

Regulatory Story

[Go to market news section](#)

Blackstone / GSO Loan Financing Ltd - BGLF Half-year Report
Released 15:33 20-Sep-2018

RNS Number : 4584B
Blackstone / GSO Loan Financing Ltd
20 September 2018

20 SEPTEMBER 2018

FOR IMMEDIATE RELEASE

RELEASED BY BNP PARIBAS SECURITIES SERVICES S.C.A., JERSEY BRANCH

HALF-YEARLY RESULTS ANNOUNCEMENT

THE BOARD OF DIRECTORS OF BLACKSTONE / GSO LOAN FINANCING LIMITED
ANNOUNCE HALF- YEARLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

STRATEGIC REPORT
SUMMARY OF KEY FINANCIAL INFORMATION
As at 30 June 2018

1.04%

BGLF NAV total return per Euro share⁽¹⁾
(31 December 2017: 1.38%)

€363.0M

BGLF Net Assets
(31 December 2017: €379.5M)

€360.2M

BGLF Market Capitalisation
(31 December 2017: €398.6M)

11.2%

BGLF Dividend Yield
(30 June 2017: 9.2%)

44.2%

BGLF % Ownership of BGCF
(31 December 2017: 55.4%)

Ticker	NAV per share	Share price⁽²⁾	Premium / (Discount)	Dividend Yield
BGLF	€0.8970	€0.8900	(0.78)%	11.24%
	(31 Dec 2017: €0.9378)	(31 Dec 2017: €0.9850)	(31 Dec 2017: 5.03%)	(30 Jun 2017: 9.20%)

BGLP	£0.7936	£0.7750	(2.34)%	11.42%
	(31 Dec 2017: £0.8329)	(31 Dec 2017: £0.8750)	(31 Dec 2017: 5.05%)	(30 Jun 2017: Nil)

Performance

	1-Month Return ⁽¹⁾	YTD Return ⁽¹⁾	LTM Return ⁽¹⁾	3-Year Annualised	Annualised Since Inception	Cumulative Since Inception
BGLF Euro NAV	1.50%	1.04%	0.45%	6.15%	5.73%	24.56%
BGLF Euro Price	(2.20)%	(4.74)%	(4.54)%	5.45%	5.66%	24.24%
European Loans	(0.49)%	0.90%	2.12%	3.46%	3.46%	14.33%
US Loans	0.10%	2.38%	4.67%	3.46%	3.85%	16.05%

Dividend History

Whilst not forming part of the investment objective or policy of the Company, dividends will be payable in respect of each calendar quarter, two months after the end of such quarter. During the first two quarters of the period, the Company continued to target a dividend of €0.025 a quarter.

Dividends for the Six Months Ended 30 June 2018

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Euro Share
				€
1 Jan 2018 to 31 Mar 2018	20 Apr 2018	3 May 2018	1 Jun 2018	0.0250
1 Apr 2018 to 30 Jun 2018	19 Jul 2018	26 Jul 2018	24 Aug 2018	0.0250

Dividends for the Year Ended 31 December 2017

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Euro Share
				€
1 Jan 2017 to 31 Mar 2017	24 Apr 2017	4 May 2017	26 May 2017	0.0250
1 Apr 2017 to 30 Jun 2017	20 Jul 2017	27 Jul 2017	18 Aug 2017	0.0250
1 Jul 2017 to 30 Sep 2017	19 Oct 2017	26 Oct 2017	24 Nov 2017	0.0250
1 Oct 2017 to 31 Dec 2017	18 Jan 2018	25 Jan 2018	23 Feb 2018	0.0250

Period Highs and Lows

	2018 High	2018 Low	2017 High	2017 Low
NAV per Euro share	€0.9177	€0.8837	€1.0252	€0.9378
Euro share price (last price)	€0.9875	€0.8900	€1.0550	€0.9800
GBP share price (last price)	£0.8750	£0.7750	£0.9450	£0.8650

Schedule of Investments**As at 30 June 2018**

	Nominal Holdings	Market Value	% of Net Asset Value
			€
Investment held in the Lux Subsidiary:			
CSWs	313,685,702	352,401,859	97.08
Shares (2,000,000 Class A and 1 Class B)	2,000,001	4,879,435	1.34
Other Net Assets	-	5,737,895	1.58
Net Assets Attributable to Shareholders		363,019,189	100.00

Schedule of Significant Transactions

Date of transaction	Transaction type	Amount	Reason
			€
CSWs held by the Company			
8 Feb 2018	Redemption	13,232,501	To fund dividend
18 May 2018	Redemption	10,972,197	To fund dividend

([1]) Refer to the Glossary for an explanation of the terms used above and elsewhere within this report

(2) Bloomberg closing price at period end

CHAIR'S STATEMENT

Dear Shareholders,

Company Returns and Net Asset Value

The Board considers NAV total return per Euro share to be the key measure of performance rather than earnings per share as defined per IFRS as adopted by the EU. The Company delivered a NAV total return per Euro share of 1.04% for the six months ended 30 June 2018 (31 December 2017: 1.38%) and 5.73% net annualized since inception (31 December 2017: 6.28%). The Company finished the six months ended 30 June 2018 with a NAV per Euro share of €0.8970 (31 December 2017: €0.9378) and dividends paid totalling €0.05 per share (30 June 2017: €0.05) and earnings per Euro share of €0.0092 (30 June 2017: €0.0210). The GBP share ended June 2018 at £0.7936. LTM dividend yield was 11.24% (30 June 2017: 9.20 %) and 11.42% (30 June 2017: Nil) for the Euro and GBP shares, respectively.

BGCF continues to generate strong cash flows from its retained CLO Income Notes investments and from its portfolio of directly held and warehoused loans. Asset spread compression, partly offset by base rate increases for US investments and reduction of CLO liability costs, continued to reduce spread income received from investments during the first three months of the period. During the second quarter, asset spread compression abated and we expect this effect to gradually be reflected in BGCF's portfolio of investments during the second half of the year.

The Company paid two dividends in respect of the six-month period ended 30 June 2018, each equalling €0.025 per share in respect of each period from 1 October 2017 to 31 December 2017 and 1 January 2018 to 31 March 2018. Details of all dividend payments can be found within the Summary of Key Financial Information section at the front of this Interim Report.

Market Overview

The first half of 2018 has been nothing if not eventful, ranging from US trade tensions with its major trading partners Europe and China to inconclusive Italian elections and Brexit negotiations continuing to muddle on with no clear breakthrough appearing. There were also significant moves in monetary policy during the first six months of 2018. In the first quarter of 2018, investors were left to digest the destabilising potential of elevated US inflation and the possibility that the Fed may need to become more proactive in raising interest rates in order to keep upward price pressures under control, which it did in March and June with a 25bps rise in each, to push the Federal Funds Target Rate to 2.0%. The ECB announced in June that it intended to end its quantitative easing programme in December 2018 and that interest rates will remain at current levels through the summer of 2019. Neither action led to a repeat of the "taper tantrum" experienced in 2015; however, 10-year US Treasury yields did reach a seven-year high in mid-May before pulling back.

European data reported a robust start to the year, with unemployment rates across Europe achieving near cycle lows and a Eurozone Purchasing Managers' Index ("PMI") result in January of 58.8 being the highest in 5 years. As the midyear approached, data weakened softly, with the Ifo Pan German Business Climate index declining in the second quarter of 2018. Despite this, steady growth is expected, albeit at a slower pace than last year in Europe. The leading indicators in the US argued for continued growth in the second quarter of 2018. The US PMI, the NFIB Small Business Optimism Index, and the University of Michigan Consumer Confidence survey all hit new highs or accelerated. The business cycle showed strength, as the S&P 500® continued its march northwards amid strong revenue growth and benefits from tax cuts. It was trade policies that provided a sharp contrast to the fundamental growth story reflected in the macro data. A century of falling global tariff rates was reversed in the second quarter of 2018 as countries turned inward.

Despite some softness in the US and European loan markets in June, below investment grade loans outperformed all other major fixed income asset classes in 2018 year-to-date, with European loans returning 0.90% and US loans 2.38%. High yield loans have experienced a tougher 2018 with European high yield returning -1.37% and US high yield returning 0.20%.

Discount Management

The Euro shares finished the first half of the year at a discount to NAV of 0.78% (31 December 2017: premium of 5.03%). As a Board, we regularly weigh the balance between maintaining liquidity of the Euro shares, the stability of any discount and the desire of Shareholders to see the Euro shares trade as closely as possible to their intrinsic value.

The Board

Good governance remains at the heart of our work as a Board and is taken very seriously. We believe that the Company maintains high standards of corporate governance. The Board was very active during the first six months of 2018 convening a total of 9 Board meetings and 17 Committee meetings. In addition, as can be seen from the corporate activity during the period, the Board and its advisers have worked hard to ensure the continued success and growth of the Company in order to allow it to be in the best position to take advantage of all appropriate opportunities.

The work of the Board is assisted by the Audit Committee, Management Engagement Committee, NAV Review Committee, the Remuneration and Nomination Committee and the Risk Committee. The joint work of the Risk and Audit committees has given valuable support to the longer-term viability considerations of the Board.

The Company is a member of the AIC and adheres to the AIC Code which is endorsed by the FRC, and meets the Company's obligations in relation to the UK Code.

