase agreement guidelines). In addition, it is possible that developments in the swaps market, including potential government regulation, could adversely affect the Fund’s ability to terminate existing swap agreements or to realize amounts to be received under such agreements.

The Fund may enter into swap transactions, including credit default and total return swap agreements. Such transactions are subject to market risk, risk of default by the other party to the transaction and risk of imperfect correlation between the value of such instruments and the underlying assets and may involve commissions or other costs. Swaps generally do not involve the delivery of securities, other underlying assets or principal. Accordingly, the risk of loss with respect to swaps generally is limited to the net amount of payments that the Fund is contractually obligated to make, or in the case of the other party to a swap defaulting, the net amount of payments that the Fund is contractually entitled to receive. If the Fund is a buyer of a credit default swap and no credit event occurs, the Fund may recover nothing if the swap is held through its termination date. However, if a credit event occurs, the buyer generally may elect to receive the full notional value of the swap in exchange for an equal face amount of deliverable obligations of the reference entity whose value may have significantly decreased.
The Fund will be subject to credit risk with respect to the counterparties to the derivative contracts purchased by the Fund. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances.

The federal income tax treatment of payments in respect of certain derivatives contracts is unclear. Common Shareholders may receive distributions that are attributable to derivatives contracts that are treated as ordinary income for federal income tax purposes.

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 to trade. Some credit instruments trade in an OTC market which may be anywhere in the world where the buyer and seller can settle on a price. Due to the lack of centralized information and trading, the valuation of credit instruments may carry more risk than that of common stock. Uncertainties in the conditions of the financial market, unreliable reference data, lack of transparency and inconsistency of valuation models and processes may lead to inaccurate asset pricing. In addition, 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 in accordance with valuation procedures approved by the Fund's Board of Directors. Those portfolio valuations may be based on unobservable inputs and certain assumptions about how market participants would price the instrument. The Fund expects that inputs into the determination of fair value of those investments will require significant management judgment or estimation. The net asset value of the Fund, as determined based, in part, on the fair value of those investments, may vary from the amount the Fund would realize upon the sale of such investments. 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 realize upon the disposal of such investments. See “Determination of Net Asset Value.”

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. In order to dispose of an unregistered security, the Fund, where it has contractual rights to do so, may have to cause such security to be registered. A considerable period may elapse between the time the decision is made to sell the security and the time the security is registered, thereby enabling the Fund to sell it. Contractual restrictions on the resale of securities vary in length and scope and are generally the result of a negotiation between the issuer and purchaser of the securities. In either case, the Fund would bear market risks during that period.

Leverage Risk

The Fund’s use of leverage could create special risks for 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.

Leverage involves risks and special considerations compared to a comparable portfolio without leverage including: (i) the likelihood of greater volatility of the Fund’s net asset value; (ii) the risk that fluctuations in interest rates on Borrowings will reduce the return to the Common Shareholders or will result in fluctuations in the dividends paid on the Common Shares; (iii) the effect of leverage in a declining market, which is likely to cause a greater decline in the net asset value of the Common Shares than if the Fund were not leveraged; (iv) when the Fund uses leverage, the investment management fees payable to Dreyfus (and, indirectly, Alcentra) will be higher than if the Fund did not use leverage, and may provide a financial incentive to Dreyfus and Alcentra to increase the Fund’s use of leverage and create an inherent conflict of interest; and (v) leverage may increase expenses, which may reduce total return.

The Fund may continue to use leverage if the benefits to the Common Shareholders of maintaining the leveraged position are believed to outweigh any current reduced return, but expects to reduce, modify or cease its leverage if it is believed the costs of the leverage will exceed the return provided from the investments made with the proceeds of the leverage.

Other Investment Risks

In addition to the principal risks described above, the Fund is subject to the following additional risks that are not anticipated to be principal risks of investing in the Fund.

Equity Securities Risk

To the extent the Fund acquires equity securities or warrants incidental to its investments in credit instruments, it will be subject to the risks associated with those types of investments.

Common Stock Risk. Stocks generally fluctuate more in value than bonds and may decline significantly over short time periods. There is the chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The market value of a stock may decline due to general market conditions that are not related to the particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. A security’s market value also may decline because of factors that affect a particular industry, such as labor shortages or increased production costs and competitive conditions within an industry, or factors that affect a particular company, such as management performance, financial leverage, and reduced demand for the company’s products or services.

Preferred Stock Risk. There are special risks associated with investing in preferred stocks, including:

- **Deferral and Omission.** Preferred stocks may include provisions that permit the issuer, at its discretion, to defer or omit distributions for a stated period without any adverse consequences to the issuer. If the Fund owns a preferred stock that is deferring its distributions, the Fund may be required to report income for tax purposes although it has not yet received such income.

- **Subordination.** Preferred stocks generally are subordinated to loans and other debt instruments in a company’s capital structure in terms of having priority to corporate income and liquidation payments, and therefore will be subject to greater credit risk than loans and other debt instruments.

- **Limited Voting Rights.** Generally, preferred stockholders (such as the Fund) have no voting rights with respect to the issuing company unless, among other things, preferred dividends have been in arrears for a specified number of periods, at which time the preferred stockholders may elect a number of directors to the issuer’s board. Generally, once all the arrearages have been paid, the preferred stockholders no longer have voting rights. In the case of trust preferred securities, holders generally have no voting rights, except if (i) the issuer fails to pay dividends for a specified period of time or (ii) a declaration of default occurs and is continuing.
• **Special Redemption Rights.** In certain varying circumstances, an issuer of preferred stock may redeem the securities prior to a specified date. For instance, for certain types of preferred stocks, a redemption may be triggered by certain changes in U.S. federal income tax or securities laws. As with call provisions, a special redemption by the issuer may negatively impact the return of the security held by the Fund.

**Convertible Securities Risk.** Convertible securities may be converted at either a stated price or stated rate into underlying shares of common stock or another security. Convertible securities generally are subordinated to other similar but non-convertible securities of the same issuer. Although to a lesser extent than with fixed rate debt securities, the market value of convertible securities tends to decline as interest rates increase. In addition, because of the conversion feature, the market value of convertible securities tends to vary with fluctuations in the market value of the underlying common stock or other security. Although convertible securities provide for a stable stream of income, they are subject to the risk that their issuers may default on their obligations. Convertible securities also offer the potential for capital appreciation through the conversion feature, although there can be no assurance of capital appreciation because securities prices fluctuate. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality because of the potential for capital appreciation.

**Warrants and Rights Risk.** If the price of the underlying stock does not rise above the exercise price before the warrant expires, the warrant generally expires without any value and the Fund loses any amount it paid for the warrant. Thus, investments in warrants may involve substantially more risk than investments in common stock. Warrants may trade in the same markets as their underlying stock; however, the price of the warrant does not necessarily move with the price of the underlying stock. An investment in warrants would not entitle the Fund to receive dividends or exercise voting rights.

**U.S. Government Debt Securities Risk**

U.S. government debt securities generally do not involve the credit risks associated with investments in other types of debt securities, although, as a result, the yields available from U.S. government debt securities are generally lower than the yields available from other securities. However, in 2011 S&P downgraded its rating of U.S. government debt, suggesting an increased credit risk. Further downgrades could have an adverse impact on the price and volatility of U.S. government debt instruments. Like other debt securities, the values of U.S. government securities change as interest rates fluctuate. Fluctuations in the value of portfolio securities will not affect interest income on existing portfolio securities but will be reflected in the Fund’s net asset value. Since the magnitude of these fluctuations will generally be greater at times when the Fund’s average maturity is longer, under certain market conditions the Fund may, for temporary defensive purposes, accept lower current income from short-term investments rather than investing in higher yielding long-term securities.

**Other Investment Companies Risk**

Subject to the limitations set forth in the 1940 Act (or as otherwise permitted by the SEC), the Fund may acquire shares in other investment companies (including ETFs). ETFs are listed on an exchange, and shares are generally purchased and sold in the secondary market at market price. At times, the market price may be at a premium or discount to the ETF’s net asset value. Because shares of ETFs trade on an exchange, they may be subject to trading halts on the exchange. As an investor in an investment company, the Fund will bear its ratable share of that investment company’s expenses, including its investment advisory and administration fees, and would remain subject to payment of the Fund’s Management Fee with respect to assets so invested. Common Shareholders would therefore be subject to duplicative expenses to the extent the Fund invests in other investment companies.

**Potential Conflicts of Interest Risk**

Dreyfus, Alcentra and their affiliates may participate in the primary and secondary market for loan obligations. Because of limitations imposed by applicable law, the presence of Dreyfus, Alcentra and their affiliates in the loan obligations market may restrict the Fund’s ability to acquire some loan obligations.
or affect the timing or price of such acquisitions. Dreyfus, Alcentra and their affiliates engage in a broad spectrum of financial services and asset management activities in which their interests or the interests of their clients may conflict with those of the fund. In addition, because of the financial services and asset management activities of Dreyfus, Alcentra and their affiliates, Dreyfus and Alcentra may not have access to material non-public information regarding the borrower to which other lenders have access.

Dreyfus, Alcentra and their affiliates may provide investment management services to other funds and discretionary managed accounts that follow an investment program similar to that of the Fund and may engage in the ordinary course of business in activities in which their interests or the interests of their clients may conflict with those of the fund. Dreyfus, Alcentra and their affiliates have adopted policies and procedures designed to address potential conflicts of interests and to allocate investments among the accounts managed by them and their affiliates in a fair and equitable manner. The results of the Fund’s investment activities, however, may differ from those of other accounts managed by Dreyfus, Alcentra and their affiliates, and it is possible that the Fund could sustain losses during periods in which one or more of the other accounts managed by Dreyfus, Alcentra or their affiliates achieve profits.

Recent Market Events Risk

In the recent past, the debt and equity capital markets in the United States were negatively impacted by significant write-offs in the financial services sector relating to sub-prime mortgages and the re-pricing of credit risk in the broadly syndicated market, among other things. These events, along with the downgrade to the United States credit rating, deterioration of the housing market, the failure of major financial institutions and the resulting United States federal government actions led in the recent past, and may lead in the future, to worsening general economic conditions, which did, and could, materially and adversely impact the broader financial and credit markets and reduce the availability of debt and equity capital for the market as a whole and financial firms in particular. These events may increase the volatility of the value of securities owned by the Fund and/or result in sudden and significant valuation increases or decreases in its portfolio. These events also may make it more difficult for the Fund to accurately value its securities or to sell its securities on a timely basis.

While the extreme volatility and disruption that U.S. and global markets experienced for an extended period of time beginning in 2007 and 2008 has generally subsided, uncertainty and periods of volatility remain, and risks to a robust resumption of growth persist. Federal Reserve policy, including with respect to certain interest rates and the decision to begin tapering its quantitative easing policy, may adversely affect the value, volatility and liquidity of dividend and interest paying securities. Market volatility, rising interest rates and/or a return to unfavorable economic conditions could impair the Fund’s ability to achieve its investment objective.

General market uncertainty and consequent re-pricing of risk have led to market imbalances of sellers and buyers, which in turn have resulted in significant valuation uncertainties in a variety of securities and significant and rapid value decline in certain instances. Additionally, periods of market volatility remain, and may continue to occur in the future, in response to various political, social and economic events both within and outside of the United States. These conditions resulted in, and in many cases continue to result in, greater price volatility, less liquidity, widening credit spreads and a lack of price transparency, with many securities remaining illiquid and of uncertain value. Such market conditions may make valuation of some of the Fund’s securities uncertain and/or result in sudden and significant valuation increases or declines in its holdings. If there is a significant decline in the value of the Fund’s portfolio, this may impact the asset coverage levels for any outstanding leverage the Fund may have.

