

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by regulation to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Alcentra European Floating Rate Income Fund Limited

ISIN/Unique Product Identifier: GG00B6116N85

This product is manufactured by Alcentra European Floating Rate Income Fund Limited, which is supervised by the UK FCA "Financial Conduct Authority"

Consult www.aefrif.com or call +44 (0) 20 7367 5000 for more information.

This Key Information Document is accurate as at 02 January 2019.

You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Type

Ordinary shares in a Guernsey-incorporated non-cellular company limited by shares, listed on the London Stock Exchange. The Company's shares can be bought and sold just as those of any other listed company.

The Company has an indefinite life.

Objectives

The investment objective of the Company is to provide its shareholders with regular quarterly dividends and the opportunity for capital growth by utilising the skills of its investment manager, Alcentra Limited, in selecting suitable investments.

The Company invests either directly or, through sub-participation, indirectly in floating rate, secured loans or high-yield bonds issued by European and US corporate entities predominantly rated below investment grade or deemed by the investment manager to be of a corresponding credit quality.

The Company's shares are bought and sold on the main market of the London Stock Exchange. Typically, at any given time on any given day, the price you pay for a share will be higher than the price at which you could sell it. For full details on the investment objectives and strategy of the Company, please see the Company's latest annual report.

Intended Retail Investors

Shares in the Company are suitable only for sophisticated investors who understand and are willing to assume the risks involved in investing in the Company. Prospective investors should not invest unless they are prepared to bear losses (which may equal the whole amount invested) that may result from such an investment.

What are the risks and what could I get in return?

Risk Indicator



The Recommended Holding Period of the product is 3 years.

The risk indicator assumes you keep the product for 3 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less. The whole amount of your invested capital in the Company is at risk and there can be no guarantee that you will get back any or all of the amount invested on a sale of shares in the Company. **THE REQUIRED NOTES ON THE COMPANY PAYING YOU MONEY ARE MISLEADING. YOU'LL LIKELY RECEIVE SOME DIVIDENDS FROM THE COMPANY, BUT THE MAJORITY OF YOUR RETURN WILL COME FROM THE SALE OF YOUR SHARES WHEN YOU SELL.**

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 3 out of 7, which is a medium-low risk class. This rates the potential losses from future performance at a medium-low level, and poor market conditions are unlikely to impact our capacity to pay you.

Currency Risk

The Shares in the Company are denominated in Sterling. Investments made by the Company may be denominated in currencies other than Sterling. Therefore, the holders of Shares may be subject to foreign currency fluctuations between the currency in which Shares are denominated and the currency of the investments made by the Company. The Company cannot give any assurance that its hedging strategy will, in all cases, be completely effective.

Market Risk

The value of senior loans, bonds and other debt obligations may be adversely influenced by a number of factors. These may include but are not limited to, the financial condition of the relevant underlying borrower, the industry in which the borrower operates, general economic or political conditions, interest rates, the condition of the debt trading markets and certain other financial markets, developments or trends in any particular industry and changes in prevailing interest rates.

Risk relating to the Shares

The Shares may trade at a discount to NAV and Shareholders may be unable to realise their investments through the secondary market at NAV. The Shares may trade at a discount to NAV per Share for a variety of reasons, including market liquidity or to the extent investors undervalue the management activities of the Investment Manager.

Interest Rate Risk

The majority of the underlying assets are invested in floating rate loans and bonds however the value of the fixed rate holdings may be adversely impacted by rising interest rates.

Default Risk

In the event of any default on the underlying investments the company will bear a risk of loss of principal and accrued interest on the debt obligation. In the case of secured loans, restructuring can be an expensive and lengthy process which could have a material negative effect on the company's anticipated return on the restructured loan.

Performance Scenarios				
Investment GBP 10,000		1 year	2 years	3 years (Recommended holding period)
Stress scenario	What you might get back after costs	GBP 5,665.00	GBP 6,475.00	GBP 5,824.00
	Average return each year	-43.35 %	-19.53 %	-16.49 %
Unfavourable scenario	What you might get back after costs	GBP 9,254.00	GBP 9,171.00	GBP 9,193.00
	Average return each year	-7.46 %	-4.24 %	-2.77 %
Moderate scenario	What you might get back after costs	GBP 10,405.00	GBP 10,827.00	GBP 11,265.00
	Average return each year	4.05 %	4.05 %	4.05 %
Favourable scenario	What you might get back after costs	GBP 11,699.00	GBP 12,780.00	GBP 13,804.00
	Average return each year	16.99 %	13.05 %	11.34 %

This table shows the money you could get back over the next 3 years under different scenarios, assuming that you invest £10,000. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where the Company is not able to pay you.

The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

The Company aims to pay out quarterly dividends to its shareholders

What happens if the Company is unable to pay out?

As a shareholder of Alcentra European Floating Rate Income Fund Limited you would not be able to make a claim to the Financial Services Compensation Scheme about the Company in the event that the Company were unable to pay any dividends or other returns it may elect to pay from time to time, or if it were unable to pay any amounts due to you on a winding up at the end of its life. If you sell your shares on the London Stock Exchange, your bank or stockbroker will receive cash on delivery of your shares and should pass that to you.

What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest GBP 10,000. The figures are estimates and may change in the future.

If you sell your shares, you would pay your bank's or stockbrokers' dealing charges and be selling at the then available market offer price. That is likely to be lower than the bid price at which others could buy shares at that time. Share prices in the media are typically the mid price, being half way between the offer price and the bid price.

Costs over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment £10,000 Scenarios	If you cash in after 1 year	If you cash in after 2 years	If you cash in after 3 years
Total costs	GBP 132.58	GBP 274.69	GBP 426.85
Impact on return (RIY) per year	1.33 %	1.33 %	1.33 %

Composition of costs

The table below shows:

- the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period;
- the meaning of the different cost categories.

One-off costs	Entry costs	0.00 %	The impact of the costs you pay when entering your investment.
	Exit costs	0.00 %	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0.22 %	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	1.11 %	The impact of the costs that we take each year for managing your investments.

Incidental costs	Performance fees	0.00 %	The Company does not charge performance fees.
	Carried interests	0.00 %	The Company does not charge for carried interest.

How long should I hold it and can I take money out early?

Recommended holding period: 3 years

This is a medium term investment so you should be prepared to invest your money for at least three years. The Company is a closed-ended investment company whose shares are traded on the main market of the London Stock Exchange. Shareholders wishing to realise their investment may do so by selling their shares on the market.

How can I complain?

If you choose to invest in the Company and subsequently have a complaint about it, you may lodge your complaint:

- via our website www.aefrif.com
- in writing to complaints@alcentra.com

Other relevant information

This document provides key information about your investment, provided on a generic basis. You may obtain further information about Alcentra European Floating Rate Income Fund Limited from the website, www.aefrif.com including this document; annual and interim reports since 2012 and the latest share price.