The Board works closely with its Portfolio Adviser in monitoring BGCF to achieve a high standard of governance. Members of the Board visited Dublin to meet key people and to discuss various aspects of operational risk and controls, the CLO market and the appropriate strategy in current and future market conditions.

Shareholder Communications

Investor engagement is a key focus of the Company. During the first half of 2018, the Joint Brokers and Portfolio Adviser conducted a roadshow encompassing a number of meetings with new and prospective Shareholders, while a Shareholder roundtable was held in June 2018 with the Portfolio Adviser and Chair in attendance. We continue to evaluate our regular communication and we sincerely hope that you found the revised monthly factsheets and other information valuable. We are always interested in having contact with Shareholders and we welcome any opportunity to meet with you and obtain your feedback.

Prospects and Opportunities in 2018/2019

Looking towards 2019 there continues to be some macro themes that may affect the global credit markets. We consider Central Bank action being one of the significant factors driving markets, and any outsized change in major economy interest rates could trigger a ripple effect across asset prices.

The Board believes that senior secured loans in the US and Europe still offer attractive risk-adjusted yields. The Board is pleased that the Company is well positioned to be exposed to loans and CLOs through its investment in BGCF.

The Board wishes to express its thanks for the support of the Company's Shareholders.

Charlotte Valeur

Chair

20 September 2018

PORTFOLIO ADVISER'S REVIEW

We are pleased to present our review of the first six months of 2018 and outlook for the remainder of the year.

Year to date, the Company delivered a NAV total return per Euro share of 1.04%, inclusive of declared dividends of €0.025 per EUR share for the periods 1 October 2017 to 31 December 2017 and 1 January 2018 to 31 March 2018, consistent with its target annual dividend of €0.10 per share.

Bank Loan Market Overview ⁽³⁾

Performance across rating quality during the first half of 2018 was led by lower-quality loans in both Europe and the US. In Europe, the Lower Tier (CCC, Split CCC and Default) of the Credit Suisse Western European Leveraged Loan Index ("CS European Loan Index") gained 8.83% while Middle Tier loans (Split BB, B, and Split B) and Upper Tier loans (Split BBB and BB) gained 0.59% and 0.55%, respectively. In the US, the Lower Tier of the Credit Suisse Leveraged Loan Index ("CS US Loan Index") gained 5.35% while Middle Tier loans and Upper Tier loans returned 2.40% and 1.73%, respectively.

From a technical standpoint, the supply-demand dynamic mismatch of 2017 in Europe continued into early 2018. As the level of mergers and acquisition ("M&A") activity began to increase in the first half of 2018, the level of supply increased and allowed lenders to be more selective and able to extract better terms. Rolling 3-month average yields on new issue term loan Bs climbed from 3.76% in December to 4.07% in June, and the ratio of investor-friendly price flexes (spread increases) to issuer-friendly price flexes (spread decreases) climbed to 50% in June, up from 20% in January, according to LCD. A similar trend was witnessed in the US, particularly as the second quarter of 2018 came to a close as average new issue yields on B-rated loans increased from 5.50% in December 2017 to 6.64% in June 2018. Taking into account repayments, the net supply entering the loan market in May and June combined reached almost \$52 billion - the highest consecutive-month sum since LCD began compiling this data 18 months ago. The overall loan market, as measured by the CS US Loan Index, has grown by \$75 billion year-to-date to a total outstanding of \$1.13 trillion.

In Europe, institutional gross new issuance reached €50.7 billion for the first half of 2018 versus €49.5 billion during the same period in 2017. Gross institutional US loan issuance totalled \$271.5 billion year-to-date through June 2018, which is down from 2017's \$296.9 billion first-half tally. M&A was the main driver of new issuance globally, accounting for 70% of loan volume in Europe and 52% in the US.

The par-weighted European loan default rate for the LTM period ended June 2018 fell from 2.6% to 0.9%, while European high yield remained stable over the six months at 0.8%. In the US, the par-weighted loan LTM default rate was 2.1%, which was flat versus December 2017. The par-weighted US high yield LTM default rate increased to 1.9% at the end of June 2018, up from 1.3% in December. ⁽⁴⁾

CLO Market Overview ⁽⁵⁾

The low volatility environment, spread compression in loan markets in the first quarter of 2018, and the repeal of the US risk retention requirements spurred on CLO issuance, which included increased reset/refinancing activity. CLO issuance for 2018 has been robust with European issuance surpassing €13 billion and US issuance reaching \$69.1 billion, compared to last year's €8.9 billion and \$52.5 billion recorded in Europe and in the US, respectively. If 2018's pace continues throughout the second half of 2018, we could see two of the largest issuance years on record.

Despite AAA spreads widening from E+73bp and L+100bp in the first quarter to E+81bp and L+107bp in the second quarter in Europe and the US, respectively, the market continued to see strong demand with 34 new CLOs issues globally in June alone. Outside of new issue, we have seen ample activity in refi/reset transactions with €9.9 billion reported in Europe and \$83.9 billion in the US. Interestingly, the level of refinancings dropped significantly in both Europe and the US with the lion's share (80%) of activity in both markets coming from resets, which extend the reinvestment period of the CLOs.

Portfolio Update

Throughout the first half of 2018, BGCF originated €1.2 billion of loans, and invested €43.6 million in two European CLOs and \$177.4 million in four US CLOs, one directly and three through Blackstone / GSO US Corporate Funding, Ltd., the US Majority Owned Affiliate ("US MOA"). BGCF also invested a total of €138.6 million (\$158.5 million) in two US CLO warehouses.

BGCF continues to refinance existing CLO investments soon after expiration of their respective non-call periods. During the period, three CLOs were refinanced resulting in an average reduction in the cost of debt of 0.98%, and one CLO was reset resulting in a 0.67% reduction in the weighted average cost of debt and a 15 month extension to the reinvestment period. As of the end of June 2018, there were no CLOs within the portfolio that had exited their non-call periods and the refinancing option had not been executed.

All the investments made have been consistent with our strategy of principal preservation and minimising credit-related losses, while generating stable returns through income and capital appreciation.

Key Portfolio Statistics

BGCF Portfolio Assets	Current WA Asset Coupon	Current WA Liability Cost	WA Leverage	WA Remaining CLO Reinvestment Periods	WA Net Interest Margin
EUR CLOs	3.64%	1.59%	8.5x	2.0 Yrs	2.05%
US CLOs	5.20%	3.57%	8.9x	4.1 Yrs	1.64%
US CLO Warehouses	5.51%	3.49%	4.0x	n/a	2.02%
Directly Held Loans	3.73%	1.60%	2.5x	n/a	2.13%
Total Portfolio	4.30%	2.39%	7.0x	3.1 Yrs	1.91%

Source: BGLF Monthly Report, as of 29 June 2018.

Market Outlook

As with much of 2017, we see the technical backdrop influencing markets much more than anything fundamental. Outside of any credit idiosyncratic risk, we continue to believe that this supply-demand dynamic will drive market returns. As we saw towards the end of the period, large primary deals coming to market created weakness in loan secondary prices as market participants rotating out of existing positions in the secondary market to fund primary allocations. With more large deals expected to come to market in the second half of the year, we

believe a more balanced market could be seen in the second half of the year. If, however, we continue to see strong institutional inflows into managed accounts and appetite for CLO liability investors remains robust, it may be possible to see spreads begin to tighten once again.

As the era of "cheap money" draws to a close and we enter a rising rate environment, we believe senior secured loans are well positioned, providing investors with yield and relative performance stability. High yield bonds should also continue to benefit from negative interest rates but provide yields similar to senior loans with more risks, in our view.

Risk Management

Given the natural asymmetry of fixed income investments, our experienced credit team focuses on truncating downside risk and avoiding principal impairment and believes that the best way to control and mitigate risk is by remaining disciplined in market cycles and by making careful credit decisions while maintaining adequate diversification.

BGCF's portfolio of Loans and CLO Income Notes is managed so as to minimise default risk and credit related losses, which is achieved through in-depth fundamental credit analysis and diversifying the portfolio so as to avoid the risk of any one issuer or industry adversely impacting overall returns. As outlined in the portfolio update section, BGCF is broadly diversified across issuers, industries, and countries.

BGCF's base currency is denominated in Euro, though investments are also made and realised in other currencies. Changes in rates of exchange may have an adverse effect on the value, price or income of the investments of BGCF. BGCF utilises different financial instruments to seek to hedge against declines in the value of its positions as a result of changes in currency exchange rates.

Through the construction of solid credit portfolios and our emphasis on risk management, capital preservation, and fundamental credit research, we believe the Company's investment strategy will continue to be successful.

Blackstone / GSO Debt Funds Management Europe Limited

20 September 2018

(3) Sources: Credit Suisse, S&P/LCD, JP Morgan, Wells Fargo

(4) Credit Suisse Default Report July 2018

(5) S&P/LCD June 2018

EXECUTIVE SUMMARY

Principal Activities

The Company was incorporated on 30 April 2014 as a closed-ended investment company limited by shares under the laws of Jersey and is authorised as a listed fund under the Collective Investment Funds (Jersey) Law 1988. The Company continues to be registered and domiciled in Jersey and the Company's Euro shares are quoted on the Premium Segment of the Main Market of the LSE.