Regulation and Government Intervention Risk

The recent global financial crisis led the U.S. government to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that experienced extreme volatility, and in some cases a lack of liquidity. In addition, the European Central Bank and other foreign government and supranational finance authorities have taken unprecedented actions to regulate or manipulate international financial markets. These governments, agencies and/or organizations may
take additional actions that affect the regulation of the securities or derivatives in which the Fund invests, or the issuers of such securities or derivatives. Issuers of credit instruments held by the Fund may seek protection under the bankruptcy laws. Legislation or regulation may also change the way in which the Fund itself is regulated. Such legislation or regulation could limit or preclude the Fund’s ability to achieve its investment objectives. Alcentra will monitor developments and seek to manage the Fund’s portfolio in a manner consistent with achieving the Fund’s investment objectives, but there can be no assurance that it will be successful in doing so.

**Market Disruption and Geopolitical Risk**

The aftermath of the war in Iraq, instability in Afghanistan, Pakistan, Egypt, Libya, Syria, Russia, Ukraine and the Middle East, terrorist attacks in the United States, Europe and other regions, tensions with North Korea, growing social and political discord in the United States, the European debt crisis, the response of the international community — through economic sanctions and otherwise — to Russia’s annexation of the Crimea region of Ukraine and posture vis-a-vis Ukraine, further downgrade of U.S. Government securities and other similar events, may have long-term effects on the U.S. and worldwide financial markets and may cause further economic uncertainties in the United States and worldwide. The Fund does not know how long the securities markets may be affected by these events and cannot predict the effects of these and similar events in the future on the U.S. economy and securities markets. The Fund may be adversely affected by abrogation of international agreements and national laws which have created the market instruments in which the Fund may invest, failure of the designated national and international authorities to enforce compliance with the same laws and agreements, failure of local, national and international organization to carry out their duties prescribed to them under the relevant agreements, revisions of these laws and agreements which dilute their effectiveness or conflicting interpretation of provisions of the same laws and agreements. The Fund may be adversely affected by uncertainties such as terrorism, international political developments, and changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries in which it is invested.

**Anti-Takeover Provisions**

Certain provisions of the Charter and Bylaws could have the effect of limiting the ability of other entities or persons to acquire control of the Fund or to modify its structure. These provisions include super-majority voting requirements for merger, consolidation, liquidation, termination and asset sale transactions, certain amendments to the Charter and conversion to open-end status. See “Description of Shares” and “Certain Provisions of the Charter and Bylaws.”

**Portfolio Turnover Risk**

The Fund does not have any limitations regarding portfolio turnover, and investments may be sold without regard to length of time held when, in Alcentra’s opinion, investment considerations warrant such action. A higher portfolio turnover rate would result in certain transactional expenses that will be borne by the Fund. Although these expenses are not reflected in the Fund’s “Total Annual Fund Operating Expenses” shown in the “Summary of Fund Expenses” section of this prospectus, they will be reflected in the Fund’s total return. In addition, high portfolio turnover may result in the realization of net short-term capital gains by the Fund which, when distributed to Common Shareholders, will be taxable as ordinary income. See “Certain Material U.S. Federal Income Tax Consequences.”

**Lender Liability Risk**

A number of U.S. judicial decisions have upheld judgments obtained by Borrowers against lending institutions on the basis of various evolving legal theories, collectively termed “lender liability.” Generally, lender liability is founded on the premise that a lender has violated a duty (whether implied or contractual) of good faith, commercial reasonableness and fair dealing, or a similar duty owed to the Borrower or has
assumed an excessive degree of control over the Borrower resulting in the creation of a fiduciary duty owed to the Borrower or its other creditors or shareholders. Because of the nature of its investments, the Fund may be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (i) intentionally takes an action that results in the undercapitalization of a Borrower to the detriment of other creditors of such Borrower; (ii) engages in inequitable conduct to the detriment of the other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, the other creditors; or (iv) uses its influence as a stockholder to dominate or control a Borrower to the detriment of other creditors of the Borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination.” Because affiliates of, or persons related to, Dreyfus or Alcentra may hold equity or other interests in issuer of instruments held by the Fund, the Fund could be exposed to claims for equitable subordination or lender liability or both based on such equity or other holdings.

Limitations on Transactions with Affiliates

The 1940 Act limits the Fund's ability to enter into certain transactions with certain of its affiliates. As a result of these restrictions, the Fund may be prohibited from buying or selling any security directly from or to any portfolio company of a registered investment company or private equity fund or investment company managed by Dreyfus or any of its affiliates, including Alcentra. However, the Fund may, under certain circumstances, purchase any such portfolio company's securities in the secondary market, which could create a conflict for Dreyfus and Alcentra between the interests of the Fund and the portfolio company, in that the ability of Dreyfus or Alcentra to recommend actions in the best interest of the Fund might be impaired. The 1940 Act also prohibits certain “joint” transactions with certain of the Fund’s affiliates, which could include investments in the same portfolio company (whether at the same or different times). These limitations may limit the scope of investment opportunities that would otherwise be available to the Fund.

Certain broker-dealers may be considered to be affiliated persons of the Fund or of Dreyfus and Alcentra due to their possible affiliations with The Bank of New York Mellon Corporation (“BNY Mellon”). Absent an exemption from the SEC or other regulatory relief, the Fund is generally precluded from effecting certain principal transactions with affiliated brokers, and its ability to purchase securities being underwritten by an affiliated broker or a syndicate including an affiliated broker, or to utilize affiliated brokers for agency transactions, is subject to restrictions. This could limit the Fund's ability to engage in securities transactions and to take advantage of market opportunities.

MANAGEMENT OF THE FUND

The business and affairs of the Fund are managed under the direction of the Fund's Board of Directors. Over 75% of the Fund's Directors currently are not “interested persons” (as defined in the 1940 Act) of the Fund, and all of the Directors will be disinterested after the completion of this offering. The Directors approve all significant agreements between the Fund and persons or companies furnishing services to it, including the Fund's arrangements with Dreyfus and Alcentra, as well as the Fund's custodian, transfer agent and dividend disbursing agent. The management of the Fund's day-to-day operations is delegated to its officers and Dreyfus, subject always to the investment objectives and policies of the Fund and to the general supervision and oversight of the Directors. The names and business addresses of the Directors and officers of the Fund and their principal occupations and other affiliations during at least the past five years are set forth under “Management of the Fund” in the SAI.

Investment Manager

The Fund’s investment manager is The Dreyfus Corporation, 200 Park Avenue, New York, New York 10166. Founded in 1947, Dreyfus managed approximately $242 billion in approximately 160 mutual fund portfolios as of June 30, 2017. Dreyfus is the primary mutual fund business of BNY Mellon, a global
financial services company focused on helping clients manage and service their financial assets, operating in 35 countries and serving more than 100 markets. BNY Mellon is a leading investment management and investment services company, uniquely focused to help clients manage and move their financial assets in the rapidly changing global marketplace. BNY Mellon has $30.6 trillion in assets under custody and administration and $1.7 trillion in assets under management as of June 30, 2017. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation. BNY Mellon Investment Management is one of the world's leading investment management organizations, and one of the top U.S. wealth managers, encompassing BNY Mellon's affiliated investment management firms, wealth management services and global distribution companies.

Under its Investment Management Agreement with the Fund (the “Management Agreement”), Dreyfus furnishes a continuous investment program for the Fund’s portfolio and generally manages the Fund’s investments in accordance with the stated policies of the Fund, subject to the general supervision of the Fund’s Board of Directors. Dreyfus is responsible for the overall management of the Fund's portfolio and for the supervision and ongoing monitoring of Alcentra. Dreyfus also maintains office facilities on behalf of the Fund, and furnishes statistical and research data, clerical help, accounting, data processing, bookkeeping and internal auditing and certain other required services to the Fund. Dreyfus also performs certain other administrative services for the Fund and provides persons satisfactory to the Board of Directors of the Fund to serve as officers of the Fund. Such officers, as well as certain other employees and Directors of the Fund, may be directors, officers or employees of Dreyfus.

For its services under the Management Agreement, the Fund has agreed to pay Dreyfus a monthly investment management fee computed at the annual rate of 0.85% of the average daily value of the Fund’s Managed Assets. “Managed Assets” of the Fund means the total assets of the Fund, including any assets attributable to leverage (i.e., Borrowings, Preferred Shares or the use of portfolio 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.

In addition to the Management Fee, the Fund pays all other expenses incurred in the operation of the Fund, including, without limitation the following: (i) organizational and offering expenses; (ii) taxes and interest; (iii) brokerage fees and commissions, if any, and other costs in connection with the purchase or sale of securities and other investment instruments (including, without limitation, security settlement costs); (iv) loan commitment fees; (v) interest and distributions paid on securities sold short; (vi) fees of Directors who are not officers, directors or employees of Dreyfus or Alcentra, or who are otherwise holders of 5% or more of the outstanding voting securities of Dreyfus, Alcentra or any of their affiliates; (vii) fees and expenses related to the registration and qualification of the Fund and the Fund’s shares for distribution under state and federal securities laws; (viii) fees and expenses related to the registration and listing the Fund’s shares on any securities exchange; (ix) expenses related to the Fund’s use of leverage, if any; (x) rating agency fees; (xi) advisory fees; (xii) charges of custodians; (xiii) charges of transfer, dividend disbursing and dividend reinvestment plan agents; (xiv) certain insurance premiums; (xv) industry association fees; (xvi) outside auditing and legal expenses; (xvii) costs of independent pricing services; (xviii) costs of maintaining the Fund’s existence; (xix) expenses of repurchasing shares; (xx) the Fund’s allocable portion of the costs of the Fund’s chief compliance officer and staff; (xxi) costs of preparing, printing and distributing shareholders reports, notices, press releases, proxy statements, and reports to governmental agencies; (xxii) costs of shareholders’ meetings; and (xxiii) any extraordinary expenses.

To the extent the Fund utilizes leverage, the fees paid to Dreyfus (and, indirectly, Alcentra) for investment management services will be higher than if the Fund did not utilize leverage because the Management Fees paid will be calculated based on the Fund’s Managed Assets. Dreyfus and Alcentra will base their decision regarding whether and how much leverage to use for the Fund based on its assessment of whether such use of leverage will advance the Fund’s investment objectives. However, the fact that a decision to increase the Fund’s leverage will have the effect, all other things being equal, of increasing...
Managed Assets and therefore the Management Fee means that Dreyfus and Alcentra will have a conflict of interest in determining whether to increase the Fund’s use of leverage. Dreyfus and Alcentra will seek to manage that conflict by increasing the Fund’s use of leverage only when it determines that such increase is consistent with the Fund’s investment objectives, and by periodically reviewing the Fund’s performance and use of leverage with the Fund’s Board of Directors.

The basis for the Fund’s Board of Directors’ initial approval of the Management Agreement will be provided in the Fund’s semi-annual report to Common Shareholders for the period ending February 28, 2018. The basis for subsequent continuations of this agreement will be provided in annual or semi-annual reports to Common Shareholders for the periods during which such continuations occur.

Sub-Investment Adviser

Dreyfus has engaged its affiliate, Alcentra NY, LLC, to serve as the Fund’s sub-investment adviser. Certain personnel of Alcentra UK, an affiliate of Dreyfus and Alcentra, will be treated as “associated persons” of Alcentra under the Advisers Act, for purposes of providing investment advice, and will provide research and non-discretionary investment recommendations to Alcentra with respect to the Fund’s assets pursuant to a participating affiliate agreement between Alcentra and Alcentra UK. Alcentra UK also will provide certain trading and execution services with respect to the Fund’s investments, subject to the oversight of Alcentra.

