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Fitch Affirms Alcentra Ltd's Investment Management Quality Rating at 'Excellent'; Outlook Stable

Fitch Ratings - London - 25 Jul 2025: Fitch Ratings has affirmed Alcentra Ltd's (Alcentra) Investment Management Quality Rating (IMQR) at 'Excellent'. The Rating Outlook remains Stable.

The affirmation highlights the consistency in Alcentra's investment processes, its robust risk management framework with independent oversight and controls, its expansive franchise, and enhanced investment resources gained from its integration with US-based Benefit Street Partners (BSP).

Alcentra and BSP are both alternative credit managers, part of the same parent company, Franklin Templeton Group. The rating scope is limited to the European operations of Alcentra.

KEY RATING DRIVERS

Alcentra's rating reflects clear and consistent investment and research processes, experienced and stable key staff, and adequate front- and back-office systems and third-party arrangements.

The rating also considers a robust and independent risk and control framework. Greater scale and expanded resources, especially in portfolio analytics, and research coverage from BSP, further support the rating. Technology is supported by Franklin Templeton.

Alcentra's 'Excellent' rating is based on the following category scores:

Investment Process: 'Excellent'

Investment Resources: 'Excellent'

Risk Management: 'Excellent'

Company and Client Servicing: 'Excellent'

Investment Performance: 'Consistent'

The above category scores result from an asset-weighted average of the scores obtained in the loans, direct lending and structured credit products, which represented about 95% of Alcentra's total assets under management (AUM) as of 30 June 2025.

Investment Process: 'Excellent'

Alcentra's investment process is clearly defined and consistently links sources of risk and return to long-term investment objectives. As one of the largest alternative credit managers in Europe, the company benefits from a wide range of sourcing channels, supported by strong deal flow and diversification. Its strong research capability forms a central part of portfolio construction and execution. This structured approach helps ensure that investment decisions remain aligned with stated objectives and risk parameters.

Investment Resources: 'Excellent'

Alcentra operates with an effective structure defined by strategy and geography, supported by a global research function. Investment and operations teams are well resourced, with a large analyst pool providing wide sector coverage and experienced portfolio managers overseeing the process. Ongoing investment in technology, includes integrating Artificial Intelligence tools to enhance performance, reporting, and efficiency. Some back-office functions are outsourced to BNY Mellon Asset Servicing, further supporting operational efficiency.

Risk Management: 'Excellent'

Alcentra has a robust risk and control framework, in Fitch's view. Risk management is organised into compliance, operational risk, investment risk and anti-money laundering functions, with reporting lines to the BSP General Counsel and Board of Alcentra. The board has satisfactory selection processes, independence, and rotation policy in place. Fitch believes Alcentra's risk framework provides independent oversight and controls, with comprehensive policies and procedures in place to ensure compliance with regulatory rules.

Company and Client Servicing: 'Excellent'

Alcentra stands out as one of the largest and most established European alternative credit asset managers. Franklin Templeton's ownership is a positive factor and supports Alcentra's resources, scale and franchise. Integration with BSP has increased scale and created synergies, notably through complementary credit research and enhanced portfolio analytics. Client servicing and reporting are sophisticated, with recent improvements from a new data warehouse, investor reporting platform, and the use of Artificial intelligence or code optimisation and portfolio analytics, further strengthening client support.

Investment Performance: 'Consistent'

Alcentra's investment vehicles have consistently delivered on their stated investment objectives and investor expectations.

INVESTMENT MANAGER

Alcentra is a diversified alternative credit manager focused on Europe with expertise in structured credit, senior loans, direct lending, high-yield bonds, special situations and multi-strategy. Alcentra had

AUM of USD32.8 billion at 30 June 2025. It had 214 employees, including 58 investment professionals, at the same date.

Alcentra's ultimate parent is Franklin Templeton, which had over USD1.6 trillion AUM, including USD254 billion in alternative investments, as at June 2025

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

The rating may be sensitive to material adverse changes to any of the aforementioned rating drivers, notably through weakened financial conditions, increased staff turnover or deterioration of processes and policies. A material deviation from Fitch's guidelines for any key rating drivers could cause the rating to be downgraded.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

The rating is at the highest level on Fitch's scale and therefore cannot be upgraded

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Alcentra Ltd	IMQR	Excellent 	Affirmed	Excellent 

RATINGS KEY	OUTLOOK	WATCH
POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

[Investment Management Quality Ratings Criteria \(pub.01 Mar 2024\)](#)

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