The Company's share capital consists of an unlimited number of shares. As at 30 June 2018, the Company's issued share capital consisted of 404,700,446 Euro shares.

The Company has a wholly owned Luxembourg subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.à r.l. (the "Lux Subsidiary"), which has an issued share capital of 2,000,000 Class A shares and 1 Class B share held by the Company as at 30 June 2018. Additionally, the Company also held 313,685,702 Class B CSWs issued by the Lux Subsidiary. The Lux Subsidiary invests in PPNs issued by BGCF, a risk retention company.

Significant Events during the Period

There were no significant events during the period.

Investment Objective

The Company's investment objective is to provide Shareholders with stable and growing income returns, and to grow the capital value of the investment portfolio by exposure predominantly to floating rate senior secured loans directly and indirectly through CLO Securities and investments in Loan Warehouses. The Company seeks to achieve its investment objective through exposure (directly or indirectly) to one or more risk retention companies or entities established from time to time ("Risk Retention Companies").

A Risk Retention Company is a company or entity to which the Company has a direct or indirect exposure for the purpose of achieving its investment objective, which is established to, among other things, directly or indirectly, purchase, hold and/or provide funding for the purchase and retention of CLO Securities issued by U.S. or European CLO Issuers (which it may manage),

loans and interests in Loan Warehouses (including, and for the avoidance of doubt, BGCF and U.S. MOA).

Investment Policy

Overview

The Company's investment policy is to invest (directly or indirectly, through one or more Risk Retention Companies) predominantly in a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans) (such investments being made by the Risk Retention Companies directly or through investments in Loan Warehouses) and in CLO Securities, and generate attractive risk-adjusted returns from such portfolios. The Company pursues its investment policy by investing (through one or more wholly owned subsidiaries) in profit participating instruments (or similar securities) issued by one or more Risk Retention Companies.

The Risk Retention Companies use the proceeds from the issue of the profit participating instruments (or similar securities) together with the proceeds from other funding or financing arrangements they have in place currently or may have in the future to invest predominantly in: (i) senior secured loans, CLO Securities and Loan Warehouses; or (ii) other Risk Retention Companies which, themselves, invest predominantly in senior secured loans, CLO Securities and Loan Warehouses. The Risk Retention Companies may invest predominantly in European or US senior secured loans, CLO Securities, Loan Warehouses and other assets in accordance with the investment policy of the Risk Retention Companies. Investments in Loan Warehouses, which are generally expected to be subordinated to senior financing provided by third-party banks ("First Loss"), are typically in the form of an obligation to purchase preference shares or a subordinated loan. There is no limit on the maximum US or European exposure. The Risk Retention Companies do not invest substantially directly in senior secured loans domiciled outside North America or Western Europe.

Principal Risks and Uncertainties

Each Director is aware of the risk inherent in the Company's business and understands the importance of identifying, evaluating and monitoring these risks. The Board has adopted procedures and controls to enable it to manage these risks within acceptable limits and to meet all of its legal and regulatory obligations.

The Board considers the process for identifying, evaluating and managing any significant risks faced by the Company on an ongoing basis and these risks are reported and discussed at Board meetings. It ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld.

The Directors have carried out a robust assessment of the principal risks facing the Company, an overview of which, along with the applicable mitigants put in place, is set out below:

Principal risk	Mitigant
<p>Investment</p> <p>A key risk to the Company is an economic downturn along with continued political uncertainty which could negatively impact global credit markets and the risk-reward characteristics for CLO structuring which could result in a reduced number of suitable investment opportunities and/or lower shareholder demand.</p>	<p>Market conditions, events and political uncertainty pose a risk to capital for any asset class which by their nature (and outside efficient portfolio management by the Portfolio Adviser) may not have any mitigating factors.</p> <p>The Board receives regular updates from the Portfolio Adviser on the developments and overall health of the loan and CLO market. The Board takes comfort that a sufficient number of CLOs have been established by BGCF, the income from which should enable the Company (through its investment in the Lux Subsidiary) to cover its running costs and dividend policy for the foreseeable future.</p>
<p>Investment</p> <p>The Company holds investments comprising Class A and Class B shares and CSWs in the Lux Subsidiary which in turn holds PPNs in BGCF, a risk retention company. BGCF has also issued PPNs to third-party investors whose redemption requests could impact the level of cash available for distributions by BGCF, which could restrict the Company's ability to meet return targets and settle its obligations in full as they fall due.</p>	<p>Third-party investors in BGCF invest via limited liquidity funds that have restricted rights of redemption, severe penalties for redemption outside of BGCF's minimum five year 'lock-in' investment period and restricted timing of settlement of redemption proceeds. These measures ensure remaining investors will not be negatively impacted by redemptions.</p> <p>Third-party capital in BGCF is invested via drawdown funds whereby commitments are deployed only when</p>

investment opportunities present in the market. The drawdown nature of third-party capital mitigates the risk to the Company's return on investment.

In addition, the Company's right to a return on investment ranks pari-passu to that of other investors.

Regulatory, legal, tax and compliance

The Company, the Lux subsidiary and the risk retention companies to which the Lux Subsidiary is exposed, are subject to laws and regulations across multiple jurisdictions. This poses a risk to the Company in that the introduction of new laws and regulations, or changes to existing laws and regulations, may negatively impact or invalidate its structure, investment policy, tax efficiency or attractiveness to investors.

The Board retains the services and receives regular updates from its Portfolio Adviser and other legal, accounting and tax specialists on any potential changes to or reinterpretation of existing laws and regulations to ensure their accurate implementation.

Furthermore, the Board and Portfolio Adviser believe that if a change or unfavourable interpretation of retention rules were to occur, the current investment structure has sufficient flexibility to allow proposals to be put to Shareholders such that it could continue to allow investment in senior secured loans whilst retaining compliance with applicable rules and regulations.

Operational

The Company has no employees, systems or premises and is reliant on its Portfolio Adviser and service providers for the delivery of its investment objective and strategy.

The day-to-day operations and functions of the Company have been delegated to third-party service providers who are subject to oversight of the Board. All the service providers of the Company are selected based on their expertise and ability to carry out their respective functions.

Failure in delivery could be as a result of a number of factors including, but not limited to, poor investment decisions, poor due diligence on initial investment, loss of key portfolio managers and other operational risks including cyber security breaches and conflicts of interest.

Annual monitoring of the service providers is carried out by the Management Engagement Committee through completion of an in-depth due diligence questionnaire, attestations and ratings, covering all areas of service and ability to carry out the role including, but not limited to, internal controls processes and systems, key man risk, conflict of interest procedures and cyber security.

There is a risk that failure in one, or a combination, of these areas could materially impact the ability of the Company to produce required minimum returns or maintain its reputation in the market place.

Through reporting to the Board at the quarterly board meetings and an active compliance monitoring programme, any non-compliance by a service provider to their policies is provided.

In addition, through the monthly NAV Review Committee, the Portfolio Adviser updates the Board on the performance of the underlying investments, market conditions and any other relevant issues. Their adherence to the investment guidelines is monitored by the Company's Depositary. The Portfolio Adviser has a widely experienced team with sufficient coverage of staff should any key personnel depart. The Portfolio Adviser is also part of a larger international group that specialises in alternative assets with a strong track record.

Going Concern

The Directors have considered the Company's investment objective, risk management and capital management policies, its assets and the expected income from its investments as well as the current legal and regulatory environment within which the Company operates. The Directors are of the opinion that the Company is able to meet its liabilities and ongoing expenses as they fall due and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, these condensed financial statements have been prepared on a going concern basis and the Directors believe it is appropriate to continue to adopt this basis for a period of at least 12 months from the date of approval of these condensed financial statements.

Directors' Interests

Details of the Directors can be found below.

As at the period end and the date of approval of these condensed financial statements, the Directors held the following number of Euro shares in the Company:

	As at 30 June 2018	As at 31 December 2017
Charlotte Valeur	11,500	11,500
Gary Clark	73,700	73,700
Heather MacCallum	-	-
Steven Wilderspin	20,000	-

Events since the Period End

Other than those disclosed in the Chair's Statement and Note 15, the Directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial periods.

Related party transactions

Related party transactions have been disclosed in Note 13.

Future Strategy

The Directors continue to believe that the investment strategy and policy adopted by the Company is appropriate and is capable of meeting the Company's objectives.

The overall strategy remains unchanged and it is the Directors' assessment that there are sufficient resources to properly manage the Company's portfolio in the current and anticipated investment environment.

Please refer to the Portfolio Adviser's Report for detail regarding performance to date of the investment portfolio and the main trends and factors likely to affect those investments.

Director Biographies

All the Directors are non-executive. The Directors appointed to the Board as at the date of approval of this Half Yearly Financial Report are:

Charlotte Valeur

Position: Chair of the Board

Date of appointment: 13 June 2014

Charlotte Valeur has more than 30 years of experience in financial markets and is the managing director of GFG Ltd, a governance consultancy company.

She currently serves as a non-executive director on the boards of listed and unlisted companies including non-executive director of JP Morgan Convertible Bond Income Fund, a LSE-listed investment company; non-executive director of Phoenix Spree Deutschland Ltd, a LSE-listed company; non-executive director of Laing O'Rourke, a construction company; and a non-executive director of NTR Plc, a renewable energy company. She previously served as chair of the boards of Kennedy Wilson Europe Real Estate Plc and DW Catalyst Ltd and as a non-executive director of 3i Infrastructure plc.

