Alcentra Capital Corporation

STONEGATE CAPITAL PARTNERS

10/1/16

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MARKET STATISTICS

Exchange / Symbol	NasdaqGS: ABDC
Price:	$12.53
Market Cap ($mm):	$169.4
Enterprise Value:	$250.5
Shares Outstanding:	13.5
Float (M)	9.9
Insider Ownership	26.9%
52 week Range:	$8.87-$13.28
Industry:	Business Development Company

FINANCIAL SUMMARY

Equity (M)	$ 201.7
BV/S	$ 14.92
Cash (M)	$ 11.5
Debt (M)	$ 92.7
Debt/Cap	31%

FYE: Dec	2014	2015	2016E
(in $000)			
Invt Income	$ 16,166	$ 33,916	$ 39,122
Chng%	na	110%	20%
NII	$ 11,602	$ 19,298	$ 21,096
NII per share	$ 0.86	$ 1.43	$ 1.56
EV/R	15.7x	7.5x	6.0x
P/E	14.9x	8.9x	8.0x

LARGEST SHAREHOLDERS

BNY Mellon-Alcentra Mezzanine Part.	6,100,000
Alcentra NY LLC	1,521,319
BNY Mellon Asset Management	1,012,039
Kemper Corporation, Asset Mgmt. Arm	879,018
Advisors Asset Management, Inc.	634,733
Raymond James Finc. Inc., Asset Mgmt Arm	362,573
Punch & Associates, Inc.	283,478
BNY Mellon Global Credit Alt. Fund, L.L.C.	275,157

STOCK CHART

COMPANY DESCRIPTION

Alcentra Capital Corporation is a Business Development Company (BDC) specializing in investments in lower middle-market growth companies. The Company invests in the form of senior secured debt, second lien debt, subordinated debt and, to a lesser extent, minority equity investments. The Company is externally managed and offers debt and equity funding solutions to North American lower middle-market growth companies. Its investment advisor, Alcentra NY, LLC is a credit-focused investment boutique with a primary focus in sub-investment grade credits. Alcentra Ltd., the parent company of Alcentra NY, LLC, is a subsidiary of BNY Mellon.

SUMMARY

- Alcentra Capital is externally managed by Alcentra NY LLC, whose investment professionals possess collective experience of more than 60 years of investing and lending to middle market companies across various economic cycles of the market.
- Alcentra's investment strategy focuses on lower middle-market growth company investments. Capitalizing on this often neglected market is a central strategic principle for the Company. Banks have been vacating the lower middle-market space for several years providing Alcentra ample opportunity to expand its portfolio.
- Alcentra Capital Corporation offers debt and equity investments to companies with annual EBITDA of $5M to $25M.
- Alcentra's point of differentiation is the fact that it focuses on growth companies, which Alcentra defines as companies that traditionally have revenues between $10M and $100M and the potential to grow at 2x or 3x the US GDP growth rate.
- The Company's portfolio is well diversified with 33 companies representing 23 industry sectors. Healthcare is the single largest industry sector exposure, representing ~16% of the portfolio. Exposure to the oil & gas industry was 3.3%, as of June 30, 2016.
- Alcentra's usual investment size is typically in the $5M to $15M range.
- All portfolio companies are selected through a detailed screening process, comprised of a credit analysis, review of historical and projected financial performance, and an evaluation of business models.
- Alcentra has an advantage over other BDC's in terms of deal-flow because of the Company's investment advisor and its connection to BNY Mellon's Wealth Management group. Alcentra's investment advisor has developed a strong and wide reaching relationship network that provides a consistent influx of deal-flow. Alcentra is able to benefit from BNY Mellon's Wealth Management group, which upholds close associations with many owners of privately held businesses in the form of their high net-worth clientele.
- Since Alcentra's May 2014 IPO, the Company has had no portfolio companies on non-accrual status.

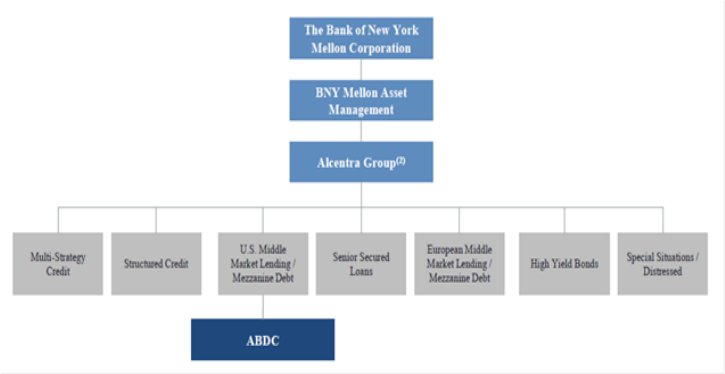
We employ a scenario analysis using relative valuation frameworks. The details are on page 7 and all scenarios show upside. – Currently, Alcentra is trading at a P/NAV of 0.90x vs. comps trading at a median P/NAV of 0.90x. Alcentra is trading at at the same multiple, while its dividend yield is higher than its peers (10.6% vs. 10.2%) and has less leverage. Using a P/NAV range of 0.95x to 1.05x, we project a valuation range of $13.67 to $15.11 with a midpoint at $14.39.