The Alcentra Group’s U.S.-based investment advisory business, Alcentra NY, LLC, was created from the original acquisition of Imperial Credit Management, and grew through the acquisition of Hamilton Loan Asset Management, a leveraged loan asset manager, in July 2008 and BNY Mezzanine Partners, a specialist U.S. mezzanine loan manager. Alcentra UK is one of the largest European institutional below investment grade credit managers. Both Alcentra and Alcentra UK are subsidiaries of the Alcentra Group and BNY Mellon. As of June 30, 2017, the Alcentra Group’s aggregate assets under management were approximately $32.5 billion.

Pursuant to the Sub-Investment Advisory Agreement between Dreyfus and Alcentra, Alcentra is responsible for implementation of the Fund’s investment strategy and investment of the Fund’s assets on a day-to-day basis in accordance with the Fund’s investment objectives and policies. For services provided under the Sub-Investment Advisory Agreement, Dreyfus has agreed to pay from its Management Fee paid by the Fund a monthly sub-advisory fee to Alcentra computed at the annual rate of 0.425% of the average daily value of the Fund’s Managed Assets.

The basis for the Fund’s Board of Directors’ initial approval of the Sub-Investment Advisory Agreement will be provided in the Fund’s semi-annual report to Common Shareholders for the period ending February 28, 2018. The basis for subsequent continuations of this agreement will be provided in annual or semi-annual reports to Common Shareholders for the periods during which such continuations occur.

Portfolio Managers

The Fund’s primary portfolio managers are Chris Barris and Kevin Cronk, CFA. Each of the Fund’s primary portfolio managers has managed the Fund’s assets since inception.

Mr. Barris joined Alcentra in January 2013 as part of the combination of Alcentra with Standish Mellon Asset Management Company LLC’s high yield business, and is the Global Head of High Yield and Deputy Chief Investment Officer. He is responsible for managing all U.S. and global high yield portfolios, and has extensive experience managing a broad range of high yield bond strategies for both institutional and retail funds. Mr. Barris also is responsible for managing Alcentra’s multi-asset credit portfolios, including US and European bonds and loans, and has considerable experience in credit analysis with over 21 years of investment experience. Mr. Barris joined Standish Mellon Asset Management Company LLC, an affiliate of Dreyfus and Alcentra, in 2005, where he served as a Director and Senior Portfolio Manager for U.S. and global high yield investments.
Mr. Cronk joined Alcentra in January 2013 as part of the combination of Alcentra with Standish Mellon Asset Management Company LLC’s high yield business, and is the Head of U.S. Credit Research and a member of the U.S. Investment Committee. Mr. Cronk joined Standish Mellon Asset Management Company LLC, an affiliate of Dreyfus and Alcentra, in 2011 from Columbia Management, where he worked for eleven years as a High Yield Analyst and Portfolio Manager. Prior to that, he worked as a High Yield Investment Associate at Putnam Investments.

See “Management Arrangements—Portfolio Management” in the SAI for further information about the Fund’s portfolio managers’ compensation, other accounts managed by the portfolio managers and the portfolio managers’ ownership of securities in the Fund.

DETERMINATION OF NET ASSET VALUE

The net asset value per share of the Common Shares is determined as of the close of trading on the floor of the NYSE (normally 4:00 p.m., Eastern time) on each day the NYSE is open for regular business. For purposes of determining net asset value, certain options and futures contracts may be valued 15 minutes after the close of trading on the floor of the NYSE. To calculate net asset value, the Fund’s assets are valued and totaled, liabilities and the aggregate liquidation value of the outstanding Preferred Shares, if any, are subtracted, and the balance is divided by the total number of Common Shares then outstanding.

A majority of the Fund’s credit instruments, including syndicated loans and other debt securities, generally will be valued, to the extent possible, by one or more independent pricing services (the “Service”) approved by the Fund’s Board of Directors. When, in the judgment of the Service, quoted bid prices for investments are readily available and are representative of the bid side of the market, these investments are valued at the mean between the quoted bid prices (as obtained by the Service from dealers in such securities) and asked prices (as calculated by the Service based upon its evaluation of the market for such securities). The value of other credit instruments is determined by the Service based on methods which include consideration of: yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. The Service’s procedures are reviewed by the Fund officers under the general supervision of the Board of Directors. Overnight and certain other short-term debt securities and instruments (excluding Treasury bills) will be valued by the amortized cost method, which approximates value, unless a Service provides a valuation for such security or, in the opinion of the Board of Directors or a committee or other persons designated by the Fund’s Board of Directors, the amortized cost method would not represent fair value.

Market quotations of foreign securities in foreign currencies and any Fund assets or liabilities initially expressed in terms of foreign currency are translated into U.S. dollars at the spot rate, and foreign currency forward contracts are valued using the forward rate obtained from a Service approved by the Fund’s Board of Directors. If the Fund has to obtain prices as of the close of trading on various exchanges throughout the world, the calculation of the Fund’s net asset value may not take place contemporaneously with the determination of prices of certain of the Fund’s portfolio securities. Fair value of foreign equity securities may be determined with the assistance of a Service using correlations between the movement of prices of foreign securities and indices of domestic securities and other appropriate indicators, such as closing market prices of relevant depositary receipts and futures contracts. The valuation of a security based on this fair value process may differ from the security’s most recent closing price and from the prices used by other registered investment companies to calculate their net asset values. Foreign securities held by the Fund may trade on days that the Fund is not open for business.

Generally, OTC options and total return and credit default swap agreements, and options thereon, will be valued by the Service. Equity-linked instruments will be valued by the Service based on the value of the underlying reference asset(s). Futures contracts will be valued at the most recent settlement price. Restricted securities, as well as securities or other assets for which recent market quotations or official closing prices are not readily available or are determined by the Fund not to reflect accurately fair value (such as when the value of a security has been materially affected by events occurring after the close of the
exchange or market on which the security is principally traded (for example, a foreign exchange or market) but before the Fund calculates its net asset value), or which are not valued by the Service, are valued at fair value as determined in good faith based on procedures approved by the Board. Fair value of investments may be determined by the Board of Directors or its pricing committee or the Fund’s valuation committee using such information as it deems appropriate. The factors that may be considered when fair valuing a security include fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the forces that influence the market in which the securities are purchased and sold, and public trading in similar securities of the issuer or comparable issuers. The valuation of a security based on fair value procedures may differ from the prices used by other registered investment companies to calculate their net asset values.

DIVIDENDS AND DISTRIBUTIONS

Commencing with the Fund's first dividend, the Fund intends to pay a regular monthly income dividend to Common Shareholders. The Fund's initial monthly distribution is expected to be declared approximately 30 to 45 days after the completion of this offering and paid approximately 45 to 60 days after the completion of this offering, depending on market conditions. The Fund reserves the right to change the frequency of its distributions. Until the Fund fully invests the proceeds of this offering in accordance with its investment objectives, policies and strategies, the Fund may earn interest income at a more modest rate. As a result, the Fund's distributions during this period may consist, in whole or in part, of a return of capital.

For the purpose of pursuing its investment objective of returning at least the Original NAV, the Fund intends to retain a limited portion of its net investment income beginning with its initial distribution and continuing until the final liquidating distribution. The Fund also may retain a portion of its short-term capital gains and all or a portion of its long-term capital gains. The extent to which the Fund retains income or capital gains, and the cumulative amount so retained, will depend on, among other things, prevailing market conditions, portfolio turnover and reinvestment and overall performance of the credit instruments held by the Fund. Adjustments to the amounts of income retained and the resulting distribution rate will take into account, among other factors, the then-current projections of the Fund's net asset value on the Termination Date in the absence of income retention. The Fund anticipates that the possibility of some credit losses combined with the potential for declines in income over the term of the Fund, as the duration and weighted average maturity of the portfolio shorten, will likely result in successive reductions in distributions over the approximate seven-year term of the Fund. The timing and amounts of these reductions cannot be predicted.

While the amounts retained would be included in the final liquidating distribution of the Fund, the Fund's distribution rate over the term of the Fund will be lower, and possibly significantly lower, than if the Fund distributed substantially all of its net investment income and gains in each year. To the extent that the market price of Common Shares over time is influenced by the Fund's distribution rate, the reduction of the Fund's monthly distribution rate because of the retention of income is expected to negatively impact the market price of the Common Shares. Any such negative effect on the market price of the Common Shares may not be offset even though the Fund's net asset value would be higher as a result of retaining income. In the event that the Fund elects to distribute all of its net investment income or gains (if any) in each year, rather than retaining such income or gains, there is an increased risk to Common Shareholders that the final liquidating distribution may be less than Original NAV.

The Fund will continue to distribute at least the percentage of its net investment income and any gains necessary to maintain its qualification for treatment as a regulated investment company for U.S. federal income tax purposes, which may require the Fund to retain less income and gains than it otherwise would as described above.

As explained more fully below in “Certain Material U.S. Federal Income Tax Consequences,” at least annually, the Fund may elect to retain rather than distribute all or a portion of any net capital gain (which is the excess of net long-term capital gain over net short-term capital loss) otherwise allocable to Common
Shareholders and pay U.S. federal income tax on the retained gain. As provided under federal income tax law, Common Shareholders of record as of the end of the Fund’s taxable year will include their attributable share of the retained gain in their income for the year as long-term capital gain, and will be entitled to a U.S. federal income tax credit for the U.S. federal income tax deemed paid on their behalf by the Fund. Under the Fund’s distribution policy (but not for U.S. federal income tax purposes), the Fund may treat the cash value of tax credit amounts in connection with retained capital gains as a substitute for equivalent cash distributions.

Dividend Reinvestment Plan

The Fund’s Dividend Reinvestment Plan (the “Plan”) is commonly referred to as an “opt-out” plan. Each Common Shareholder who participates in the Plan will have all distributions of dividends and capital gains automatically reinvested in additional Common Shares by Computershare Trust Company, N.A. as agent (the “Plan Agent”). Common Shareholders who elect not to participate in the Plan will receive all distributions in cash, which will be paid by check and mailed directly to the shareholder of record (or if the shares are held in street or other nominee name, then to the nominee) by the Plan Agent, as dividend disbursing agent. Common Shareholders whose shares are held in the name of a broker or nominee should contact the broker or nominee to determine whether and how they may participate in the Plan. The Plan Agent serves as agent for the Common Shareholders in administering the Plan. After the Fund declares a dividend or makes a capital gain distribution, the Plan Agent will, as agent for the shareholders, either (i) receive the cash payment and use it to buy Common Shares in the open market, on the NYSE or elsewhere, for the participants’ accounts or (ii) distribute newly issued Common Shares of the Fund on behalf of the participants. The Plan Agent will receive cash from the Fund with which to buy Common Shares in the open market if, on the distribution payment date, the net asset value per share exceeds the market price per Common Share plus estimated brokerage commissions on that date. The Plan Agent will receive the dividend or distribution in newly issued Common Shares of the Fund if, on the payment date, the market price per share plus estimated brokerage commissions equals or exceeds the net asset value per share of the Fund on that date. The number of shares to be issued will be computed at a per share rate equal to the greater of (i) the net asset value or (ii) 95% of the closing market price per Common Share on the payment date.

Participants in the Plan may withdraw from the Plan at any time upon written notice to the Plan Agent. Such withdrawal will be effective immediately if received not less than ten days prior to a distribution record date; otherwise, it will be effective for all subsequent distributions. When a participant withdraws from the Plan or the Plan is terminated, such participant will receive whole Common Shares in his or her account under the Plan and will receive a cash payment for any fraction of a Common Share credited to such account. If any participant elects to have the Plan Agent sell all or part of his or her Common Shares and remit the proceeds, the Plan Agent is authorized to deduct a $2.50 service charge plus $0.10 per share in brokerage commissions.