Ms Valeur was the founding partner of Brook Street Partners in 2003 and the Global Governance Group in 2009. Prior to this, Ms Valeur worked in London as a director in capital markets at Warburg, BNP Paribas, Société Générale and Commerzbank, beginning her career in Copenhagen with Nordea A/S. She is a member of the Institute of Directors and is regulated by the Jersey Financial Services Commission.

With significant experience in international corporate finance, Ms Valeur has a high level of technical knowledge of capital markets, especially debt / fixed income. Her non-executive board roles at a number of companies and her work as a governance consultant have provided her with an excellent understanding and experience of boardroom dynamics and corporate governance.

Effective 3 September 2018, Ms Valeur was appointed Chair of the Institute of Directors.

Gary Clark, ACA

Position: Chair of the Remuneration and Nomination Committee and NAV Review Committee; Senior Independent Director

Date of appointment: 13 June 2014

Gary Clark acts as an independent non-executive director for a number of investment managers including Emirates NBD, Aberdeen Standard Life and ICG. Until 1 March 2011 he was a managing director at State Street and their head of Hedge Fund Services in the Channel Islands. Mr Clark, a Chartered Accountant, served as chairman of the Jersey Funds Association from

2004 to 2007 and was managing director at AIB Fund Administrators Limited when it was acquired by Mourant in 2006. This business was sold to State Street in 2010. Prior to this Mr Clark was managing director of the futures broker, GNI (Channel Islands) Limited in Jersey.

A specialist in alternative investment funds, Mr Clark was one of several practitioners involved in a number of significant changes to the regulatory regime for funds in Jersey, including the introduction of both Jersey's Expert Funds Guide and Jersey's Unregulated Funds regime.

Heather MacCallum, CA

Position: Chair of the Audit Committee

Date of appointment: 7 September 2017

Heather MacCallum was a partner of KPMG Channel Islands Limited from 2001, retiring from the partnership on 30 September 2016. She was with KPMG's financial services practice for 20 years, predominantly providing audit and advisory services to the investment management sector.

Ms MacCallum currently serves as a non-executive director on the board of Jersey Water where she is chair of the audit committee and on the board of Kedge Capital Fund Management Limited, an asset management business.

She is a member of the Institute of Directors and the Institute of Chartered Accountants of Scotland (ICAS). She is also a past president of the Jersey Society of Chartered and Certified Accountants.

Steven Wilderspin, FCA, IMC

Position: Chair of the Risk Committee

Date of appointment: 11 August 2017

Steven Wilderspin, a qualified Chartered Accountant, has been the Principal of Wilderspin Independent Governance, which provides independent directorship services, since April 2007. He has served on a number of private equity, property and hedge fund boards as well as commercial companies.

In May 2018 Mr Wilderspin was appointed as a director of HarbourVest Global Private Equity Limited.

In December 2017 Mr Wilderspin stepped down from the board of 3i Infrastructure plc where he was chairman of the audit and risk committee after ten years' service.

From 2001 until 2007, Mr Wilderspin was a director of fund administrator Maples Finance Jersey Limited where he was responsible for fund and securitisation structures. Before that, from 1997, Mr Wilderspin was Head of Accounting at Perpetual Fund Management (Jersey) Limited.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Half Yearly Financial Report and condensed Financial Statements in accordance with applicable law and regulations.

The Directors confirm to the best of their knowledge that:

- the condensed financial statements within the Half Yearly Financial Report have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as at 30 June 2018, as required by the UK's FCA's DTR 4.2.4R;
- the Chair's Statement, the Portfolio Adviser's Report, the Executive Summary and the notes to the condensed Financial Statements includes a fair review of the information required by:
 - i. DTR 4.2.7R, being an indication of important events that have occurred during the first six months, the financial period ended 30 June 2018 and their impact on the condensed financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - ii. DTR 4.2.8R, being related party transactions that have taken place in the first six months, the financial period ended 30 June 2018 and that have materially affected the financial position or performance of the Company during the period.

Gary Clark
Director
20 September 2018

Heather MacCallum
Audit Committee Chair
20 September 2018

Independent Review Report to the Shareholders of Blackstone / GSO Loan Financing Limited

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 which comprises the condensed statement of comprehensive income, condensed statement of financial position, condensed statement of changes in equity, condensed statement of cash flows and related notes 1 to 15. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

St. Helier Jersey
20 September 2018

Condensed Statement of Financial Position

As at 30 June 2018

		As at 30 June 2018 (unaudited)	As at 31 December 2017 (audited)
	Notes	€	€
Current assets			
Cash and cash equivalents		5,990,241	2,546,969
Other receivables	5	6,969	29,625
	6	357,281,294	377,137,378

Financial assets at fair value through profit or loss

Total current assets		363,278,504	379,713,972
Non-current liabilities			
Intercompany loan	7	(67,811)	-
Total non-current liabilities		(67,811)	-
Current liabilities			
Payables	8	(191,504)	(173,651)
Total current liabilities		(191,504)	(173,651)
Total liabilities		(259,315)	(173,651)
Net assets	12	363,019,189	379,540,321
Capital and reserves			
Stated capital	9	404,962,736	404,962,736
Retained earnings		(41,943,547)	(25,422,415)
Equity		363,019,189	379,540,321
Net Asset Value per Euro share	12	0.8970	0.9378

These condensed financial statements were authorised and approved for issue by the Directors on 20 September 2018 and signed on their behalf by:

Gary Clark
Director

Heather MacCallum
Director

The accompanying notes form an integral part of the condensed financial statements.

Condensed Statement of Comprehensive Income For the six months ended 30 June 2018

		Six months ended 30 June 2018 (unaudited)	Six months ended 30 June 2017 (unaudited)
	Notes	€	€
Income			
Realised (loss) / gain on foreign exchange		(1,044)	1,654
Net gains on financial assets at fair value through profit or loss	6	4,294,913	8,648,708
Total income		4,293,869	8,650,362
Expenses			
Operating expenses	3	(563,155)	(737,027)
Profit before taxation		3,730,714	7,913,335
Taxation		-	-
Profit after taxation		3,730,714	7,913,335
Interest expense		(16,822)	(4,479)
Total comprehensive income for the period attributable to Shareholders		3,713,892	7,908,856
Basic and diluted earnings per Euro share	11	0.0092	0.0210

The Company has no items of other comprehensive income, and therefore the profit for the period is also the total comprehensive income.

All items in the above statement are derived from continuing operations. No operations were acquired or discontinued during the period.

The accompanying notes form an integral part of the condensed financial statements.

Condensed Statement of Changes in Equity For the six months ended 30 June 2018

	Note	Stated capital	Retained earnings	Total
		€	€	€

Equity as at 1 January 2018	9	404,962,736	(25,422,415)	379,540,321
Total comprehensive income for the period attributable to Shareholders		-	3,713,892	3,713,892
Transactions with owners				
Dividends to Shareholders		-	(20,235,024)	(20,235,024)
		-	(20,235,024)	(20,235,024)
Equity as at 30 June 2018 (unaudited)		404,962,736	(41,943,547)	363,019,189
For the six months ended 30 June 2017				
	Note	Stated capital	Retained earnings	Total
		€	€	€
Equity as at 1 January 2017	9	325,023,176	7,315,144	332,338,320
Total comprehensive income for the period attributable to Shareholders		-	7,908,856	7,908,856
Transactions with owners				
Issuance of shares	9	79,939,560	-	79,939,560
Dividends to Shareholders		-	(18,232,529)	(18,232,529)
		79,939,560	(18,232,529)	61,707,031
Equity as at 30 June 2017 (unaudited)		404,962,736	(3,008,529)	401,954,207

The accompanying notes form an integral part of the condensed financial statements.

Condensed Statement of Cash Flows
For the six months ended 30 June 2018

	Six months ended 30 June 2018 (unaudited)	Six months ended 30 June 2017 (unaudited)
	€	€
Cash flows from operating activities		
Total comprehensive income for the period attributable to Shareholders	3,713,892	7,908,856
Adjustments to reconcile profit after tax to net cash flows:		
- Total change in unrealised gains on financial assets at fair value through profit and loss	(1,773,885)	(6,864,207)
- Realised gain on financial assets at fair value through profit and loss	(2,521,028)	(1,784,501)
Purchase of financial assets at fair value through profit or loss	-	(80,152,154)
Proceeds from sale of financial assets at fair value through profit or loss	24,150,997	19,027,296
Changes in working capital		
Decrease in other receivables	22,656	693,020
Increase in intercompany loan	67,811	-
Increase / (decrease) in payables	17,853	(201,958)
Net cash generated from / (used in) operating activities	23,678,296	(61,373,648)
Cash flows from financing activities		
Proceeds from subscriptions	-	79,939,560
Dividends paid	(20,235,024)	(18,232,529)
Net cash (used in) / generated from financing activities	(20,235,024)	61,707,031
Net increase in cash and cash equivalents	3,443,272	333,383
Cash and cash equivalents at the start of the period	2,546,969	813,119
Cash and cash equivalents at the end of the period	5,990,241	1,146,502

The accompanying notes form an integral part of the condensed financial statements.