BUSINESS OVERVIEW

Alcentra Capital Corporation is an externally managed BDC that offers debt and equity funding solutions to North American lower middle-market growth companies. Additionally, for U.S. federal income tax purposes, the Company has elected to be treated as a regulated investment company ("RIC"), commencing with its tax year ending December 31, 2014.

Through its IPO in May 2014, Alcentra Capital sold 6.6M shares to raise gross proceeds of ~$100M. The Company commenced its operations through the purchase of a ~$155.9M portfolio comprising debt and equity investments from BNY Mellon-Alcentra Mezzanine III, L.P. The deal was completed for cash consideration of $64.3M and payment of $91.5M in common shares. Concurrently, Alcentra also purchased ~$29M of debt investments from BNY Alcentra Group Holdings. Below is the organization structure of the firm.

Exhibit 1: Organizational Structure



Alcentra Capital holds an investment advisory agreement with Alcentra NY, LLC (100% owned by Alcentra Group) that directs the Company's investment activities. As a wholly-owned subsidiary of BNY Mellon (NYSE: BK), Alcentra Group is a credit-focused investment boutique with a primary focus in sub-investment grade credit. Alcentra Group currently manages ~$28B in assets in more than 75 investment vehicles and employs more than 120 investment professionals. BNY Mellon is a bank holding company with ~ $399B in total assets. We also note that as of June 2016, BNY Mellon and its affiliates owns 21.1% of Alcentra's common shares.

INVESTMENT STRATEGY

Growth:

Alcentra's investment strategy focuses on lower middle market growth company investments.

- Alcentra defines growth companies as those that have demonstrated the ability to grow revenue or EBITDA at 2-3x the rate of GDP growth, or have a catalyst to do so
    - Alcentra defines such entities as "growth companies". Growth companies typically incur lower leverage so that they have the financial flexibility to invest in the growth of the business. Lower leverage typically equates to a lower probability of default
- Capitalizing on this often-neglected market is a central strategic principle for the Company
    - Following the 2008 financial crisis, banks have been forced to move towards larger investments that have larger credits and greater liquidity. Small and middle-market companies have experienced difficulty securing funding as a result. This less competitive market bodes well for Alcentra's ability to grow its portfolio
- Additionally, investment targets also show revenue or EBITDA growth or the potential to grow at 2x or 3x the US GDP growth rate

Capital Preservation:

- As of June 2016, Alcentra's portfolio consists of 33 companies representing 23 industry sectors
- The focus on investment targets with growth characteristics and less leverage should help Alcentra's strategy of capital preservation and capital appreciation

Capital Appreciation:

- Investments take the form of senior debt, unitranche, second lien, subordinated debt and, to a lesser extent, minority equity investments
    - The targeted lower middle-market companies are typically private and contain credits with higher yielding characteristics

Exhibit 2 illustrates the trend of the weighted average leverage and Alcentra's targets.

Exhibit 2: Weighted Average Leverage and Alcentra's Targets

	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016
Portfolio Fair Value	$290.0 million	$296.3 million	$282.4 million	$293.6 million
Weighted Average Yield	12.2%	12.4%	12.0%	11.7%
Weighted Average Leverage	3.57x	3.58x	3.72x	3.88x

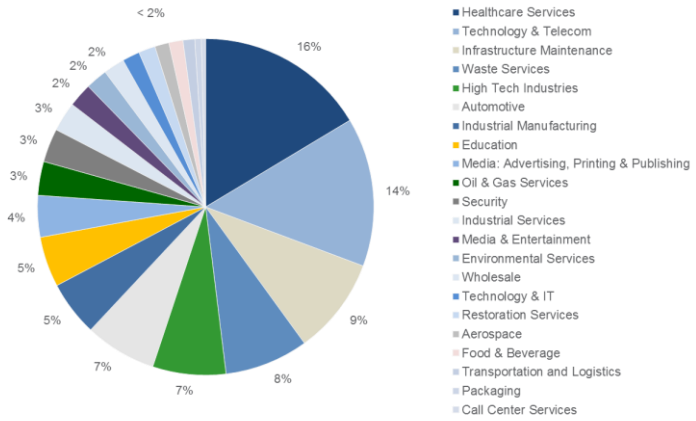
The investment advisor's policies for screening are comprised of a detailed review and credit analysis of its portfolio companies, a historical and anticipated financial performance review, and an evaluation of the portfolio companies' business model and forecasts. These policies are aimed at evaluating prospects through an extensive analysis of each potential portfolio company's competitive position, financial performance, management team, operating discipline as well as the growth and industry potential.