In the case of shareholders, such as banks, brokers or nominees, which hold Common Shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of Common Shares certified from time to time by the record shareholders as representing the total amount registered in the record shareholder’s name and held for the account of beneficial owners who are participants in the Plan.

The Plan Agent’s fees for the handling of reinvestment of dividends and other distributions will be paid by the Fund. Each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent’s open market purchases in connection with the reinvestment of distributions. There are no other charges to participants for reinvesting dividends or capital gain distributions. Purchases and/or sales are usually made through a broker affiliated with the Plan Agent.

The Fund reserves the right to amend or terminate the Plan as applied to any distribution paid subsequent to written notice of the change sent to all shareholders of the Fund at least 90 days before the record date for the dividend or distribution. The Plan also may be amended or terminated by the Plan Agent.
Agent by at least 90 days’ written notice to all shareholders of the Fund. All correspondence concerning the Plan should be directed to the Plan Agent by calling 1-800-522-6645, or writing to Computershare Trust Company, N.A., P.O. Box 50500, Louisville, KY 40233-5000.

The automatic reinvestment of dividends and other distributions will not relieve participants of any income tax that may be payable or required to be withheld on such dividends or distributions. See “Certain Material U.S. Federal Income Tax Consequences.”

**DESCRIPTION OF SHARES**

**Common Shares**

The Fund is authorized to issue 100,000,000 shares of common stock, $0.001 par value per share. The Fund’s Board of Directors, with the approval of a majority of the entire Board and without action by the Fund’s shareholders, may amend the Fund’s Charter to increase or decrease the total number of shares of stock of the Fund or the number of shares of any class that the Fund has authority to issue. The Common Shares have no preemptive, conversion, exchange, redemption or appraisal rights. Each share has equal voting, dividend, distribution and liquidation rights. The Common Shares outstanding are, and those offered hereby when issued will be, fully paid and nonassessable. Common Shareholders are entitled to one vote per share. All voting rights for the election of Directors are noncumulative, which means that the holders of more than 50% of the Common Shares can elect 100% of the Directors then nominated for election (assuming the Fund has not issued any Preferred Shares) if they choose to do so and, in such event, the holders of the remaining Common Shares will not be able to elect any Directors. Whenever Preferred Shares and Borrowings are outstanding, Common Shareholders will not be entitled to receive any distributions from the Fund unless all accrued dividends on the Preferred Shares and interest and principal payments on Borrowings have been paid, and unless the applicable asset coverage requirements under the 1940 Act would be satisfied after giving effect to the distribution. See “—Preferred Shares” below.

The Fund’s Common Shares have been approved for listing on the NYSE, subject to notice of issuance, under the ticker symbol “DCF.” Under the rules of the NYSE applicable to listed companies, the Fund will be required to hold an annual meeting of shareholders in each calendar year. The foregoing description and the description below under “Certain Provisions of the Charter and Bylaws” are subject to the provisions contained in the Fund’s Charter and Bylaws.

**Preferred Shares**

The Fund’s Charter authorizes the Fund’s Board of Directors, without approval of Common Shareholders, to classify any unissued Common Shares into Preferred Shares, par value $0.001 per share, in one or more classes or series, with rights as determined by the Fund’s Board of Directors. The Fund has no current intention to issue Preferred Shares. If the Fund’s Board of Directors determines to authorize such an offering, the terms of the Preferred Shares may be the same as, or different from, the terms described below, subject to applicable law and the Fund’s Charter.

**Limited Issuance of Preferred Shares and Borrowings.**

Under the 1940 Act, the Fund could issue Preferred Shares with an aggregate liquidation preference of up to one-half of the value of the Fund’s Managed Assets less liabilities other than Borrowings, measured immediately after issuance of the Preferred Shares. “Liquidation preference” means the original purchase price of the shares being liquidated plus any accrued and unpaid dividends. In addition, the Fund is not permitted to declare any cash dividend or other distribution on its Common Shares unless the liquidation preference of the Preferred Shares is less than one-half of the value of the Fund’s assets less liabilities other than Borrowings (determined after deducting the amount of such dividend or distribution) immediately after the distribution. Under the requirements of the 1940 Act, the Fund, immediately after any Borrowings, must have an asset coverage of at least 300%. With respect to such Borrowings, asset coverage means the ratio which the value of the assets of the Fund, less liabilities other than Borrowings, bears to the aggregate amount of such Borrowings represented by senior securities issued by the Fund.
Certain types of Borrowings may result in the Fund being subject to covenants in credit agreements relating to asset coverage or portfolio composition or otherwise. The Fund may purchase or redeem any Preferred Shares and/or reduce outstanding Borrowings if necessary to maintain required asset coverage.

In addition, the Fund may be subject to certain restrictions imposed by guidelines of one or more NRSROs which may issue ratings for Preferred Shares, if any, or commercial paper or notes issued by the Fund. Such restrictions may be more stringent than those imposed by the 1940 Act.

**Distribution Preference.** Any Preferred Shares would have complete priority over the Fund’s Common Shares.

**Liquidation Preference.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Fund, holders of Preferred Shares would be entitled to receive a preferential liquidating distribution (expected to equal the original purchase price per share plus accumulated and unpaid dividends thereon, whether or not earned or declared) before any distribution of assets is made to Common Shareholders.

**Voting Rights.** Preferred Shares are required to be voting shares and to have equal voting rights with Common Shares. Except as otherwise indicated in this prospectus or the SAI and except as otherwise required by applicable law, holders of Preferred Shares will vote together with Common Shareholders as a single class.

Holders of Preferred Shares, voting as a separate class, will be entitled to elect two of the Fund’s Directors. The remaining Directors will be elected by Common Shareholders and holders of Preferred Shares, voting together as a single class. In the unlikely event that two full years of accrued dividends are unpaid on the Preferred Shares, the holders of all outstanding Preferred Shares, voting as a separate class, will be entitled to elect a majority of the Fund’s Directors until all dividends in arrears have been paid or declared and set apart for payment. In order for the Fund to take certain actions or enter into certain transactions, a separate class vote of holders of Preferred Shares will be required, in addition to the combined single class vote of the holders of Preferred Shares and Common Shares.

**Redemption, Purchase and Sale of Preferred Shares.** The terms of the Preferred Shares may provide that they are redeemable at certain times, in whole or in part, at the original purchase price per share plus accumulated dividends. The terms may also state that the Fund may tender for or purchase Preferred Shares and resell any shares so tendered.

**CERTAIN PROVISIONS OF THE CHARTER AND BYLAWS**

The Fund has provisions in its Charter and Bylaws that could have the effect of limiting the ability of other entities or persons to acquire control of the Fund, to cause it to engage in certain transactions or to modify its structure. Commencing with the first annual meeting of shareholders, and if at such time the number of Directors shall be three (3) or more, the Board of Directors will be divided into three classes, having initial terms of one, two and three years, respectively. At the annual meeting of shareholders in each year thereafter, the term of one class will expire and Directors elected at such annual meeting will be elected to serve in that class for terms ending at the third annual meeting of shareholders following their election and until their successors are duly elected and qualify. This provision could delay for up to two years the replacement of a majority of the Board of Directors. A Director may be removed from office only for cause and only by a vote of the holders of at least 75% of the outstanding shares of the Fund entitled to vote on the matter.

The Fund’s Bylaws provide that with respect to any annual or special meeting of the Fund’s shareholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, the business must be specified in the notice of meeting, brought by or at the direction of the Board of Directors or brought by a shareholder of record both at the time of giving notice and at the time of the annual meeting, and who is entitled to vote at the meeting on each individual nominated for election to the Board or on such other business and who complied with
the advance notice procedures of the Bylaws, and it must be a proper subject under applicable law for
shareholder action. To be properly brought before a special meeting, the business must be specified in the
notice of meeting and it must be a proper subject under applicable law for shareholder action.

The affirmative vote of at least 75% of the entire Board of Directors is required to authorize the
conversion of the Fund from a closed-end to an open-end fund. Such conversion, or any amendment to the
Charter to effect such conversion, also requires the affirmative vote of the holders of at least 75% of the
votes entitled to be cast thereon by the Fund's shareholders unless it is approved by a vote of at least 75%
of the Continuing Directors (as defined below), in which event such conversion or amendment requires the
approval of the holders of a majority of the votes entitled to be cast thereon by the shareholders of the Fund.

A “Continuing Director” is any member of the Board of Directors of the Fund who (i) is not a person
or affiliate of a person who enters or proposes to enter into a Business Combination (as defined below) with
the Fund (an “Interested Party”) and (ii) who has been a member of the Board of Directors of the Fund for a
period of at least 12 months, or has been a member of the Board of Directors since the initial public offering
of the Common Shares, or is a successor of a Continuing Director who is unaffiliated with an Interested
Party and is recommended to succeed a Continuing Director by a majority of the Continuing Directors
then on the Board of Directors of the Fund. Any amendment to the Charter to change any of the provisions
described in this paragraph and the preceding paragraph must be approved by 75% of the entire Board of
Directors and approved by the affirmative vote of at least 75% of the votes entitled to be cast on the matter.

The affirmative vote of at least 75% of the entire Board of Directors and the holders of at least (i) 80%
of the votes entitled to be cast thereon by the shareholders of the Fund and (ii) in the case of a Business
Combination, 66 2/3% of the votes entitled to be cast thereon by the shareholders of the Fund other than
votes entitled to be cast by an Interested Party who is (or whose affiliate is) a party to a Business Combination
or an affiliate or associate of the Interested Party, are required to authorize any of the following transactions:

(i) any merger, consolidation or statutory share exchange of the Fund with or into any other entity;

(ii) any issuance or transfer by the Fund (in one or a series of transactions in any 12-month period)
of any securities of the Fund to any person or entity for cash, securities or other property (or combination
thereof) having an aggregate fair market value of $1,000,000 or more, excluding (a) issuances or transfers
of debt securities of the Fund, (b) sales of securities of the Fund in connection with a public offering,
(c) issuances of securities of the Fund pursuant to a dividend reinvestment plan adopted by the Fund,
(d) issuances of securities of the Fund upon the exercise of any stock subscription rights distributed by
the Fund and (e) portfolio transactions effected by the Fund in the ordinary course of business;

(iii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition by the Fund (in one or
a series of transactions in any 12 month period) to or with any person or entity of any assets of the Fund
having an aggregate fair market value of $1,000,000 or more except for portfolio transactions (including
pledges of portfolio securities in connection with Borrowings) effected by the Fund in the ordinary course
of its business (transactions within clauses (i) and (ii) and this clause (iii) above being known individually
as a “Business Combination”);

(iv) any voluntary liquidation or dissolution of the Fund or an amendment to the Charter to terminate
the Fund's existence; or

(v) any shareholder proposal as to specific investment decisions made or to be made with respect to
the Fund's assets as to which shareholder approval is required under federal or Maryland law.

However, the shareholder vote described above will not be required with respect to the foregoing
transactions (other than those set forth in (v) above) if they are approved by a vote of at least 75% of the
Continuing Directors. In that case, if Maryland law requires shareholder approval, the affirmative vote
of a majority of votes entitled to be cast thereon shall be required, and if Maryland law does not require
shareholder approval, no shareholder approval will be required. The Fund’s Bylaws contain provisions
the effect of which is to prevent matters, including nominations of Directors, from being considered at an
annual meeting of shareholders where the Fund has not received notice of the matters generally no earlier than the 150th day nor later than 5:00 p.m., Eastern time, on the 120th day prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting.

The Board of Directors has determined that the foregoing voting requirements, which are generally greater than the minimum requirements under Maryland law and the 1940 Act, are in the best interest of the Fund's shareholders generally.