Notes to the Condensed Financial Statements
For the six months ended 30 June 2018

1 General information

The Company is a closed-ended limited liability investment company domiciled and incorporated under the laws of Jersey with variable capital pursuant to the Collective Investment Funds (Jersey) Law 1988. It was incorporated on 30 April 2014 with registration number 115628. The Company's Euro shares are quoted on the Premium Segment of the Main Market of the LSE and has a premium listing on the Official List of the UKLA.

The Company's investment objective is to provide Shareholders with stable and growing income returns, and to grow the capital value of the investment portfolio by exposure predominately to floating rate senior secured loans directly and indirectly through CLO Securities and investments in loan warehouses. The Company seeks to achieve its investment objective solely through exposure (directly or indirectly) to one or more risk retention companies or entities established from time to time.

At 30 June 2018, all shares in issue were Euro shares. The Company may issue one or more additional classes of shares in accordance with the Articles of Association.

The Company has a wholly owned Luxembourg subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.à r.l., which has an issued share capital of 2,000,000 Class A shares and 1 Class B share held by the Company. The Company also holds 313,685,702 Class B CSWs issued by the Lux Subsidiary.

The Company's registered address is IFC1, The Esplanade, St. Helier, Jersey, JE1 4BP, Channel Islands.

2 Significant accounting policies

2.1 Statement of compliance

The Annual Report and Audited Financial Statements (the "Annual Report") are prepared in accordance with the Disclosure Guidance and Transparency Rules of the FCA and with IFRS as adopted by the EU, which comprise standards and interpretations approved by the International Accounting Standards Board, and interpretations issued by the International Financial Reporting Standards and Standing Interpretations Committee as approved by the International Accounting Standards Committee which remain in effect. The Half Yearly Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period, except for the adoption of new and amended standards as set out below.

The Half Yearly Financial Report has been prepared on a going concern basis. After reviewing the Company's budget and cash flow forecast for the next financial period, the Directors are satisfied that, at the time of approving the condensed financial statements, it is appropriate to adopt the going concern basis in preparing the condensed financial statements.

2.2 New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2018

A number of new and amended standards became applicable for the current reporting period and the Company changed its accounting policies as a result of adopting the following standards:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards and the new accounting policies are disclosed below. Other standards did not have any impact on the Company's accounting policies.

2.3 New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2018 and not early adopted

There are no standards, amendments and interpretations which have been issued but are not yet effective and not early adopted, that will affect the Company's financial statements.

2.4 Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the Company's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018.

(a) Impact on the financial statements

The adoption of IFRS 9 and IFRS 15 did not result in a change to the recognition, classification or measurement of financial instruments held by the Company in either the current or prior financial reporting period.

In accordance with the scope provisions in IFRS 15, revenue from financial instruments is recognised under IFRS 9 (previously IAS 39) and hence exempted from IFRS 15. The Company does not receive any other types of revenue which would require application of IFRS 15.

(b) IFRS 9 Financial Instruments - Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies. The new accounting policies are set out below. In accordance with the transitional provisions in IFRS 9 (7.2.15), comparative figures have not been restated.

Classification and measurement

On 1 January 2018 (the date of initial application of IFRS 9), the Board has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories.

Cash Settlement Warrants

Under IAS 39, CSWs were classified as financial assets designated at fair value through profit or loss. This is due to the fact that these debt instruments are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. Under IFRS 9 and the current business model, these debt instruments are classified as financial assets at fair value through profit or loss. There was no impact on the amounts recognised in the Statement of Financial Position in relation to these assets from the adoption of IFRS 9.

Shares (2,000,000 Class A and 1 Class B)

Under IAS 39, the shares were classified as financial assets at fair value through profit or loss. Under IFRS 9, equity investments are required to be held as fair value through profit or loss. There was therefore no impact on the amounts recognised in relation to these assets from the adoption of IFRS 9.

(c) IFRS 9 Financial Instruments - Accounting policies applied from 1 January 2018**Investments and other financial assets***(i) Initial recognition*

The Company recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the Company becomes party to the contractual provisions of the instrument.

Purchases and sales of investments are recognised on the trade date - the date on which the Company commits to purchase or sell the investment.

(ii) Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income ("FVOCI").

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company's business model is to manage its debt instruments and to evaluate their performance on a fair value basis. The Company's policy requires the Portfolio Adviser and the Board to evaluate the information about these financial assets on a fair value basis together with other related financial information. Consequently, these debt instruments are measured at fair value through profit or loss.

Equity instruments

The Company subsequently measures all equity investments at fair value. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established, a requirement which remains unchanged from IAS 39.

Changes in fair value of financial assets at FVPL are recognised in net gains / (losses) on financial assets at fair value through profit or loss in the Statement of Comprehensive Income.

(iv) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

(v) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As at 30 June 2018, the Company held 313,685,702 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary (the "Investments") (31 December 2017: 337,374,822 CSWs, 2,000,000 Class A shares and 1 Class B share). These Investments are not listed or quoted on any securities exchange, are not traded regularly and on this basis no active market exists. The Company is not entitled to any voting rights in respect of the Lux Subsidiary by reason of their ownership of the CSWs, however, the Company controls the Lux Subsidiary through its 100% holding of the shares in the Lux Subsidiary.

The fair value of the CSWs and the Class A and Class B shares are based on the net assets of the Lux Subsidiary which is based substantially in turn on the fair value of the PPNs issued by BGCF.

(vi) Valuation process

The Directors have held discussions with third party providers of BGCF in order to gain comfort around the valuation of the underlying assets in the BGCF portfolio and through this, the valuation of the PPNs and CSWs as of the Statement of Financial Position date.

The Directors, through ongoing communication with the Portfolio Adviser including quarterly meetings, discuss the performance of the Portfolio Adviser and the underlying portfolio and in addition review monthly investment performance reports. The Directors analyse the BGCF portfolio in terms of the investment mix in the portfolio. The Directors also consider the impact of general credit conditions and more specifically credit events in the European corporate environment on the valuation of the CSWs, PPNs and the BGCF portfolio.

The Investments

The Investments are valued by the Administrator based on information from the Portfolio Adviser and are reviewed and approved by the Directors, taking into consideration a range of factors including the unaudited NAV of both the Lux Subsidiary and BGCF, and other relevant available information. The other relevant information includes the review of available financial and trading information of BGCF and its underlying portfolio, advice received from the Portfolio Adviser and such other factors as the Directors, in their sole discretion, deem relevant in considering a positive or negative adjustment to the valuation.

The estimated fair values may differ from the values that would have been realised had a ready market existed and the difference could be material.

The fair value of the CSWs and the Class A and Class B shares are assessed on an ongoing basis by the Board.

BGCF Portfolio

The Directors discuss BGCF's by the Board. To understand the methodology regarding the valuation of its underlying portfolio comprising of Level 3 assets. The majority of Level 3 assets in BGCF are comprised of CLOs. In reviewing the fair value of these assets, the Directors look at the assumptions used and any significant fair value changes during the period under analysis.

BGCF has a variety of investment types - loan assets, preference shares in U.S. MOA and CLO Warehouses and CLO Income Notes.

Where available, the fair value of financial instruments is based on their quoted market prices at the financial period end date without any deduction for estimated future selling costs. However, all of the loan asset fair value prices used in the financial statements are based on broker quotes received from Markit and all of the bonds prices are provided by International Data Corporation ("IDC"). Both loans and bonds are priced at current mid prices.

In rare circumstances, if a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange traded financial instruments, the fair value of the

instrument is estimated using the valuation techniques of Blackstone / GSO Debt Funds Management Europe Limited ("DFME"), which include use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. In cases where no third party price is available, DFME will determine the valuation in line with BGCF's fair valuation policy and submit the valuation to the board of BGCF for approval.

The CLO Income Notes issued by BGCF's subsidiaries are listed on the Irish Stock Exchange and are valued by Thomson Reuters (or any other service provider appointed to fulfil such role from time to time) and disclosed as financial assets at fair value through profit or loss in BGCF's Statement of Financial Position. Thomson Reuters use the CLO Intrinsic Calculation Methodology to value the CLO Income Notes, which incorporates CLO specific information and modelling techniques, including (i) granular loan level data, such as the concentration and quality of various loan level buckets, for example, second liens, covenant lites and other structured product assets, as well as several other factors including: discount rate, default rates, prepayment rates, recovery rates, recovery lag and reinvestment spread (these factors are highly sensitive, and variations may materially affect the fair value of the asset), and (ii) structural analysis on a deal by deal basis: Thomson Reuters will perform checks on all structural features of each CLO, such as credit enhancement of each bond and various performance triggers (including over-collateralisation tests, interest coverage and diversion tests). Furthermore, Thomson Reuters will analyse the reinvestment language specific to each CLO deal, as well as DFME's performance and capabilities. For the avoidance of doubt, no other market clearing levels, market fundamentals, broker quotations or bids wanted in competition will be reflected in the modelled price for valuations of CLO retention securities.

Investments held by BGCF in the U.S. MOA are priced by Thomson Reuters using the CLO Intrinsic Calculation Methodology.

To ensure the prices provided by Thomson Reuters are not materially different than fair value, BGCF has engaged a third party valuation specialist firm to provide fair valuations of the CLO Income Notes. As of 30 June 2018, BGCF found the difference between the Thomson Reuters valuations and the fair values to be immaterial, thus the values using the CLO Intrinsic Calculation Methodology are reported in BGCF financial statements.