Thereafter, the advisor regularly examines companies' performance through its monthly, quarterly and annual financial statements. Advisors attend the board meetings of the investee companies, analyze them and hold discussions with the management regarding performance. When investment negotiations are conducted, the advisor ensure that they are highly structured, transactions and there are covenants in every deal to protect the investment.

PORTFOLIO OVERVIEW

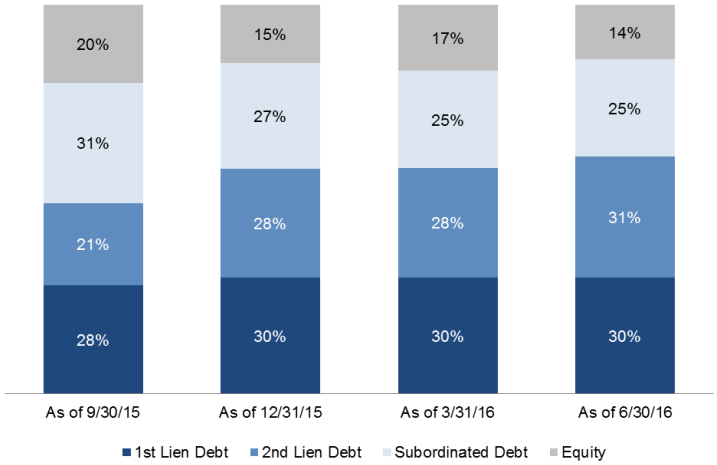
As of Q216, the Company's portfolio appears well diversified across industries with healthcare as the largest single industry at ~16%. Below is a breakdown of holdings by industry sector.

Exhibit 3: Portfolio by Industry



Although the Company's operating history is short, the investment team has been investing/lending to the lower middle market for more than 25 years. Since its IPO, Alcentra has initiated a re-balancing of its portfolio that we believe better positions the portfolio. This includes: (1) a reduction in equity investment exposure, (2) an increase in secured debt exposure as a total % of the portfolio, and (3) an increase in the number of floating rate notes compared to fixed rate notes. Alcentra is targeting a debt-to-equity ratio of around 90-10. As the portfolio approaches the targeted 90-10 debt-to-equity composition, Alcentra expects to see increased NII as a result. Exhibit 4 illustrates the rebalancing of the portfolio over the trailing 12 months. Partially as a result of this rebalancing, Alcentra has seen NII growth over the last nine months.

Exhibit 4: Portfolio Rebalancing



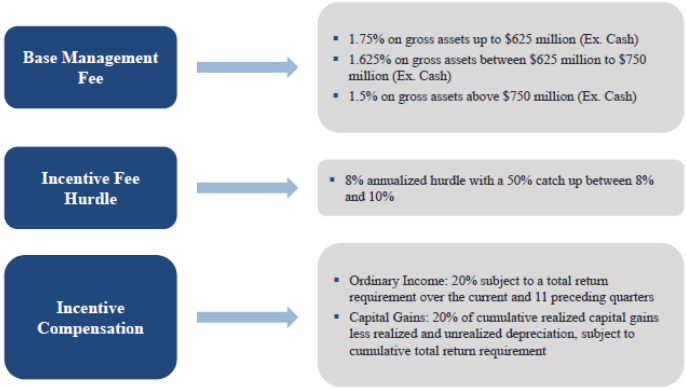
INVESTMENT ACTIVITY

Alcentra expects quarterly fluctuations in its investment activity driven by deal activity and opportunities. During FY2015, Alcentra invested $86.3 million in 10 new portfolio companies and $21.0 million in additional funding. The Company also received $63.4 million of repayments. As of Q216, NAV was $191.1M or $14.16/share.

ADVISORY FEE STRUCTURE

Alcentra's operating expenses include investment management fees and incentive fees charged by its investment advisor, director's fees, professional fees and interest expenses. Some of the largest and most widely varying expenses incurred by BDCs result from management fees. As a result, externally managed BDCs tend to incur higher incentive fees than internally managed BDCs. The amount and structure of fees can be an important differentiating factors when comparing BDCs.