Reference is made to the Charter and Bylaws of the Fund, on file with the SEC, for the full text of these provisions. These provisions could have the effect of discouraging a third party from seeking to obtain control of the Fund in a tender offer or similar transaction. On the other hand, these provisions may require persons seeking control of a Fund to negotiate with its management regarding the price to be paid for the shares required to obtain such control, they promote continuity and stability and they enhance the Fund's ability to pursue long-term strategies that are consistent with its investment objective.

CLOSED-END STRUCTURE

The Fund is a diversified closed-end management investment company incorporated under the laws of the State of Maryland. Closed-end investment companies differ from open-end investment companies (open-end funds) in that closed-end investment companies generally list their shares for trading on a stock exchange and do not redeem their shares at the request of the shareholder. This means that if you wish to sell your shares of a closed-end investment company you must trade them on the market like any other stock at the prevailing market price at that time. In an open-end fund, if the shareholder wishes to sell shares, the fund will redeem or buy back the shares at “net asset value.” Open-end funds generally offer new shares on a continuous basis to new investors, and closed-end investment companies generally do not. The continuous inflows and outflows of assets in an open-end fund can make it difficult to manage the fund's investments. By comparison, closed-end investment companies are generally able to stay fully invested in securities that are consistent with their investment objectives, and also have greater flexibility to make certain types of investments, and to use certain investment strategies, such as leverage and investments in illiquid securities.

Shares of closed-end investment companies frequently trade at a discount to their net asset value. See “Risks—General Risks of Investing in the Fund—Risk of Market Price Discount From Net Asset Value.” Because of this possibility and the recognition that any such discount may not be in the best interest of shareholders, the Fund's Board of Directors might consider from time to time engaging in open market repurchases, tender offers for shares at net asset value or other programs intended to reduce the discount. There is no guarantee or assurance, however, that the Fund's Board of Directors will decide to engage in any of these actions. Nor is there any guarantee or assurance that such actions, if undertaken, would result in shares trading at a price equal or close to net asset value per share. See “Repurchase of Common Shares.” The Fund's Board of Directors may, but is not required to, consider converting the Fund to an open-end fund, which would require a vote of the shareholders of the Fund.

SEVEN-YEAR TERM

The Fund's Charter provides that the Fund in ordinary circumstances will terminate on December 1, 2024. The Board of Directors may adopt a plan of termination and choose to commence the liquidation and termination of the Fund prior to this date. If the Fund's Board of Directors believes that under then-current market conditions it is in the best interests of the Fund to do so, the Fund may extend the Termination Date for up to six months (i.e., up to June 1, 2025) without a shareholder vote, upon the affirmative vote or consent of a majority of the entire Board of Directors and 75% of the Continuing Directors.

Depending upon a variety of factors, including the performance of the Fund's portfolio over the life of the Fund, and the amounts of income or gains retained by the Fund instead of being paid out as income dividends or capital gain distributions over the life of the Fund, and the amount of any taxes paid on those retained amounts, the amount distributed to Common Shareholders on the Termination
Date may be less, and potentially substantially less, than the Original NAV or their original investment. Interest rates, including yields on below investment grade debt instruments, tend to vary with maturity. Securities with longer maturities tend to have higher yields than otherwise similar securities having shorter maturities. Because the Fund portfolio’s average expected maturity is generally expected to shorten as the Fund approaches its Termination Date, ultimately approaching zero, Common Shareholders can expect that the average portfolio yield will also fall over time, especially as the Fund approaches the Termination Date. Consequently, the Fund’s Common Share dividend rate may need to be reduced over time (i) as the yield on portfolio holdings declines as they are sold and either not replaced or replaced by lower-yielding securities as the portfolio is liquidated prior to and in anticipation of the Termination Date and (ii) as potentially increasing portions of net earnings of the Fund may be retained by the Fund and not distributed as a means of pursuing its objective of returning at least the Original NAV on or about the Termination Date.

Upon its termination, the Fund will distribute substantially all of its net assets to Common Shareholders, after paying or otherwise providing for all charges, taxes, expenses and liabilities, whether due or accrued or anticipated, of the Fund, as may be determined by the Directors. The Fund retains broad flexibility to liquidate its portfolio, wind-down its business and make liquidating distributions to Common Shareholders in a manner and on a schedule it believes will best contribute to the achievement of its investment objectives. As a result, the Fund’s distributions during the wind-down period may decrease, and such distributions may include a return of capital.

It is expected that Common Shareholders will receive cash in any liquidating distribution from the Fund, regardless of their participation in the Fund’s Dividend Reinvestment Plan. However, if on the Termination Date the Fund owns securities for which no market exists or securities trading at depressed prices, such securities may be placed in a liquidating trust. Common Shareholders generally will realize capital gain or loss upon the termination of the Fund in an amount equal to the difference between the amount of cash or other property received by the Common Shareholder (including any property deemed received by reason of its being placed in a liquidating trust) and the Common Shareholder’s adjusted tax basis in shares of the Fund for U.S. federal income tax purposes. Although an investment objective of the Fund is to return at least the Original NAV to shareholders, the final distribution of net assets upon termination may be more than, equal to or less than the Original NAV. Unless the Fund’s term is altered by the Fund’s Board of Directors or the Common Shareholders, as described in the preceding paragraph, the Fund currently expects to complete its final distribution on or about the Termination Date, but the liquidation process could be extended depending on market conditions at that time.

Prior to the Termination Date, the Board of Directors will consider whether it is in the best interests of the Fund to terminate and liquidate the Fund. If the Board of Directors determines that, under the circumstances, termination and liquidation of the Fund on the Termination Date would not be in the best interests of the Fund, the Board of Directors, upon the affirmative vote or consent of the majority of the entire Board of Directors and 75% of the Continuing Directors, will present an appropriate amendment to the Fund’s Charter at a regular or special meeting of shareholders. An amendment to the limited term provision of the Charter, including any amendment beyond the permitted six-month extension period, requires approval of a majority of the then-current Directors, 75% of the Continuing Directors and an affirmative vote of at least 75% of the votes entitled to be cast on the matter.

The Fund should not be confused with a so-called “target date” or “life cycle” fund whose asset allocation becomes more conservative over time as the Fund’s target date approaches (often associated with retirement) and does not typically terminate upon the target date.
REPURCHASE OF COMMON SHARES

Although Common Shareholders will not have the right to redeem their Common Shares, the Fund may take action to repurchase its Common Shares in the open market or make tender offers for its Common Shares at net asset value. During the pendency of any tender offer, the Fund will publish how Common Shareholders may ascertain the Fund’s net asset value. Repurchase of the Common Shares may have the effect of reducing any market discount to net asset value.

There is no assurance that, if action is undertaken to repurchase or tender for Common Shares, such action will result in the Fund’s Common Shares trading at a price which approximates their net asset value. Although share repurchases and tenders could have a favorable effect on the market price of the shares, you should be aware that the acquisition of Common Shares by the Fund will decrease the total assets of the Fund and, therefore, have the effect of increasing the Fund’s expense ratio and may adversely affect the ability of the Fund to achieve its investment objectives. To the extent the Fund may need to liquidate investments to fund repurchases of its Common Shares, this may result in higher portfolio turnover, which results in increased Fund expenses. The Fund’s Board of Directors currently considers the following factors to be relevant to a potential decision to repurchase Common Shares: the extent and duration of the discount, the liquidity of the Fund’s portfolio, the impact of any action on the Fund or its shareholders and market considerations. Any Common Share repurchases or tender offers will be made in accordance with the requirements of the Securities Exchange Act of 1934, as amended, and the 1940 Act. See “Certain Material U.S. Federal Income Tax Consequences” for a description of the potential tax consequences of a share repurchase.

CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a general summary of certain material U.S. federal income tax considerations applicable to the Fund and the Common Shareholders, including the Fund’s qualification and taxation as a RIC for U.S. federal income tax purposes. This discussion does not purport to be a complete description of all of the tax considerations relating thereto. In particular, the Fund has not described certain considerations that may be relevant to certain types of Common Shareholders subject to special treatment under U.S. federal income tax laws, including Common Shareholders subject to the alternative minimum tax, insurance companies, dealers in securities, traders in securities that elect to use a mark-to-market method of accounting for securities holdings, pension plans and trusts, real estate investment trusts, regulated investment companies, tax exempt organizations, financial institutions, persons who hold Common Shares as part of a straddle or a hedging or conversion transaction, and U.S. shareholders (as defined below) whose functional currency is not the U.S. dollar. This discussion assumes that Common Shareholders hold Common Shares as capital assets (within the meaning of the Code). This discussion is based upon the Code, its legislative history, U.S. Treasury regulations (including temporary and proposed regulations), published rulings and court decisions, each as of the date of this prospectus and all of which are subject to change, possibly with retroactive effect, which could affect the continuing accuracy of this discussion. The Fund has not sought and will not seek any ruling from the Internal Revenue Service (the “IRS”) regarding the offering of its Common Shares pursuant to this prospectus or the statement of additional information. This discussion does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax.

A “U.S. shareholder” is a beneficial owner of Common Shares that is for U.S. federal income tax purposes:

• a citizen or individual resident of the United States;
• a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
• a trust, if a court within the United States has primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or
• an estate, the income of which is subject to U.S. federal income taxation regardless of its source.

A “non-U.S. shareholder” is a beneficial owner of Common Shares that is neither a U.S. shareholder nor an entity treated as a partnership for U.S. federal income tax purposes.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds Common Shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Prospective beneficial owners of Common Shares that are partnerships or partners in such partnerships should consult their own tax advisers with respect to the purchase, ownership and disposition of Common Shares.

Tax matters are very complicated and the tax consequences to Common Shareholders will depend on the facts of their particular situation. Common Shareholders are encouraged to consult their own tax advisers regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of U.S. federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

**Taxation of the Fund**

**RIC Qualification Requirements**

The Fund will elect to be treated as, and intends to continue to qualify in each taxable year as, a RIC under Subchapter M of the Code, and the remainder of this discussion so assumes. If the Fund qualifies as a RIC and satisfies certain annual distribution requirements, described below, then the Fund generally will not be subject to U.S. federal income tax on the portion of its investment company taxable income and net capital gain (generally, net long-term capital gain in excess of net short-term capital loss) that it timely distributes (or is deemed to distribute) to Common Shareholders. The Fund will be subject to U.S. federal income tax at the regular corporate rates on any income or capital gain not distributed (or deemed distributed) to Common Shareholders.

The Fund will be subject to a 4% nondeductible U.S. federal excise tax on certain undistributed income unless it distributes in a timely manner an amount at least equal to the sum of (1) 98% of its ordinary income for each calendar year, (2) 98.2% of its capital gain net income for the one-year period ending October 31 in that calendar year and (3) any income recognized, but not distributed, in preceding years (collectively, the “Excise Tax Requirement”).

To qualify as a RIC for U.S. federal income tax purposes, the Fund generally must, among other things, meet the following tests:

**90% Income Test**

• derive in each taxable year at least 90% of its gross income from (a) dividends, interest, payments with respect to certain securities loans, gains from the sale of stock, foreign currencies, other securities or other income derived with respect to its business of investing in such stock, securities or currencies, or (b) net income derived from an interest in a “qualified publicly traded partnership,” or “QPTP”; and

**Diversification Test**

• diversify its holdings so that at the end of each quarter of the taxable year:

• at least 50% of the value of its assets consists of cash, cash equivalents, U.S. Government securities, securities of other RICs and other securities that, with respect to any issuer, do not represent more than 5% of the value of its assets or more than 10% of the outstanding voting securities of that issuer; and
• no more than 25% of the value of its assets is invested in the securities, other than U.S. 
  Government securities or securities of other RICs, of (i) one issuer, (ii) two or more issuers that 
  are controlled, as determined under applicable tax rules, by the Fund and that are engaged in the 
  same or similar or related trades or businesses or (iii) securities of one or more QPTPs

Annual Distribution Test
• distribute with respect to each taxable year at least 90% of the sum of its investment company 
  taxable income (determined without regard to the dividends paid deduction) and net tax exempt 
  interest income, if any, for such year.