The following table summarises the inputs and assumptions used in determining the fair value of the CLO Securities held by BGCF as at 30 June 2018. The table is not meant to be all inclusive, but rather provide information on the significant Level 3 inputs as they relate to the fair value measurement of the CLO Securities held by BGCF as at 30 June 2018.

Asset	Valuation Methodology	Unobservable Input	Weighted Average	
			Period ended 30 June 2018	Year ended 31 December 2017
CLO Securities	Discounted Cash Flows	Constant default rate	2%	2%
		Conditional prepayment rate	20%	20%
		Reinvestment spread (bp over LIBOR)	387.97	406.82
		Recovery rate	70.37%	70.41%
		Recovery lag (Months)	12	12
		Discount rate	12.15%	11.70%

Increases (decreases) in the constant default rate and discount rate in isolation would result in a lower (higher) fair value measurement. Increases (decreases) in the reinvestment spread and recovery rate in isolation would result in a higher (lower) fair value measurement. Changes in the constant prepayment rate may result in a higher or lower fair value, depending on the circumstances. Generally, a change in the assumption used for the constant default rate may be accompanied by a directionally opposite change in the assumption used for the constant prepayment rate and recovery rate.

The mark to model approach may vary to market values depending on market conditions at the time. Market participants will determine their own assumptions which are subjective and may not be uniform. In times of market stress the divergence can become magnified.

Financial liabilities

(vi) Classification

Financial liabilities include payables which are held at amortised cost using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other

premiums or discounts) through the expected life of the financial liability, or where appropriate a shorter period, to the net carrying amount on initial recognition.

(vii) Recognition, measurement and derecognition

Financial liabilities are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Gains and losses are recognised in the Condensed Statement of Comprehensive Income when the liabilities are derecognised.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

2.5 Segmental reporting

The Directors view the operations of the Company as one operating segment, being investment holding. All significant operating decisions are based upon analysis of the Company's investments as one segment. The financial results from this segment are equivalent to the financial results of the Company as a whole, which are evaluated regularly by the chief operating decision-maker (the Board with insight from the Portfolio Adviser).

2.6 Shares in issue

The shares of the Company are classified as equity based on the substance of the contractual arrangements and in accordance with the definition of equity instruments under IAS 32 Financial Instruments: Presentation.

The proceeds from the issue of shares are recognised in the Statement of Changes in Equity, net of the incremental issuance costs.

2.7 Taxation

Profit arising in the Company for the period will be subject to Jersey tax at the standard corporate income tax rate of 0% (30 June 2017: 0%).

2.8 Critical accounting judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect items reported in the Statement of Financial Position and Statement of Comprehensive Income. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Estimates

(a) Fair value

For the fair value of all financial instruments held, the Company determines fair values using appropriate techniques.

Refer to Note 2.4 for further details on the significant estimates applied in the valuation of the underlying financial instruments.

Judgements

(b) Non-consolidation of the Lux Subsidiary

The Company meets the definition of an Investment Entity as defined by IFRS 10 and is required to account for its investment at fair value through profit or loss.

The Company has multiple unrelated investors and holds CSWs and shares in the Lux Subsidiary. The Company has been deemed to meet the definition of an Investment Entity per IFRS 10 as the following conditions exist:

- The Company has obtained funds for the purpose of providing investors with investment management services;
- The Company's business purpose, which has been communicated directly to investors, is investing solely for returns from capital appreciation, investment income, or both; and
- The performance of investments made through the Lux Subsidiary are measured and evaluated on a fair value basis.

The Company has also considered the typical characteristics of an investment entity per IFRS 10 in assessing whether it meets the definition of an Investment Entity.

The Company controls the Lux Subsidiary through its 100% holding of the voting rights and ownership. The Lux Subsidiary is incorporated in Luxembourg.

Refer to Note 10 for further disclosures relating to the Company's interest in the Lux Subsidiary.

(c) *Non-consolidation of BGCF*

To determine control, there has to be a linkage between power and the exposure to risks and rewards. The main link from ownership would allow a company to control the payments of returns and operating policies and decisions of a subsidiary. To meet the definition of a subsidiary under the single control model of IFRS 10, the investor has to control the investee.

Control involves power, exposure to variability of returns and a linkage between the two, namely:

- The investor has existing rights that give it the ability to direct the relevant activities that significantly affect the investee's returns;
- The investor has exposure or rights to variable returns from its involvement with the investee; and
- The investor has the ability to use its power over the investee to affect the amount of the investor's returns.

In the case of BGCF, the relevant activities are the investment decisions made. However, in the Lux Subsidiary's case, the power to influence or direct the relevant activities of BGCF is not attributable to the Lux Subsidiary. The Lux Subsidiary does not have the ability to direct or stop investments by BGCF; therefore, it does not have the ability to control the variability of returns. Accordingly, BGCF has been determined not to be a subsidiary undertaking as defined under IFRS 10 and the Lux Subsidiary's investment in the PPNs issued by BGCF are accounted for at fair value through profit or loss.

(c) *Presentation and functional currency*

The Directors have used their judgement to determine that the Company's presentation and functional currency is Euro.

3 Operating expenses

	Six months ended 30 June 2018 (unaudited)	Six months ended 30 June 2017 (unaudited)
	€	€
Administration fees	162,131	162,981
Brokerage fees	85,829	87,808
Directors' fees (see Note 4)	98,200	95,958
Regulatory fees	4,950	9,917
Audit fees	81,260	57,848
Professional fees	102,069	288,921
Registrar fees	11,219	16,636
Sundry expenses	17,497	16,958
Total operating expenses	563,155	737,027

Administration fees

Under the administration agreement, the Administrator is entitled to receive variable fees based on the NAV of the Company for the provision of administrative and compliance services and a fixed fee for the provision of company secretarial services. The overall charge for the above-mentioned fees for the Company for the six months ended 30 June 2018 was €162,131 (30 June 2017: €162,981) and the amount due at 30 June 2018 was €47,014 (31 December 2017: €49,273).

Audit and non-audit fees

The Company incurred €81,260 (30 June 2017: €57,848) in audit fees during the period of which €78,934 (31 December 2017: €50,696) was outstanding at the period end.

The Company incurred €15,535 (30 June 2017: €121,059) in non-audit fees during the period of which €Nil (31 December 2017: €Nil) was outstanding at the period end. The table below outlines the non-audit services received during the period.

Other Deloitte member firms	Type of service provided	Six months ended 30 June 2018 (unaudited)	Six months ended 30 June 2017 (unaudited)
		€	€
Deloitte LLP US	Tax advisory	15,535	-
Deloitte LLP Guernsey	Advisory work on migration	-	58,768
Deloitte Jersey	Advisory	-	17,184
Deloitte Luxembourg	Tax advisory	-	45,107

Non-audit fees	15,535	121,059
-----------------------	---------------	----------------

4 Directors' fees and interests

During the six months ended 30 June 2018, the Directors were each remunerated for their services at a fee of £35,000 per annum (£50,000 for the Chair). The Chairs of the Audit Committee and Risk Committee are entitled to an additional £5,000 for their services in these roles.

The Company has no employees. Directors' fees payable as at 30 June 2018 were €47,524 (31 December 2017: €47,316).

Refer to Note 15 for changes in Directors' fees effective 1 July 2018.

Charlotte Valeur, Steven Wilderspin and Gary Clark held beneficial interests in the shares of the Company during the six months ended 30 June 2018. Charlotte Valeur held 11,500 Euro shares as at 30 June 2018 (31 December 2017: 11,500). Steven Wilderspin held 20,000 Euro shares as at 30 June 2018 (31 December 2017: Nil). Gary Clark held 73,700 Euro shares as at 30 June 2018 (31 December 2017: 73,700)

No pension contributions were payable in respect of any of the Directors.

5 Other receivables

	As at 30 June 2018 (unaudited)	As at 31 December 2017 (audited)
	€	€
Prepayments	6,969	29,625
Total other receivables	6,969	29,625

6 Financial assets at fair value through profit or loss

	As at 30 June 2018 (unaudited)	As at 31 December 2017 (audited)
	€	€
Financial assets at fair value through profit or loss	357,281,294	377,137,378

Financial assets at fair value through profit or loss consists of 313,685,702 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary (31 December 2017: 337,374,822 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary).

CSWs

The Company has the right, at any time during the exercise period (being the period from the date of issuance, and ending on earlier of the 3 February 2046 or the date on which the liquidation of the Lux Subsidiary is closed), to request that the Lux Subsidiary redeems all or part of the CSWs at the redemption price (see below), by delivering a redemption notice, provided that the redemption price will be due and payable only if and to the extent that (a) the Lux Subsidiary will have sufficient funds available to settle its liabilities to all other ordinary or subordinated creditors, whether privileged, secured or unsecured, prior in ranking to the CSWs, after any such payment, and (b) the Lux Subsidiary will not be insolvent after payment of the redemption price.

The redemption price is the amount payable by the Lux Company on the redemption of CSWs outstanding, which shall be at any time equal to the fair market value of the ordinary shares, (that would have been issued in case of exercise of all CSWs), as determined by the Board on a fully diluted basis on the date of redemption, less a margin (determined by the Board on the basis of a transfer pricing report prepared by an independent adviser), and the redemption price for each CSW shall be obtained by dividing the amount determined in accordance with the preceding sentence by the actual number of CSWs outstanding.