Exhibit 5: Advisory Fee Structure



Alcentra's base management fee starts at 1.75% on assets up to $625M and scales downward to 1.625% for assets above $625M and down again to 1.5% for assets above $750M. Importantly, the entire investment portfolio (exclusive of cash) is at the respective management fee rate. While its 20% incentive fee and 8% hurdle rate are in-line with peers, its catch-up fee (part of the incentive fee) is at 50% vs. most other BDCs at 100%.

Exhibit 6 (below) highlights the benefits that Alcentra's incentive fee structure provides to common shareholders. For illustrative purposes, if the BDC industry generates a 10% yield on a representative portfolio, Alcentra distributes a 9% yield to investors, whereas other BDCs distribute an 8% yield to their investors. Alcentra Capital Corporation's incentive fee is half of the industry standard, making it one of the most favorable in the industry.

Exhibit 6: Alcentra Fee Structure Vs. Others

		Alcentra Capital Corporation		Externally Managed BDCs with a 7% Hurdle[1]		Externally Managed BDCs with an 8% Hurdle[1]	
Management Fee							
% of average total assets over 2 preceding quarters (excl. cash/cash equivalents and incl. assets purchased with borrowed funds)		<$625 million	1.750%				
		>$625mm and <$750mm	1.625%	1.50%	- 2.00%	1.50%	- 2.00%
		>$750 million	1.500%				
Incentive Fee (Income)							
Calculated as percentage of pre-incentive fee net investment income. Percentage varies depending on the pre-incentive fee net investment income as % of net assets meeting certain threshholds	Hurdle Rate	<8%		<7%		<8%	
	Catch Up	>8% and <10%	50%	>7% and <8.75%	100%	>8% and <10%	100%
		>10%	20%	>8.75%	20%	>10%	20%
Incentive Fee (Capital Gains)							
% of cummulative aggregate realized capital gains		20%		20%		20%	
Incentive Fee Cap							
% of cumulative net return for current quarter and preceding 11 quarters		20%		20%		20%	
Incentive Fee Structure - Benefit to Shareholders							
Earnings		10.00%		10.00%		10.00%	
Due to Shareholder		***8.00%***		***7.00%***		***8.00%***	
Incentive Paid to External Manager		1.00%		2.00%		2.00%	
Additional Return to Shareholder		***1.00%***		***1.00%***		***0.00%***	
Total Return to Shareholder		***9.00%***		***8.00%***		***8.00%***	

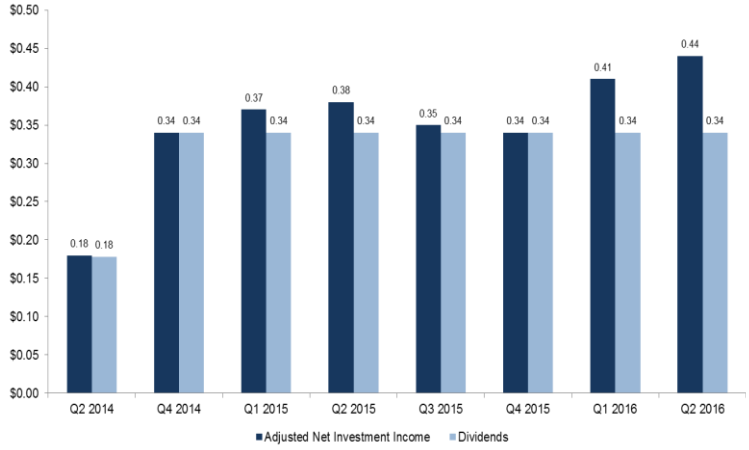
(1) Source: SEC Filings. This a composite of various BDC's that we believe are a representative sampling of externally managed BDC's in the industry.

DIVIDEND

Business development companies (BDCs) are required to distribute 90% of taxable income to shareholders in order to avoid corporate taxes and maintain their regulated investment company (RIC) status. This requirement results in BDCs often featuring fairly substantial dividend yields. The BDC dividend yield provides investors with an alternative to fixed-income strategies, generally featuring a higher yield than other options available to the average investor.

Since the high dividend yield is one of the most attractive reasons to invest in a BDC, the BDC's ability to cover the dividend is of paramount importance. Since its inception, Alcentra Capital has continually produced a higher net investment income per share than the promised dividend per share, demonstrating Alcentra's financial stability.

Exhibit 7: Adjusted NII & Dividends Paid Per Share



This consistent dividend performance makes Alcentra, in our opinion, a strong investment option for investors seeking a high yield.