In general, for purposes of the 90% Income Test described above, income derived from a partnership 
will be treated as qualifying income only to the extent such income is attributable to items of income of the 
partnership that would be qualifying income if realized by a RIC. However, as noted above, 100% of the 
net income derived from an interest in a QPTP (generally a publicly traded partnership that is eligible to 
be treated as a partnership under the Code, other than a publicly traded partnership that derives 90% of its 
income from the sources described in clause (a) of the 90% Income Test) is qualifying income for purposes 
of the 90% Income Test. Although income from a QPTP is qualifying income for purposes of the 90% 
Income Test, investment in QPTPs cannot exceed 25% of a fund’s assets.

The Fund may be required to recognize taxable income in circumstances in which it does not 
receive cash, such as income from hedging arrangements, certain foreign currency transactions, or debt 
instrumets subject to the original issue discount (“OID”) rules. For example, if the Fund holds debt 
obligations that are treated under applicable tax rules as having OID (such as debt instruments with 
PIK interest or, in certain cases, that have increasing interest rates or that are issued with warrants), the 
Fund must include in income each year a portion of the OID that accrues over the life of the obligation, 
regardless of whether cash representing such income is received by the Fund in the same taxable year. 
Because any OID or other amounts accrued will be included in the Fund's investment company taxable 
income for the year of accrual, the Fund may be required to make a distribution to Common Shareholders 
in order to satisfy the Annual Distribution Requirement and/or the Excise Tax Requirement, even though it 
will not have received any corresponding cash in respect of the underlying investment.

The Fund’s functional currency is the U.S. dollar for U.S. federal income tax purposes. Gains or losses 
attributable to fluctuations in exchange rates between the time the Fund accrues income, expenses or other 
liabilities denominated in a currency other than the U.S. dollar and the time the Fund actually collects such 
income or pays such expenses or liabilities may be treated as ordinary income or loss. Similarly, gains or 
losses on foreign currency forward contracts, the disposition of debt denominated in a foreign currency 
and other financial transactions denominated in foreign currency, to the extent attributable to fluctuations 
in exchange rates between the acquisition and disposition dates, may also be treated as ordinary income 
or loss.

If the Fund fails to satisfy the 90% Income Test or the Diversification Tests in any taxable year, the 
Fund may be eligible for relief provisions if the failures are due to reasonable cause and not willful neglect 
and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. Additionally, 
relief is provided for certain de minimis failures of the Diversification Test where the Fund corrects the 
failure within a specified period. If the applicable relief provisions are not available or cannot be met, all of 
the Fund’s income would be subject to corporate-level income tax. The Fund cannot provide assurance that 
it would qualify for any such relief should it fail the 90% Income Test or the Diversification Test.

If the Fund fails to satisfy the Annual Distribution Test or otherwise fails to qualify as a RIC in any 
taxable year, and is not eligible for relief as described above, the Fund will be subject to tax in that year on 
all of its taxable income, regardless of whether the Fund makes any distributions to Common Shareholders. 
In that case, all of the Fund’s income will be subject to corporate-level income tax, reducing the amount 
available to be distributed to Common Shareholders, and Common Shareholders would no longer be 
eligible for the benefits related to the Fund’s treatment as a RIC, for example the benefits of the interest 
related dividends rules. See the section titled “Taxation of U.S. Shareholders.”
**Capital Loss Carryforwards**

The Fund is permitted to carry forward a net capital loss to offset capital gain indefinitely. The excess of the Fund’s net short-term capital loss over its net long-term capital gain is treated as a short-term capital loss arising on the first day of its next taxable year and the excess of the Fund’s net long-term capital loss over its net short-term capital gain is treated as a long-term capital loss arising on the first day of the Fund’s next taxable year. If future capital gain is offset by carried-forward capital losses, such future capital gain is not subject to Fund-level U.S. federal income tax, regardless of whether distributed to Common Shareholders. A RIC cannot carry back or carry forward any net operating losses.

Although in general the passive loss rules of the Code do not apply to RICs, such rules do apply to a RIC with respect to items attributable to an interest in a QPTP. The Fund’s investments in partnerships, including in QPTPs, may result in the Fund being subject to state, local or foreign income, franchise or withholding tax liabilities.

**Taxation of U.S. Shareholders**

This section is applicable to Common Shareholders that are U.S. shareholders. If you are a non-U.S. shareholder, this section does not apply to you; please see the section titled “Taxation of Non-U.S. Shareholders.”

**Fund Distributions**

Distributions by the Fund generally are taxable to U.S. shareholders as ordinary income or long-term capital gain. Distributions of the Fund’s investment company taxable income (which is, generally, its U.S. federal taxable income excluding net capital gain subject to certain statutory adjustments) will be taxable as ordinary income to U.S. shareholders to the extent of the Fund’s current and accumulated earnings and profits, whether paid in cash or reinvested in additional Common Shares. Distributions of the Fund’s net capital gain (which generally is the excess of the Fund’s net long-term capital gain over its net short-term capital loss) properly reported by the Fund as “capital gain dividends” will be taxable to U.S. shareholders as long-term capital gains (which, under current law, are taxed at preferential rates in the case of individuals, trusts or estates). This is true regardless of U.S. shareholders’ holding periods for their Common Shares and regardless of whether the dividend is paid in cash or reinvested in additional Common Shares. Distributions in excess of the Fund’s earnings and profits first will reduce a U.S. shareholder’s adjusted tax basis in such shareholder’s Common Shares and, after the adjusted tax basis is reduced to zero, will constitute capital gain to such U.S. shareholder.

Although the Fund currently intends to distribute any of its net capital gain for each taxable year on a timely basis, the Fund may in the future decide to retain some or all of its net capital gain, and may designate the retained amount as a “deemed distribution.” In that case, among other consequences, the Fund will pay tax on the retained amount, each U.S. shareholder will be required to include such shareholder’s share of the deemed distribution in income as if it had been actually distributed to the U.S. shareholder, and the U.S. shareholder will be entitled to claim a credit equal to such shareholder’s allocable share of the tax paid thereon by the Fund. The amount of the deemed distribution net of such tax will be added to the U.S. shareholder’s adjusted tax basis for such shareholder’s Common Shares or Preferred Shares, if any.

In general, dividends (other than capital gain dividends) paid by the Fund to U.S. individual shareholders may be eligible for preferential tax rates applicable to long-term capital gain to the extent that the Fund’s income consists of dividends paid by U.S. corporations and certain “qualified foreign corporations” on shares that have been held by the Fund for at least 61 days during the 121-day period commencing 60 days before the shares become ex-dividend. Dividends paid on shares held by the Fund will not be taken into account in determining the applicability of the preferential maximum tax rate to the extent that the Fund is under an obligation (pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property. Dividends paid by REITs are not generally eligible for the preferential maximum tax rate. Further, a “qualified foreign corporation”
does not include any foreign corporation, which for its taxable year in which its dividend was paid, or the
preceding taxable year, is a passive foreign investment company (“PFIC,” discussed below). In order to be
eligible for the preferential rate, the U.S. shareholder must have held his or her Common Shares for at least
61 days during the 121-day period commencing 60 days before the Fund Common Shares become ex-
dividend. Additional restrictions on a U.S. shareholder’s qualification for the preferential rate may apply.

In general, dividends (other than capital gain dividends) paid by the Fund to U.S. Shareholders that
are taxable In general, dividends (other than capital gain dividends) paid by the Fund to U.S. shareholders
that are taxable as corporations for U.S. federal income tax purposes may be eligible for the dividends
received deduction to the extent that the Fund's income consists of dividends paid by U.S. corporations
(other than REITs) on shares that have been held by the Fund for at least 46 days during the 91-day period
commencing 45 days before the shares become ex-dividend. Dividends paid on shares held by the Fund
generally will not be taken into account for this purpose to the extent the stock on which the dividend is
paid is considered to be “debt-financed” (generally, acquired with borrowed funds), or to the extent that the
Fund is under an obligation (pursuant to a short sale or otherwise) to make related payments with respect
to positions in substantially similar or related property. Moreover, the dividend received deduction may
be disallowed or reduced if the corporate U.S. shareholder fails to satisfy the foregoing holding period and
other requirements with respect to its Common Shares of the Fund or by application of the Code.

An additional 3.8% surtax is imposed on certain net investment income (including ordinary dividends
and capital gain distributions received from a RIC and net gains from redemptions or other taxable
dispositions of RIC shares) of U.S. individuals, estates and trusts. The tax applies to the lesser of (i) such
net investment income (or, in the case of an estate or trust, its undistributed net investment income), and
(ii) the excess, if any, of such person’s “modified adjusted gross income” (or, in the case of an estate or trust,
its “adjusted gross income”) over a threshold amount. Legislation currently passed by the U.S. House of
Representatives and pending before the U.S. Senate would repeal this surtax in its entirety, but, as of the
date of this prospectus, it is not known whether or when this legislation might be enacted into law.

Sale of Common Shares

A U.S. shareholder generally will recognize taxable gain or loss if the U.S. shareholder sells or
otherwise disposes of such shareholder’s Common Shares. The amount of gain or loss will be measured
by the difference between such U.S. shareholder’s adjusted tax basis in the Common Shares sold and the
amount of the proceeds received in exchange. Any gain arising from such sale or disposition generally
will be treated as long-term capital gain or loss if the U.S. shareholder has held such Common Shares
for more than one year. Otherwise, such gain or loss will be classified as short-term capital gain or loss.
However, any capital loss arising from the sale or disposition of Common Shares held for six months or
less will be treated as long-term capital loss to the extent of the amount of capital gain dividends received,
or undistributed capital gain deemed received, with respect to such Common Shares. In addition, all or a
portion of any loss recognized upon a disposition of Common Shares may be disallowed if substantially
identical stock or securities are purchased (whether through reinvestment of distributions or otherwise)
within 30 days before or after the disposition.

The repurchase of Common Shares by the Fund generally will be a taxable transaction for U.S.
federal income tax purposes, either as a sale or exchange or, under certain circumstances, as a dividend.
A repurchase of Common Shares generally will be treated as a sale or exchange if the receipt of cash
by the shareholder results in a “complete redemption” of the U.S. shareholder’s interest in the Fund
or is “substantially disproportionate” or “not essentially equivalent to a dividend” with respect to the
shareholder. In determining whether any of these tests have been met, Common Shares actually owned
and Common Shares considered to be owned by the U.S. shareholder by reason of certain constructive
ownership rules generally must be taken into account. If any of the tests for sale or exchange treatment
is met, a U.S. shareholder generally will recognize capital gain or loss (which will be treated in the same
manner as described above) equal to the difference between the amount of cash received by the U.S.
Shareholder and the adjusted tax basis of the Common Shares repurchased.
If none of the tests for sale or exchange treatment is met, the amount received by a U.S. shareholder on a repurchase of Common Shares by the Fund will be taxable to the U.S. shareholder as a dividend to the extent of such U.S. shareholder's allocable share of the Fund's current and accumulated earnings and profits. The excess of such amount received over the portion that is taxable as a dividend would constitute a non-taxable return of capital (to the extent of the U.S. shareholder's adjusted tax basis in the Common Shares sold), and any amount in excess of the U.S. shareholder's adjusted tax basis would constitute taxable capital gain. Any remaining tax basis in the Common Shares repurchased by the Fund will be transferred to any remaining Common Shares held by such U.S. shareholder. In addition, if a repurchase of Common Shares is treated as a dividend to the tendering U.S. shareholder, a constructive dividend may result to a non-tendering U.S. shareholder whose proportionate interest in the earnings and assets of the Fund has been increased by such repurchase.