If at the end of any financial year there is excess cash, as determined in good faith by the Lux Subsidiary board (but for this purpose only), the Lux Subsidiary will automatically redeem, to the extent of such excess cash, all or part of the CSWs at the redemption price provided the requirements in the previous paragraph are met, unless the Company notifies the Lux Subsidiary otherwise. For the avoidance of doubt, to the extent the subscription price for the CSWs to be redeemed has not been paid at the time the CSWs were issued, the subscription price for such CSWs to be redeemed shall be deducted from the Redemption Price.

CSWs listed in an exercise notice may not be redeemed.

Class A and Class B shares held in the Lux Subsidiary

Class A and Class B shares are redeemable and have a par value of one Euro per share. Class A and Class B Shareholders have equal voting rights commensurate with their shareholding.

Class A and Class B Shareholders are entitled to dividend distributions from the net profits of the Lux Subsidiary (net of an amount equal to five per cent of the net profits of the Lux Subsidiary which is allocated to the general reserve, until this reserve amounts to ten per cent of the Lux Subsidiary nominal share capital).

Dividend distributions are paid in the following order of priority:

- Each Class A share is entitled to the Class A dividend, being a cumulative dividend in an amount of not less than 0.10% per annum of the face value of the Class A shares.
- Each Class B share is entitled to the Class B dividend (if any), being any income such as but not limited to interest or revenue deriving from the receivable from the PPN's held by the Lux Subsidiary, less any non-recurring costs attributable to the Class B shares.

Any remaining dividend amount for allocation of the Class A dividend and Class B dividend shall be allocated pro rata among the Class A shares.

The Board does not expect income from the Lux Subsidiary to significantly exceed the anticipated annual running costs of the Lux Subsidiary and therefore does not expect that the Lux Subsidiary will pay significant, or any, dividends although it reserves the right to do so.

Fair value hierarchy

IFRS 13 Fair Value Measurement requires an analysis of investments valued at fair value based on the reliability and significance of information used to measure their fair value.

The Company categorises its financial assets according to the following fair value hierarchy detailed in IFRS 13, that reflects the significance of the inputs used in determining their fair values:

- **Level 1:** Quoted market price (unadjusted) in an active market for an identical instrument.
- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable variable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2018 (unaudited)	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets at fair value through profit or loss	-	-	357,281,294	357,281,294
31 December 2017 (audited)	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets at fair value through profit or loss	-	-	377,137,378	377,137,378

During the six months ended 30 June 2018 and the year ended 31 December 2017, there were no reclassifications between levels of the fair value hierarchy.

The Company's maximum exposure to loss from its interests in the Lux Subsidiary and indirectly in BGCF is equal to the fair value of its investments in the Lux Subsidiary.

Financial assets at fair value through profit or loss reconciliation

The following tables show a reconciliation of all movements in the fair value of financial assets categorised within Level 3 between the start and the end of the reporting period:

30 June 2018 (unaudited)	Total
	€

Balance as at 1 January 2018	377,137,378
Purchases - CSWs	-
Sale proceeds - CSWs	(24,150,997)
Realised gain on financial assets at fair value through profit or loss	2,521,028
Unrealised gain on financial assets at fair value through profit or loss	1,773,885
Balance as at 30 June 2018	357,281,294
Total change in unrealised gains on financial assets at fair value through profit or loss for the period	1,773,885
Realised gain on financial assets at fair value through profit or loss	2,521,028
Net gains on financial assets at fair value through profit or loss	4,294,913

30 June 2017 (unaudited)	Total
	€
Balance as at 1 January 2017	331,213,706
Purchases - CSWs	80,152,154
Sale proceeds - CSWs	(19,027,296)
Realised gain on financial assets designated at fair value through profit or loss	1,784,501
Unrealised gain on financial assets designated at fair value through profit or loss	6,864,207
Balance as at 30 June 2017	400,987,272
Total change in unrealised gains on financial assets designated at fair value through profit or loss for the period	6,864,207
Realised gain on financial assets designated at fair value through profit or loss	1,784,501
Net gains on investments designated at fair value through profit or loss	8,648,708

Please refer to Note 2.4 for valuation methodology of financial assets at fair value through profit and loss.

The Company's investments, through the Lux Subsidiary, in BGCF are untraded and illiquid. The Board has considered these factors and concluded that there is no further need to apply a discount for illiquidity as at the end of the reporting period.

7 Intercompany loan

	As at 30 June 2018 (unaudited)	As at 31 December 2017 (audited)
	€	€
Payable to the Lux Subsidiary	67,811	-
Total intercompany loan	67,811	-

The intercompany loan is a revolving loan between the Company and the Lux Subsidiary. The intercompany loan has a maturity date of 13 September 2033 and is repayable at the option of the Company up to the maturity date. Interest is accrued at a rate of 1.6% per annum and is payable annually only when a written request has been provided to the Company by the Lux Subsidiary.

8 Payables

	As at 30 June 2018 (unaudited)	As at 31 December 2017 (audited)
	€	€
Administration fees	47,014	49,273
Directors' fees	47,524	47,316
Audit fees	78,934	50,696
Other payables	18,032	26,366
Total payables	191,504	173,651

9 Stated capital

Authorised

The authorised share capital of the Company is represented by an unlimited number of shares at no par value.

Allotted, called up and fully-paid

Euro shares	Number of shares	Stated capital €
As at 1 January 2018	404,700,446	404,962,736

Total issued share capital as at 30 June 2018 (unaudited)	404,700,446	404,962,736
Euro shares	Number of shares	Stated capital
		€
As at 1 January 2017	324,600,700	325,023,176
Euro shares issued during the year	73,380,746	73,030,149
Euro shares issued during the year out of treasury	6,719,000	6,909,411
Total issued share capital as at 31 December 2017 (audited)	404,700,446	404,962,736

Euro shares

As at 30 June 2018, the Company had 404,700,446 Euro shares in issue (31 December 2017: 404,700,446 in issue).

At the 2018 AGM, held on 22 June 2018, the Directors were granted authority to repurchase 60,664,597 Euro shares (being equal to 14.99% of the aggregate number of Euro shares in issue at the date of the AGM) for cancellation or to be held as treasury shares. This authority will expire at the 2019 AGM. The Directors intend to seek annual renewal of this authority from Shareholders.

At the 2018 AGM, the Directors were granted authority to allot, grant option over or otherwise dispose of up to 40,470,044 Euro shares (being equal to 10.00% of the aggregate number of Euro shares in issue at the date of the AGM). This authority will expire at the 2019 AGM.

Voting rights

Holders of Euro shares participate in the profits of the Company. Shareholders have the right to attend, speak and vote at any general meetings of the Company in accordance with the provisions of the Articles of Association and have one vote in respect of each whole share held.

Dividends

The Company may, by ordinary resolution, declare dividends in accordance with the respective rights of the Shareholders, but no such dividend shall exceed the amount recommended by the Directors. The Directors may pay fixed rate and interim dividends.

A general meeting declaring a dividend may, upon the recommendation of the Directors, direct that payment of a dividend shall be satisfied wholly or partly by the issue of shares or the distribution of assets and the Directors shall give effect to such resolution.

Except as otherwise provided by the rights attaching to or terms of issue of any shares, all dividends shall be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No dividend or other monies payable in respect of a share shall bear interest against the Company.

The Directors may deduct from any dividend or other moneys payable to a Shareholder all sums of money (if any) presently payable by the holder to the Company on account of calls or otherwise in relation to such shares.

Any dividend unclaimed after a period of 10 years from the date on which it became payable shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

The dividends declared by the Board during the period are detailed above.

Please refer to Note 15 for dividends declared after the period end.

Share buybacks

The Board intends to seek annual renewal of this authority from the Shareholders at the Company's AGM to make one or more on-market purchases of shares in the Company for cancellation or to be held as Treasury shares.

The Board may, at its absolute discretion, use available cash to purchase Euro shares in issue in the secondary market at any time.

Rights as to Capital

On a winding up, the Company may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Company among the Shareholders in specie provided that no holder shall be compelled to accept any assets upon which there is a liability. On return of assets on liquidation or capital reduction or otherwise, the assets of the Company remaining after payments of its liabilities shall subject to

the rights of the holders of other classes of shares, be applied to the Shareholders equally pro rata to their holdings of shares.

10 Interests in other entities

Interests in unconsolidated structured entities

IFRS 12 Disclosure of Interests in Other Entities defines a structured entity as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual agreements. A structured entity often has some of the following features or attributes:

- Restricted activities;
- A narrow and well-defined objective;
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- Financing in the form of multiple contractually linked instruments that create concentrations of credit or other risks.

Involvement with unconsolidated structured entities

The Directors have concluded that the CSWs and voting shares of the Lux Subsidiary in which the Company invests, but that it does not consolidate, meet the definition of a structured entity.

The Directors have also concluded that the PPNs held by the Lux Subsidiary in BGCF also meet the definition of a structured entity.

Interests in subsidiary

As at 30 June 2018, the Company owns 100% of the Class A and Class B shares in the Lux Subsidiary comprising 2,000,000 Class A shares and one Class B share (31 December 2017: 2,000,000 Class A shares and one class B share).