STOCK REPURCHASE PROGRAM

On January 18, 2016, the Board of Directors approved a $5.0 million open market stock repurchase program. They authorized the repurchase of up to $5.0 million in the aggregate of outstanding common stock in the open market. This will remain in effect until the approved dollar amount has been used to repurchase shares. As of June 30, 2016, Alcentra repurchased a total of 26,130 shares at an average share price of $11.65 for a dollar amount of $305,450.

INDUSTRY OVERVIEW

Business Development Company

A business development company (BDC) is an investment firm that is regulated under the Investment Company Act of 1940. Generally, BDCs aim to receive the regulated investment company (RIC) status under the Internal Revenue Code to avoid corporate taxes. However, a BDC must distribute at least 90% of taxable income to shareholders to maintain its RIC status.

BDCs are specialty finance providers to middle-market companies via investments that are generally in the form of senior and subordinated debt instruments that provide recurring income to the issuer. These companies offer various options to the middle-market companies, giving them an edge over traditional banks and other private institutions. BDCs offer companies a wide variety of loan types such as senior secured, senior unsecured, mezzanine and subordinated loans, among others. As a shield against liquidity and default risk, BDCs' rates and fees are higher than those of banks and other private lending institutions.

By the end of the 2008 financial crisis, most traditional as well as dedicated finance companies and capital providers exited the market due to regulatory changes and in search of safer investment opportunities. As a result, small and middle-market companies faced a challenge in securing funds. There were approximately 260 specialty middle-market lenders in 2007, which fell to 65 in 2009. This shortage of lenders has led to a lower level of competition in the middle-market. Consequently, with challenges in sourcing funds from banks, quality companies are seeking loans from non-conventional sources such as BDCs. In light of these facts, BDCs have become the preferred source of financing for many middle-market companies.

The shortage of liquidity has resulted in a gap in the credit availability for small private companies. KPMG foresees a wider gap in the credit availability to the small private companies in the US, which are fundamentally sound and with less leverage on their books. The cost of capital for these companies is generally in the 8%-13% range. While the fundamentals are intact for these companies, which are similar to investment grade, the illiquid nature of the transaction allows for higher yields. Many small private companies are turning to BDCs and other credit funds because traditional bankers and hedge funds shy away from providing credit due to small ticket size and lesser returns. As a hybrid instrument, the 52 publicly traded BDCs are attracting investors due to high dividend yields compared to other fixed-income instruments

COMPETITION

ABDC's primary competitors include public and private funds, other BDCs, commercial and investment banks, commercial financing companies who provides an alternative form of financing, private equity and hedge funds.

INVESTMENT CHALLENGES / RISKS

Access to Capital and Deal Flow

Access to capital and deal flow are critical elements for Alcentra to grow its portfolio, in our opinion. Should it experience a lack of deal flow, suitable investment opportunities, and/or have trouble accessing capital to make investments, Alcentra's operating results will likely suffer. Furthermore, capital deployment into new investments can be unpredictable and may cause short-term operating results to struggle.

Investment Portfolio Risks

Alcentra's portfolio is subject to various risks such as credit risk, market risk, interest rate risk, prepayment risk, etc. Should any of these factors negatively impact Alcentra's portfolio holdings and consequently, portfolio returns, Alcentra may have difficulty meeting its dividend.

Oil & Gas Exposure Risks

As of June 30, 2016, Alcentra's exposure to the oil & gas industry was 3.3% of portfolio FMV through investment in Black Diamond ($13.127 million investment (at cost) in Senior Secured Notes (First Lien)). Black Diamond is owned by a family office with deep resources and extensive experience in the industry. Despite being a small portion of the portfolio, the inherent risk in the sector could negatively impact portfolio holdings and could cause difficulty in meeting its dividend.

External Management Conflict Potential

The investment advisory agreement was negotiated between related parties. Additionally, the advisory agreement does not prohibit the advisor from raising capital for or managing another entity's investment portfolio, which many compete with Alcentra. Furthermore, given the incentive fee structure, the investment advisor may be incentivized to take greater risk in portfolio holdings and/or to generate more capital gains, which are not subject to a hurdle rate. We also note that as of June 2016, BNY Mellon owns 21.1% of Alcentra's common shares.

STONEGATE CAPITAL PARTNERS

COMPARABLE ANALYSIS

Alcentra Capital Corporation is an externally managed BDC. Historically, externally managed BDCs trade at a lower multiple of NAV than internally managed BDCs. This is largely due to the additional management fees associated with paying an external manager. For our comparisons, we have selected only externally managed BDCs, comparable in market cap and structure. As a trend, BDCs with inherently riskier portfolio compositions trade at a larger discount to NAV and have higher dividend yields. BDCs with less risky portfolios trade at a smaller discount to NAV or at a premium to NAV, and feature lower dividend yields.