**Taxation of Non-U.S. Shareholders**

This section applies to non-U.S. shareholders. If you are not a non-U.S. shareholder it does not apply to you.

Distributions of the Fund's investment company taxable income to non-U.S. shareholders generally will be subject to U.S. withholding tax (unless lowered or eliminated by an applicable income tax treaty) to the extent payable from the Fund's current and accumulated earnings and profits unless an exception applies. A RIC that traces the source of interest related dividends may, in certain circumstances, pay such dividends without withholding. However, the Fund may not be able to obtain the information necessary to employ tracing and, therefore, non-U.S. shareholders may not be able to avoid withholding in this circumstance.

If a non-U.S. shareholder receives distributions and such distributions are effectively connected with a U.S. trade or business of the non-U.S. shareholder and, if an income tax treaty applies, attributable to a permanent establishment in the United States of such non-U.S. shareholder, such distributions generally will be subject to U.S. federal income tax at the rates applicable to U.S. persons. In that case, the Fund will not be required to withhold U.S. federal income tax if the non-U.S. shareholder complies with applicable certification and disclosure requirements. Special certification requirements apply to a non-U.S. shareholder that is a foreign trust and such entities are urged to consult their own tax advisors.

Actual or deemed distributions of the Fund's net capital gain (which generally is the excess of the Fund's net long-term capital gain over the Fund's net short-term capital loss) to a non-U.S. shareholder, and gains recognized by a non-U.S. shareholder upon the sale of Common Shares, will not be subject to withholding of U.S. federal income tax and generally will not be subject to U.S. federal income tax unless (a) the distributions or gains, as the case may be, are effectively connected with a U.S. trade or business of the non-U.S. shareholder and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the non-U.S. shareholder in the United States (as discussed above) or (b) the non-U.S. shareholder is an individual, has been present in the United States for 183 days or more during the taxable year, and certain other conditions are satisfied. For a corporate non-U.S. shareholder, distributions (both actual and deemed), and gains recognized upon the sale of the Common Shares that are effectively connected with a U.S. trade or business may, under certain circumstances, be subject to an additional “branch profits tax” (unless lowered or eliminated by an applicable income tax treaty). Non-U.S. shareholders are encouraged to consult their own advisors as to the applicability of an income tax treaty in their individual circumstances.

If the Fund distributes its net capital gain in the form of deemed rather than actual distributions (which the Fund may do in the future), a non-U.S. shareholder will be entitled to a U.S. federal income tax credit or tax refund equal to the non-U.S. shareholder's allocable share of the tax the Fund pays on the capital gain deemed to have been distributed. In order to obtain the refund, the non-U.S. shareholder must obtain a U.S. taxpayer identification number (if one has not been previously obtained) and timely file a U.S. federal income tax return even if the non-U.S. shareholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a U.S. federal income tax return.
The Fund has the ability to make certain distributions of securities in kind. As long as a portion of such dividend is paid in cash (which portion could be as low as 20%) and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes. As a result, non-U.S. shareholders will be taxed on 100% of the fair market value of the dividend on the date the dividend is received in the same manner as a cash dividend (including the application of withholding tax rules described above), even though most of the dividend was paid in securities. In such a circumstance, the Fund may be required to withhold all or substantially all of the cash it would otherwise distribute to a non-U.S. shareholder. In general, any dividend on the Common Shares will be taxable as a dividend, regardless of whether any portion is paid in securities.

A non-U.S. shareholder who is otherwise subject to withholding of U.S. federal income tax may be subject to information reporting and backup withholding of U.S. federal income tax on dividends unless the non-U.S. shareholder provides the Fund or the dividend paying agent with an IRS Form W-8BEN or W-8BEN-E (or an acceptable substitute form) or otherwise meets documentary evidence requirements for establishing that it is a non-U.S. shareholder or otherwise establishes an exemption from backup withholding.

Pursuant to Sections 1471 to 1474 of the Code and the U.S. Treasury regulations thereunder, the relevant withholding agent generally will be required to withhold 30% of any dividends paid on the Common Shares and, after December 31, 2018, 30% of the gross proceeds from a sale of the Common Shares to (i) a foreign financial institution unless such foreign financial institution agrees to verify, report and disclose its U.S. account holders and meets certain other specified requirements or (ii) a non-financial foreign entity that is the beneficial owner of the payment unless such entity certifies that it does not have any substantial U.S. owners or provides the name, address and taxpayer identification number of each substantial U.S. owner and such entity meets certain other specified requirements. If payment of this withholding tax is made, non-U.S. shareholders that are otherwise eligible for an exemption from, or reduction of, U.S. federal withholding taxes with respect to such dividends or proceeds will be required to seek a credit or refund from the IRS to obtain the benefit of such exemption or reduction. In certain cases, the relevant foreign financial institution or non-financial foreign entity may qualify for an exemption from, or be deemed to be in compliance with, these rules. Certain jurisdictions have entered into agreements with the United States that may supplement or modify these rules.

PFICs

The Fund may purchase shares in a “passive foreign investment company” (a “PFIC”) and, as such, may be subject to U.S. federal income tax on a portion of any “excess distribution” or gain from the disposition of such shares, even if such income is distributed as a taxable dividend by the Fund to Common Shareholders. Additional charges in the nature of interest may be imposed on the Fund in respect of deferred taxes arising from such distributions or gains. If the Fund invests in a PFIC and elects to treat the PFIC as a “qualified electing fund” under the Code (a “QEF”), in lieu of the foregoing requirements, the Fund will be required to include in income each year a portion of the ordinary earnings and net capital gain of the QEF, even if such income is not distributed to the Fund. The Fund’s ability to make this election will depend on factors beyond its control. Alternatively, the Fund may elect to mark-to-market at the end of each taxable year its shares in such PFIC; in this case, the Fund will recognize as ordinary income any increase in the value of such shares, and as ordinary loss any decrease in such value to the extent it does not exceed prior increases included in income. The benefit of these elections may be limited. Under either election, the Fund may be required to recognize in any year income in excess of its distributions from PFICs and its proceeds from dispositions of PFIC stock during that year, and such income will nevertheless be subject to the Annual Distribution Requirement, will be taken into account for purposes of determining whether the Fund satisfies the Excise Tax Requirement, and under recently proposed regulations, generally will not be treated as qualifying income for purposes of the 90% Income Test to the extent not currently distributed by the PFIC to the Fund.
Taxation of Certain Fund Investments

Investments in debt obligations that are at risk of or are in default present special tax issues for the Fund. Tax rules are not entirely clear on the treatment of such debt obligations, including as to whether and to what extent the Fund should recognize market discount on such a debt obligation, when the Fund may cease to accrue interest, OID or market discount, when and to what extent the Fund may take deductions for bad debts or worthless securities and how the Fund shall allocate payments received on obligations in default between principal and interest.

The Fund may invest in options, futures contracts, forward contracts, swaps and derivatives, as well as other hedging or similar transactions, which may be subject to one or more special tax rules (including notional principal contract, constructive sale, straddle, wash sale, short sale and other rules), the effect of which may be to accelerate income to the Fund (including, potentially, without a corresponding receipt of cash with which to make required distributions), defer Fund losses, cause adjustments in the holding periods of Fund securities, convert capital gains into ordinary income, convert long-term capital gains into short-term capital gains and convert short-term capital losses into long-term capital losses. These investments likely will not be exempt from regular federal income tax and these rules could therefore affect the amount, timing and character of distributions to shareholders of the Fund. In addition, because the tax rules applicable to derivative financial instruments are in some cases uncertain under current law, an adverse determination or future guidance by the IRS with respect to these rules (which determination or guidance could be retroactive) may affect whether the Fund has made sufficient distributions, and otherwise satisfied the applicable requirements, to maintain its qualification as a RIC and avoid fund-level taxation. In certain circumstances, the Fund may be required to purchase or sell securities, or otherwise change its portfolio, in order to comply with the tax rules applicable to RICs under the Code.

Some of the options and other strategies employed by the Fund may be deemed to reduce risk to the Fund by substantially diminishing its risk of loss in offsetting positions in substantially similar or related property, thereby giving rise to “straddles” under the U.S. Federal income tax rules. The straddle rules require the Fund to defer certain losses on positions within a straddle and to terminate the holding period for shares that become part of a straddle before the long-term capital gains period has been reached. In other words, the Fund will not be respected as having owned the shares for any time before the options lapse or are otherwise terminated. Some of the covered call options that are considered to offset substantially similar or related property will constitute “qualified covered call options” that are generally excepted from the straddle rules. As such, they generally will not trigger the loss deferral provisions of the straddle rules and the holding period for the substantially similar property will not be terminated. However, the holding period may be suspended in certain circumstances while the call options are outstanding. Further, an option on an index is not eligible for qualified covered call treatment. Because of the straddle rules and qualified covered call rules, at this time it is unclear the extent to which the gains from the sale of Fund portfolio securities underlying (or substantially similar to) call options will be treated as short-term capital gains and thus, insofar as not offset by short-term losses, taxable as ordinary income when distributed.

The tax treatment of the Fund’s options activity will vary based on the nature and the subject of the options. In general, option premiums are not immediately included in the income of the Fund when received. Instead, in the case of certain options (including options on single stocks, options on certain narrow-based indices and options not listed on certain exchanges), the premiums are recognized when the option contract expires, the option is exercised by the holder, or the Fund transfers or otherwise terminates the option. If an option written by the Fund with respect to individual stocks is exercised and the Fund sells or delivers the underlying stock, the Fund generally will recognize capital gain or loss equal to (a) the sum of the exercise price and the option premium received by the Fund minus (b) the Fund’s basis in the stock. Such gain or loss generally will be short-term or long-term depending upon the holding period of the underlying stock. The gain or loss with respect to any termination of the Fund’s obligation under such an
option other than through the exercise of the option and related sale or delivery of the underlying stock will be short-term gain or loss. Thus, if an option written by the Fund expires unexercised, the Fund generally will recognize short-term gain equal to the premium received.

Certain options that are listed on a qualified board of exchange ("listed options") written or purchased by the Fund (including options on futures contracts, broad-based equity indices and debt securities) as well as certain futures contracts will be governed by section 1256 of the Code ("section 1256 contracts"). Section 1256 contracts held by the Fund at the end of each taxable year (and, for purposes of the 4% excise tax (discussed below), on certain other dates as prescribed under the Code) are "marked-to-market" with the result that unrealized gains or losses are treated as though they were realized and the resulting gain or loss generally is treated as 60% long-term and 40% short-term capital gains (or losses). Almost no options listed on non-U.S. exchanges will meet the requirements for section 1256 treatment.

Backup Withholding

The Fund generally is required to withhold and remit to the Treasury a percentage of the taxable distributions paid to certain Common Shareholders who fail to properly furnish the Fund with a correct taxpayer identification number, who has under-reported dividend or interest income, or who fails to certify to the Fund that he or she is not subject to such withholding. Corporate shareholders, certain foreign persons and other Common Shareholders specified in the Code and applicable regulations are generally exempt from backup withholding, but may need to provide documentation to the Fund to establish such exemption.

Backup withholding is not an additional tax. Any amounts withheld may be credited against the shareholder’s U.S. federal income tax liability, provided the appropriate information is furnished to the IRS.

The SAI summarizes further federal income tax considerations that may apply to the Fund and its Common Shareholders and may qualify the considerations discussed herein.
UNDERWRITING

Wells Fargo Securities, LLC, Morgan Stanley & Co. LLC and UBS Securities LLC are acting as the representatives of the Underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, each Underwriter named below has agreed to purchase, and the Fund has agreed to sell to that Underwriter, the number of Common Shares set forth opposite the Underwriter’s name.