Other than the investments noted above, the Company did not provide any financial support for the six months ended 30 June 2018 and the year ended 31 December 2017 to the Lux Subsidiary, nor had it any intention of providing financial or other support.

The Company has an intercompany loan payable to the Lux Subsidiary as at 30 June 2018. Refer to Note 7 for further details.

11 Basic and diluted earnings per Euro share

	As at 30 June 2018 (unaudited)	As at 30 June 2017 (unaudited)
	€	€
Total comprehensive income for the period	3,713,892	7,908,856
Weighted average number of shares during the period	404,700,446	376,863,626
Basic and diluted earnings per Euro share	0.0092	0.0210

12 Net asset value per Euro share

	As at 30 June 2018 (unaudited)	As at 31 December 2017 (audited)
	€	€
Net asset value	363,019,189	379,540,321
Number of shares at period end	404,700,446	404,700,446
Net asset value per Euro share	0.8970	0.9378

13 Related party transactions

All transactions between related parties were conducted on terms equivalent to those prevailing in an arm's length transaction.

Transactions with entities with significant influence

In accordance with IAS 24 Related Party Disclosures, the related parties and related party transactions during the period comprised transactions with Blackstone Asia Treasury Pte, an affiliate of DFME. As at 30 June 2018, Blackstone Asia Treasury Pte held 43,000,000 Euro shares in the Company (31 December 2017: 43,000,000 Euro shares).

Transactions with key management personnel

The Directors are the key management personnel as they are the persons who have the authority and responsibility for planning, directing and controlling the activities of the Company. The Directors are entitled to remuneration for their services. Refer to Note 4 for further detail.

Transactions with other related parties

At 30 June 2018, current employees of the Portfolio Adviser and its affiliates, and accounts managed or advised by them, hold 24,875 Euro shares which represents 0.006% of the issued shares of the Company (31 December 2017: 24,875 Euro shares).

The Company has exposure to the CLOs originated by BGCF, through its investment in the Lux Subsidiary. DFME is also appointed as service support provider to BGCF and as the collateral manager to the European subsidiaries. GSO / Blackstone Debt Funds Management LLC ("DFM") has been appointed as the collateral manager to Dorchester Park CLO Designated Activity Company and U.S. CLOs securitised through the U.S. MOA. In addition, it has entered into a management agreement with the U.S. MOA.

Transactions with Subsidiary

The Company held 313,685,702 CSWs as at 30 June 2018 (31 December 2017: 337,374,822) following the redemption of 21,826,955 and cancellation of 1,862,165 CSWs by the Lux Subsidiary. Refer to Note 6 for further details.

As at 30 June 2018, the Company held 2,000,000 Class A shares and 1 Class B share in the Lux Subsidiary with a nominal value of €2,000,001 (31 December 2017: 2,000,000 Class A shares and 1 Class B share in the Lux Subsidiary with a nominal value of €2,000,001).

As at 30 June 2018, the Company held an intercompany loan payable to the Lux Subsidiary amounting to €67,811 (31 December 2017: €Nil).

14 Controlling party

In the Directors' opinion, the Company has no ultimate controlling party.

15 Events after the reporting period

The Board has evaluated subsequent events for the Company through to 20 September 2018, the date the condensed financial statements are available to be issued, and, other than those listed below, concluded that there are no material events that require disclosure or adjustment to the condensed financial statements:

Effective 1 July 2018, the Directors' fees increased as follows:

		Charlotte Valeur	Gary Clark	Heather MacCallum	Steven Wilderspin	Total fee
Annual Fee	£	60,000	38,000	38,000	38,000	174,000
Audit Committee Chair Management	£	- 1,000	-	6,500	-	6,500 1,000
Engagement Committee Chair	£	-	5,000	-	-	5,000
NAV Review Committee Chair	£	-	1,000	-	-	1,000
Remuneration and Nomination Committee Chair	£	-	-	-	6,500	6,500
Risk Committee Chair Senior Independent Director	£	-	2,000	-	-	2,000
Total Directors' fees	£	61,000	46,000	44,500	44,500	196,000

On 19 July 2018, the Board declared a dividend of €0.025 per Euro share in respect of the period from 1 April 2018 to 30 June 2018 with an ex-dividend date of 26 July 2018. A total payment of €10,117,511 was made on 24 August 2018.

On 28 August 2018, the Board announced a proposal to offer newly issued shares to shareholders of Carador Income Fund plc ("Carador"). This proposal is subject to, inter alia, regulatory consent and the approval of shareholders of both BGLF and of Carador.

Carador is an Ireland domiciled investment company with a similar investment portfolio to BGLF. Carador is managed by DFM, which is the investment adviser, or the affiliate of the investment adviser, to CLOs in BGLF's investment portfolio.

Company Information

Directors

Registered Office

Ms Charlotte Valeur (Chair)
 Mr Gary Clark
 Ms Heather MacCallum
 Mr Steven Wilderspin
All c/o the Company's registered office

IFC1
 The Esplanade
 St Helier
 Jersey
 JE1 4BP
 Channel Islands

Portfolio Adviser

Blackstone / GSO Debt Funds Management
 Europe Limited
 30 Herbert Street
 2nd Floor
 Dublin 2
 Ireland

Registrar

Link Asset Services (Jersey) Limited
 12 Castle Street
 St Helier
 Jersey
 JE2 3RT
 Channel Islands

Joint Broker

Nplus1 Singer Advisory LLP
 1 Bartholomew Lane
 London
 EC2N 2AX
 United Kingdom

Joint Broker

Fidante Partners Europe Limited (trading as
 Fidante Capital)
 1 Tudor Street
 London
 EC4Y 0AH
 United Kingdom

Legal Advisor to the Company (as to Jersey Law)

Carey Olsen
 47 Esplanade
 St Helier
 Jersey
 JE1 0BD
 Channel Islands

Legal Advisor to the Company (as to English Law)

Herbert Smith Freehills LLP
 Exchange House
 Primrose Street
 London
 EC2A 2EG
 United Kingdom

Reporting Accountant and Auditor

Deloitte LLP
 Gaspé House
 66-72 Esplanade
 St Helier
 Jersey
 JE2 3QT
 Channel Islands

Administrator / Company Secretary / Custodian / Depository

BNP Paribas Securities Services S.C.A.
 IFC1
 The Esplanade
 St Helier
 Jersey
 JE1 4BP
 Channel Islands

Glossary

"AGM"	Annual General Meeting
"AIC"	the Association of Investment Companies, of which the Company is a member
"AIC Code"	the AIC Code of Corporate Governance for Jersey companies
"Articles"	the Articles of Incorporation of the Company
"BGCF"	Blackstone / GSO Corporate Funding Designated Activity Company
"BGLF" or the "Company"	Blackstone / GSO Loan Financing Limited
"BGLP"	Ticker for the Company's Sterling Quote
"Board"	the Board of Directors of the Company
"CSWs"	Cash Settlement Warrants
"CLO"	Collateralised Loan Obligation
"DFM"	GSO / Blackstone Debt Funds Management LLC
"DFME" or the "Portfolio Adviser"	Blackstone / GSO Debt Funds Management Europe Limited

"DTR"	Disclosure Guidance and Transparency Rules
"Discount" / "Premium"	calculated as the NAV per share as at the period end less BGLF's closing share price on the London Stock Exchange, divided by the NAV per share as at that date
"Dividend yield"	calculated as the last four quarterly dividends declared divided by the share price as at the period end
"ECB"	European Central Bank
"EU"	European Union
"FCA"	Financial Conduct Authority (United Kingdom)
"Fed"	Federal Reserve
"FRC"	Financial Reporting Council (United Kingdom)
"IFRS"	International Financial Reporting Standards
"LCD"	S&P Global Market Intelligence's Leveraged Commentary & Data provides in-depth coverage of the leveraged loan market through real-time news, analysis, commentary, and proprietary loan data
"LSE"	London Stock Exchange
"LTM"	Last twelve months
"Lux Subsidiary"	Blackstone / GSO Loan Financing (Luxembourg) S.à r.l
"NAV"	Net asset value
"NAV total return per Euro share"	calculated as the increase in the published NAV per Euro share plus the total dividends paid per Euro share during the period, with such dividends paid being re-invested at NAV, as a percentage of the NAV per Euro share as at 30 June 2018.
"PPNs"	Profit Participating Notes
"Return"	Calculated as the increase in the published NAV per Euro share plus the total dividends paid per Euro share, with such dividends paid being re-invested at NAV, as a percentage of the NAV per Euro share. 1-Month return is calculated over the period May 2018 to June 2018. YTD return is calculated over the period January 2018 to June 2018. LTM return is calculated over the period July 2017 to June 2018.
"UK Code"	UK Corporate Governance Code 2016
"UKLA"	United Kingdom Listing Authority
"U.S. MOA"	United States Majority Owned Affiliate

-END-

BNP Paribas Securities Services S.C.A., Jersey Branch
IFC1, The Esplanade, St Helier, Jersey, JE1 4BP
Company Secretary

Tel: +44 (0) 1534 709181

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

END

IR BSGDCIDDBGIG

CLOSE

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.

©2014 London Stock Exchange plc. All rights reserved

HALF-YEAR REPORT - RNS