P/NAV analysis – Currently, Alcentra is trading at a P/NAV of 0.90x vs. comps trading at a median P/NAV of 0.90x. Alcentra is trading at at the same multiple, while its dividend yield is higher than its peers (10.6% vs. 10.2%) and has less leverage.

To help frame valuation, we are using a P/NAV range of 0.95x to 1.05x.

	P/NAV		
	0.95x	1.00x	1.05x
NAV	184.84	194.57	204.30
S/O	13.52	13.52	13.52
Price/Share	$ 13.67	$ 14.39	$ 15.11

We believe the range is appropriate given peer multiples along with Alcentra's above-average dividend yield but lower leverage. **Using the above range we arrive at a valuation range of $13.67 to $15.11 with a midpoint at $14.39.**

Name	Ticker	S/O	Price	NAV/sh	Mrkt Cap	NAV	Dividend yld	P/NAV	P/NII	Assets / Equity
Externally Managed BDCs										
Fifth Street Finance Corp.	FSC	145.3	$ 5.81	$ 8.15	$ 844.2	$ 1,184.4	12.4%	0.71x	-13.3x	208.9%
Golub Capital BDC, Inc.	GBDC	53.1	$ 18.57	$ 15.88	$ 1,017.8	$ 820.0	6.9%	1.24x	13.1x	206.9%
Solar Capital Ltd.	SLRC	42.2	$ 10.03	$ 21.51	$ 866.9	$ 908.8	7.8%	0.95x	8.6x	182.7%
TCP Capital Corp.	TCPC	50.7	$ 16.38	$ 14.74	$ 830.5	$ 747.2	8.8%	1.11x	15.4x	176.1%
PennantPark Investment Corporation	PNNT	71.1	$ 7.52	$ 8.94	$ 534.4	$ 635.6	14.9%	0.84x	-71.7x	202.3%
BlackRock Capital Investment Corp	BKCC	72.6	$ 8.28	$ 9.13	$ 600.7	$ 661.4	10.1%	0.91x	-12.2x	156.7%
Medley Capital Corporation	MCC	54.8	$ 7.63	$ 9.76	$ 417.8	$ 534.4	11.5%	0.78x	-10.3x	199.7%
Capitala Finance Corp.	CPTA	15.8	$ 17.31	$ 16.28	$ 207.5	$ 257.5	11.9%	0.81x	130.3x	241.0%
Fidus Investment Corporation	FDUS	19.2	$ 16.51	$ 15.52	$ 302.4	$ 298.0	9.9%	1.01x	8.1x	173.8%
Garrison Capital Inc.	GARS	16.1	$ 10.13	$ 12.94	$ 162.7	$ 208.2	13.8%	0.78x	-9.8x	210.0%
Gladstone Investment Corporation	GAIN	30.3	$ 7.56	$ 9.84	$ 269.1	$ 297.9	8.4%	0.90x	5.6x	170.2%
MVC Capital, Inc.	MVC	22.7	$ 10.15	$ 12.27	$ 188.2	$ 278.5	6.5%	0.68x	-50.9x	156.4%
PennantPark Floating Rate Capital Ltd.	PFLT	26.7	$ 14.15	$ 13.75	$ 353.6	$ 367.6	8.6%	0.96x	18.9x	155.8%
Gladstone Capital Corporation	GLAD	23.3	$ 8.60	$ 7.95	$ 189.8	$ 185.5	10.3%	1.02x	-13.9x	175.5%
Corporation	HRZN	11.5	$ 14.17	$ 13.27	$ 156.6	$ 153.2	10.2%	1.02x	21.6x	169.6%
OFS Capital Corporation	OFS	9.7	$ 13.03	$ 14.76	$ 126.3	$ 143.1	10.4%	0.88x	8.9x	208.5%
OHA Investment Corporation	OHAI	20.2	$ 5.68	$ 4.80	$ 63.3	$ 96.8	7.6%	0.65x	-2.8x	158.7%
						Median	**10.1%**	**0.90x**	**5.6x**	**176.1%**
						Average	**10.0%**	**0.90x**	**2.7x**	**185.5%**
Alcentra Capital Corporation	**ABDC**	**13.5**	**$ 13.00**	**$ 15.03**	**$ 175.7**	**$ 194.6**	**10.5%**	**0.90x**	**9.6x**	**144.3%**

STONEGATE CAPITAL PARTNERS

INCOME STATEMENT AND NAV ANALYSIS

Alcentra Capital Corporation (Nasdaq: ABDC)
Consolidated Statements of Income (in thousands $, except per share amounts)
Fiscal Year: December