<table>
<thead>
<tr>
<th>Underwriter</th>
<th>Number of Common Shares</th>
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<tbody>
<tr>
<td>Wells Fargo Securities, LLC</td>
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<tr>
<td>Morgan Stanley &amp; Co. LLC</td>
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<tr>
<td>UBS Securities LLC</td>
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<tr>
<td>RBC Capital Markets, LLC</td>
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<tr>
<td>Stifel, Nicolaus &amp; Company, Incorporated</td>
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<tr>
<td>Henley &amp; Company LLC</td>
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<tr>
<td>Hennion &amp; Walsh, Inc.</td>
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<tr>
<td>HilltopSecurities Inc.</td>
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<tr>
<td>J.J.B. Hilliard, W.L. Lyons, LLC</td>
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<tr>
<td>Janney Montgomery Scott LLC</td>
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<tr>
<td>Ladenburg Thalmann &amp; Co. Inc.</td>
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<tr>
<td>Maxim Group LLC</td>
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<tr>
<td>Newbridge Securities Corporation</td>
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<td>Pershing LLC</td>
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<tr>
<td>Wedbush Securities Inc.</td>
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<td>Wunderlich Securities, Inc.</td>
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<td>Total</td>
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</table>

Pershing LLC, Dreyfus and Alcentra are under the common control of BNY Mellon.

The underwriting agreement provides that the obligations of the Underwriters to purchase the Common Shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The Underwriters are obligated to purchase all the Common Shares (other than those covered by the over-allotment option described below) shown above if any of the Common Shares are purchased.

The Underwriters propose to offer some of the Common Shares directly to the public at the public offering price set forth on the cover page of this prospectus and some of the Common Shares to dealers at the public offering price less a concession not to exceed $ per Common Share. The sales load the investors in the Fund will pay of $0.165 per Common Share is equal to 1.65% of the initial offering price. If all of the Common Shares are not sold at the initial offering price, the representatives may change the public offering price and other selling terms. Common Shareholders must pay for any Common Shares purchased on or before , 2017. The representatives have advised the Fund that the Underwriters do not intend to confirm any sales to any accounts over which they exercise discretionary authority.

Additional Compensation to be Paid by Dreyfus

Dreyfus (and not the Fund) has agreed to pay to each of Wells Fargo Securities, LLC, Morgan Stanley & Co. LLC, UBS Securities LLC, RBC Capital Markets, LLC and Stifel, Nicolaus & Company, Incorporated, from its own assets, a structuring fee for advice relating to the structure, design and organization of the Fund as well as services related to the sale and distribution of the Fund’s Common Shares in the amount of $, $, $, $ and $, respectively. If the over-allotment option is not exercised, the structuring fees paid to Wells Fargo Securities, LLC, Morgan Stanley & Co. LLC, UBS Securities LLC, RBC Capital Markets, LLC and Stifel, Nicolaus & Company, Incorporated will not exceed %, %, %, % and %, respectively, of the total public offering price.
In addition, Dreyfus (and not the Fund) has agreed to pay the Underwriters, from its own assets, additional compensation of $0.025 per Common Share sold in this offering, which amount will not exceed 0.25% of the total public offering price of the Common Shares.

Dreyfus (and not the Fund) may also pay certain qualifying underwriters, including those named above, a structuring fee, a sales incentive fee or additional compensation in connection with the offering. The total amounts of these payments paid to any such qualifying underwriter will not exceed 1.5% of the total price of the Common Shares sold in this offering.

Dreyfus (and not the Fund) will pay compensation to its broker-dealer subsidiary (or associated persons thereof) for participating as wholesalers in the marketing of the Fund. In addition, the Fund will reimburse reasonable and documented out-of-pocket expenses related to the marketing of the Fund incurred by Dreyfus’ broker-dealer subsidiary (or associated persons thereof) and employees of the Advisers, including in connection with participation in the road show and related activities, but only to the extent that reimbursement of such expenses when added to any other Fund offering costs (other than the sales load) does not exceed $0.02 per Common Share sold in this offering. Dreyfus will reimburse such expenses that exceed $0.02 per Common Share. The compensation and expense reimbursement paid to Dreyfus’ broker-dealer subsidiary (and associated persons thereof) will not exceed 9% of the total public offering price of the Common Shares.

The Fund has agreed to pay expenses related to the reasonable fees and disbursements of counsel to the Underwriters in connection with the review by FINRA of the terms of the sale of the Common Shares, the filing fees incident to the filing of marketing materials with FINRA and the transportation and other expenses incurred by the Underwriters in connection with presentations to prospective purchasers of the Common Shares. Such expenses will not exceed $25,000 in the aggregate.

Total underwriting compensation determined in accordance with FINRA rules is summarized as follows. The sales load of $0.165 per Share is equal to 1.65% of the public offering price of the Common Shares. The total amount of the Underwriters’ additional compensation payments by Dreyfus described above will not exceed 9% of the total public offering price of the Common Shares offered hereby. The sum total of all compensation to the Underwriters in connection with this public offering of the Common Shares, including the sales load and all forms of additional compensation or structuring or sales incentive fee payments, if any, to the Underwriters, and other expenses (including reimbursed expenses), will be limited to not more than 9% of the total public offering price of the Common Shares sold in this offering.

The Fund has granted to the Underwriters an option, exercisable for 45 days from the date of this prospectus, to purchase up to additional Common Shares at the public offering price less the sales load. The Underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent such option is exercised, each Underwriter must purchase a number of additional Common Shares approximately proportionate to that Underwriter’s initial purchase commitment.

The Fund and Dreyfus have agreed, for a period of 180 days from the date of this prospectus, that they will not, without the prior written consent of Wells Fargo Securities, LLC, on behalf of themselves and the other Underwriters, with certain exceptions, dispose of or hedge any Common Shares or any securities convertible into or exchangeable for Common Shares, provided that the Fund may issue Common Shares pursuant to the Fund’s Plan.

To meet the NYSE distribution requirements for trading, the Underwriters have undertaken to sell Common Shares in a manner such that shares are held by a minimum of 400 beneficial owners in lots of 100 or more, the minimum stock price will be at least $4.00 at the time of listing on the NYSE, at least 1,100,000 Common Shares will be publicly held in the United States and the aggregate market value of publicly held shares in the United States will be at least $60 million. The Fund’s Common Shares have been approved for listing on the New York Stock Exchange, subject to notice of issuance. The trading or “ticker” symbol is “DCF”.

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The following table shows the sales load that investors in the Fund will pay to the Underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the Underwriters’ option to purchase additional Common Shares.

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<thead>
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<th>No Exercise</th>
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<tr>
<td>Per Share</td>
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<tr>
<td>Total</td>
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$0.165 $0.165

The Fund and Dreyfus have agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act, as amended, or to contribute to payments the Underwriters may be required to make because of any of those liabilities.

Certain Underwriters may make a market in Common Shares after trading in Common Shares has commenced on the NYSE. No Underwriter is, however, obligated to conduct market-making activities and any such activities may be discontinued at any time without notice, at the sole discretion of the Underwriters. No assurance can be given as to the liquidity of, or the trading market for, the Common Shares as a result of any market-making activities undertaken by any Underwriter. This prospectus is to be used by any Underwriter in connection with the offering and, during the period in which a prospectus must be delivered, with offers and sales of the Common Shares in market-making transactions in the over-the-counter market at negotiated prices related to prevailing market prices at the time of the sale.

In connection with the offering, Wells Fargo Securities, LLC, on behalf of themselves and the other Underwriters, may purchase and sell the Common Shares in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. Short sales involve syndicate sales of Common Shares in excess of the number of Common Shares to be purchased by the Underwriters in the offering, which creates a syndicate short position. “Covered” short sales are sales of Common Shares made in an amount up to the number of Common Shares represented by the Underwriters’ over-allotment option. In determining the source of Common Shares to close out the covered syndicate short position, the Underwriters will consider, among other things, the price of Common Shares available for purchase in the open market as compared to the price at which they may purchase Common Shares through the over-allotment option.

Transactions to close out the covered syndicate short position involve either purchases of Common Shares in the open market after the distribution has been completed or the exercise of the over-allotment option. The Underwriters may also make “naked” short sales of Common Shares in excess of the over-allotment option. The Underwriters must close out any naked short position by purchasing Common Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of Common Shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of bids for or purchases of Common Shares in the open market while the offering is in progress.

The Underwriters may impose a penalty bid. Penalty bids allow the underwriting syndicate to reclaim selling concessions allowed to an Underwriter or a dealer for distributing Common Shares in this offering if the syndicate repurchases Common Shares to cover syndicate short positions or to stabilize the purchase price of the Common Shares.

Any of these activities may have the effect of preventing or retarding a decline in the market price of Common Shares. They may also cause the price of Common Shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The Underwriters may conduct these transactions on the NYSE or in the over-the-counter market, or otherwise. If the Underwriters commence any of these transactions, they may discontinue them at any time.

A prospectus in electronic format may be made available on the websites maintained by one or more of the Underwriters. Other than this prospectus in electronic format, the information on any such Underwriter’s website is not part of this prospectus. The representatives may agree to allocate a number of Common Shares to Underwriters for sale to their online brokerage account holders. The representatives
will allocate Common Shares to Underwriters that may make internet distributions on the same basis as other allocations. In addition, Common Shares may be sold by the Underwriters to securities dealers who resell Common Shares to online brokerage account holders.

The Fund anticipates that, from time to time, certain Underwriters may act as brokers or dealers in connection with the execution of the Fund’s portfolio transactions after they have ceased to be Underwriters and, subject to certain restrictions, may act as brokers while they are Underwriters.

Certain Underwriters and their affiliates may, from time to time, engage in transactions with or perform investment banking, securities trading, hedging, commercial lending and advisory services for the Fund and Dreyfus and their affiliates in the ordinary course of business, for which such Underwriters have received, and may expect to receive, customary fees and expenses.

An affiliate of Dreyfus has purchased Common Shares from the Fund in an amount satisfying the net worth requirements of Section 14(a) of the 1940 Act. As of the date of this prospectus, the Dreyfus affiliate owned 100% of the outstanding Common Shares. Such Dreyfus affiliate may be deemed to control the Fund until such time as it owns less than 25% of the outstanding Common Shares, which is expected to occur as of the completion of the offering of Common Shares.

The principal business address of Wells Fargo Securities, LLC is 550 South Tryon Street, Charlotte, North Carolina 28202. The principal business address for Morgan Stanley & Co. LLC is 1585 Broadway, New York, New York 10036. The principal business address for UBS Securities LLC is 1285 Avenue of the Americas, New York, New York 10019.

**CUSTODIAN, TRANSFER AGENT AND DIVIDEND DISBURSING AGENT**

The Fund’s securities and cash are held under a custody agreement with The Bank of New York Mellon. The transfer agent and dividend disbursing agent for the Fund’s shares is Computershare, Inc.

**REPORTS TO SHAREHOLDERS**

The Fund will send unaudited semi-annual and audited annual reports to its Common Shareholders, including a list of investments held.

**LEGAL OPINIONS AND EXPERTS**

Certain legal matters will be passed on for the Fund by Proskauer Rose LLP, New York, New York, and for the Underwriters by Clifford Chance US LLP. As to certain matters of Maryland law, the Underwriters may rely on the opinion of Venable LLP. KPMG LLP, an independent registered public accounting firm, provides auditing services to the Fund.
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Through and including , 2017 (25 days after the date of this prospectus), all dealers that buy, sell or trade the Common Shares, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealers’ obligation to deliver a prospectus when acting as Underwriters and with respect to their unsold allotments or subscriptions.