	BNY Mellon-Alcentra Mezz III LP for period 1/1/14 - 5/7/14	Alcentra Capital Corporation for period 5/8/14 - 12/31/14	FY 2015	FY 2016 E
Investment Income				
Total investment income	**$ 7,762**	**$ 16,166**	**$ 33,916**	**$ 38,990**
Operating expenses:				
Management fees	699	2,507	4,944	5,058
Incentive fees	-	966	3,272	3,533
Professional fees	85	801	967	1,357
Valuation services	-	376	419	297
Interest and credit facility expense	50	1,017	4,142	5,362
Amortization of deferred financing costs	-	327	868	1,116
Directors' fees	-	193	244	278
Insurance expense	-	184	272	266
Other expenses	0	212	492	751
Less: Waiver of management & incentive fees by the advisor	-	(2,018)	(1,001)	-
Total operating expenses	834	4,564	14,618	18,019
Net investment income/(loss)	**6,928**	**11,602**	**19,298**	**20,972**
Realized gain/(loss) & Net change in unrealized appreciation/(depreciation) from portfolio investments:				
Net realized gain (loss)	52	279	2,723	-
Net change in unrealized appreciation (depreciation)	2,975	4,551	(11,641)	1,935
Benefit/(provision) for taxes on unrealized gain on invt	-	(1,697)	2,232	(497)
Total Realized gain/(loss) & Net change in unrealized appreciation/(depreciation) from portfolio investments	3,027	3,133	(6,686)	1,438
Net Increase/Decrease in Net Assets from Operations	**9,954**	**14,735**	**12,612**	**22,410**
Net investment income/(loss) per share	**NA**	**$ 0.86**	**$ 1.43**	**$ 1.55**
Net Increase/Decrease in Net Assets from Operations per share	**NA**	**$ 1.09**	**$ 0.93**	**$ 1.66**
NAV per share	**NA**	**$ 14.87**	**$ 14.43**	**$ 14.16**
Dividend declared per share	**NA**	**$ 0.86**	**$ 1.36**	**$ 1.36**
Dividend yield on NAV	NA	5.8%	9.4%	9.6%
Net asset value (NAV)	NA	200,989	195,032	191,365
Shares outstanding	NA	13,517	13,517	13,517
Diluted shares outstanding	-	13,517	13,517	13,517
EBITDA	NA	11,602	19,298	20,972
Expenses as % of NAV				
Management fees	na	1.2%	2.5%	2.6%
Incentive fees	na	0.5%	1.7%	1.8%
Professional fees	na	0.4%	0.5%	0.7%
Valuation services	na	0.2%	0.2%	0.2%
Interest and credit facility expense	na	0.5%	2.1%	2.8%
Directors' fees	na	0.1%	0.1%	0.1%
Net investment income margin	na	5.8%	9.9%	11.0%
Growth Rate Analysis Y/Y				
Total investment income	na	na	na	15.0%
Management fees	na	na	na	2.3%
Incentive fees	na	na	na	8.0%
Interest and credit facility expense	na	na	na	29.4%
Operating expenses	na	na	na	23.3%
Net investment income/(loss)	na	na	na	8.7%
Net Increase/Decrease in Net Assets from Operations	na	na	na	77.7%
Net asset value (NAV)	na	na	na	-1.9%

Source: Company Reports, Stonegate Capital Partners estimates

SIGNIFICANT EVENTS

May 8, 2014 – ABDC raises $100M in initial public offering
June 25, 2014 – Alcentra announces initial dividend for the period from May 14, 2014 to June 30, 2014 of $0.178 per share
July 1, 2014 - Alcentra Capital Corporation Provides $7.5 Million in Second Lien Debt to Recapitalize Choice Cable TV
July 24, 2014 - Alcentra Capital Corporation Announces Alcentra NY, LLC's hire of David P. Scopelliti
August 12, 2014 - Alcentra announces dividend for Q3'14 of $0.34 per share
December 22, 2014 – ABDC increases their revolving credit facility to $115 million. The revolver was increased by $35.0 million via an amendment. There is an accordion feature that allows the facility to increase to $160.0 million
October 27, 2014 - Alcentra Capital Corporation Provides $12.0 Million in Second Lien Debt to Bioventus LLC
November 26, 2014 - Alcentra Capital Corporation Provides $15.0 Million First Lien Term Loan to NARL Marketing Inc.
January 26, 2015 - Alcentra Capital Announces Successful Investment Realization In Proserv Group, Inc.
March 18, 2015 - The Company's Board of Directors elected David Scopelliti as a Senior Vice President.
April 16, 2015 – Successful completion of $40 million unsecured note offering
August 11, 2015 - ABDC increased its revolving credit facility to $135 million. The revolver was increased by $20 million via an amendment and incremental commitment agreement. Additionally, the accordion feature was increased to $250 million from $160 million while also extending the maturity of the facility to August 2020 and adding a conditional pricing step-down.
September 30, 2015 - Alcentra Capital Corporation Provides $15.5 Million to PharmaLogic Holdings Corp.
January 20, 2016 – Alcentra announces $5 million open market stock repurchase program
April 8, 2016 - Alcentra Capital Corporation Provides $12.9 Million to Superior Controls, Inc.
May 23, 2016 - Alcentra Capital Corporation Provides $8.5 Million to Healthcare Associates of Texas, Inc.
June 1, 2016 - Alcentra Capital Corporation Provides subordinated loan to Metal Powder Products, LLC.
June 6, 2016 - Alcentra Capital Corporation Provides $10 million to QRC Technologies
June 13, 2016 - Alcentra Capital Corporation Announces the Sale of City Carting to Tunnel Hill Partners

CORPORATE GOVERNANCE

Paul Hatfield, Chairman of the Board of Directors of ABDC

Paul joined Alcentra in 2003 and was the senior portfolio manager for the European CLOs at Alcentra Ltd., until moving to head Alcentra NY's U.S. business in July 2008. In February 2010, Paul became Global Chief Investment Officer of Alcentra, Ltd. From April 2002 to March 2003, Paul was a senior analyst for the CDO operations of Intermediate Capital Group, where he covered building products and construction, aerospace and consumer credits. Between 1995 and 2001, Paul worked at Deutsche Bank in London for the Leveraged Finance Group. In 1998, while at Deutsche Bank, Paul worked in New York where he supervised Leveraged Finance and the telecom division. Before joining Deutsche Bank, Paul originated a portfolio of mezzanine and development capital loans at FennoScandia Bank. He originally trained as a chartered accountant in the audit division of Arthur Andersen. Paul received a B.A. (Honors) in Economics from Cambridge University.

Paul Echausse, Chief Executive Officer & President of ABDC

Paul is responsible for the overall management and direction of fund investing, including transaction sourcing, deal execution and the monitoring of portfolio companies. Paul is a member of the investment committee, serves as the Chairman of the board of directors of Grindmaster Cecilware Corporation and is a member of the board of directors of Emerald Waste Services, EB Brands, Battery Solutions, and FST Technical Services. Paul brings more than 20 years of leveraged finance experience to the origination and management of the Partnership's investment portfolios.

Prior to joining Alcentra, Paul was President of Kisco Capital Corporation, the growth capital Small Business Investment Company affiliate of the Kohlberg family office. Previously he was Chief Operating Officer of IBJS Capital Corporation, the junior capital investment affiliate of IBJ Schroder Bank. Prior to IBJS, Paul was the Assistant Division Head of Southeast Banking for the Bank of New York. Paul has served as President of the Northeast Regional Association of Small Business Investment Companies and on the national board of the National Association of Small Business Investment Companies. Paul received a B.S. from Fordham University, magna cum laude, Phi Beta Kappa, an M.B.A. from New York University and a J.D. from Fordham Law School, and is a member of the New York State Bar.

Ellida McMillan, Chief Accounting Officer of ABDC

Ellida joined Alcentra in 2013 and is the Chief Accounting Officer. Prior to joining Alcentra in 2013, Ellida consulted with Tatum Partners, the largest executive services firm in the US offering CFO services. Previously, she was a corporate controller at KBC Financial Holdings, a subsidiary of KBC Financial Products UK Ltd, which engaged in the sales, structuring and risk management of equity linked and equity derivatives instruments. Prior to KBC, Ellida was an associated director of Fixed Income Derivatives at Bear Stearns. Ellida began her career as an auditor at Arthur Andersen in the financial service sector. Ellida holds a B.S. from Fairfield University and is a licensed C.P.A.

Board of Directors:

Paul Hatfield – Chairman and Member of European and United States Investment Committee

Paul J. Echausse – Chief Executive Officer, President, Director, and Member of Investment Committee

T. Ulrich Brechbühl - Independent Director, Chairman of Compensation Committee, and Member of Nominating and Corporate Governance Committee

Douglas J. Greenlaw – Independent Director, Chairman of Nominating and Corporate Governance Committee, Member of Audit Committee, and Member of Compensation Committee

Rudolph L. Hertlein, CPA – Independent Director, Chairman of Audit Committee, Member of Compensation Committee, and Member of Nominating and Corporate Governance Committee

Edward Grebow – Independent Director, Member of Audit Committee, Member of Compensation Committee, and Member of Nominating and Corporate Governance Committee,

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