Blackstone

2023 Annual Report

Blackstone Loan Financing Limited

Contents

Refer to the glossary on pages 109 and 110 for the definitions for all the terms, jargon, abbreviations and acronyms used throughout this Annual Report and Audited Financial Statements.

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A Note from our Chair

2023 was another eventful year for the global economy. Geopolitical events, including the continuing war in Ukraine and wider conflict and tension in the Middle East have continued to dominate headlines. Although global inflation appears to have peaked, central banks have been cautious about reducing interest rates too quickly.

Despite this backdrop, the Company delivered a total return per redeemable share of 10.39% on a Published NAV basis, ending the period with a NAV of €0.9098 per redeemable share. On an IFRS NAV basis, the Company returned a total return per redeemable share of 17.76%, ending the period with a NAV of €0.7250 per redeemable share. The difference between the Published and IFRS NAV total return is the differing valuation bases, with the main driver being the discount rate used. Refer to page 41 for details on the key assumptions that significantly contribute to the valuation divergence.

Following the decision made by Shareholders at the EGM held on 15 September 2023 to implement a managed wind-down of the Company, the new investment objective of the Company, effective from that date, is to realise all existing assets in the Company's portfolio in an orderly manner. Refer to the 'Strategic Overview' on page 24 for more details.

The Board is cautiously optimistic for 2024, encouraged by improving macroeconomic data and falling inflation. The Board gains comfort from the robust investment approach of the Company's Portfolio Adviser and its ability to select an underlying portfolio of high-quality borrowers, supported by strong underlying protections.

I would like to thank shareholders for their engagement with the Board during the year, particularly regarding the proposals that were passed at the EGM.

I was pleased to welcome Mr Giles Adu and Ms Belinda Crosby to the Board during the year, after the retirement of Ms Charlotte Valeur, Mr Gary Clark and Ms Heather MacCallum. Together with Mr Mark Moffat, we have a strong team to govern the Company through its wind-down period.

Steven Wilderspin
Chair
26 April 2024

Company Overview

The Company is a closed-ended investment company incorporated on 30 April 2014 as a limited by shares company under the Company (Jersey) Law 1991 with registered number 115628. In addition, the Company constitutes and is regulated as a collective investment fund under the Collective Investment Funds (Jersey) Law 1988. The Company continues to be registered and domiciled in Jersey. The Company's redeemable shares are quoted on the Premium Segment of the Main Market of the LSE.

Following the decision made by Shareholders on 15 September 2023 to implement a managed wind-down of the Company, the new investment objective of the Company, effective from that date, is to realise all existing assets in the Company's portfolio in an orderly manner.

Refer to the 'Strategic Overview' on page 24 to 25 for more details on the purpose, values, principal activities, new and former investment objective and the investment policy of the Company.

Key Performance Indicators

	IFRS NAV	Published NAV
NAV[1]	€0.7250 (31 Dec 2022: €0.6784)	€0.9098 (31 Dec 2022: €0.9081)
NAV total return[1]	17.76% (31 Dec 2022: (19.19)%)	10.39% (31 Dec 2022: 5.22%)
Discount[1]	(18.62)% (31 Dec 2022: (1.98)%)	(35.15)% (31 Dec 2022: (26.77)%)
Dividend	€0.09 (31 Dec 2022: €0.08)	

Further information on the reconciliation between the IFRS NAV and the Published NAV can be found on page 43 and in Note 15 in the 'notes to the financial statements'.

Performance

Ticker	IFRS NAV per redeemable/ ordinary share	Published NAV per redeemable/ ordinary share	Share price[2]	Discount IFRS NAV	Discount Published NAV	Dividend yield[3]
BGLF						
31 Dec 2023	€0.7250	€0.9098	€0.5900	(18.62)%	(35.15)%	15.25%
31 Dec 2022	€0.6784	€0.9081	€0.6650	(1.98)%	(26.77)%	12.03%
BGLP[4]						
31 Dec 2023	£0.6285	£0.7887	£0.5150	(18.06)%	(34.70)%	15.14%
31 Dec 2022	£0.6006	£0.8040	£0.5888	(1.96)%	(26.77)%	12.03%

	LTM return[1]	3-year annualised	Annualised since inception	Cumulative since inception
BGLF IFRS NAV	17.76%	3.61%	5.75%	69.53%
BGLF Published NAV	10.39%	12.26%	8.31%	112.54%
BGLF redeemable share price	(2.12)%	6.25%	5.83%	48.46%

The Company is not managed in reference to a benchmark, however commentary on market indices and market performance is detailed in the Portfolio Adviser's report on pages 12 to 13.

(1) Refer to the glossary for an explanation of the terms used above and elsewhere within this report. The calculation for the IFRS NAV per redeemable/ordinary share is found in Note 14 in the 'notes to the financial statements' and the calculations for the IFRS and Published NAV total return and the discount are found under 'Alternative Performance Measures' on page 43. These calculations remain consistent with prior years.

(2) Bloomberg closing price at year-end.

(3) Dividend yield presented as €0.09 per annum, being the first three quarterly dividends of €0.02 per ordinary share and fourth quarter dividend of €0.03 per redeemable share, divided by the share price €0.5900 as at 31 December 2023.

(4) BGLP is the ticker for the Company's Sterling Quote and has been presented for information purposes only.

Strategic Report

1.0

Reconciliation of IFRS NAV to Published NAV

At 31 December 2023, there was a difference between the NAV per redeemable share as disclosed in the Statement of Financial Position, €0.7250 per redeemable share ("IFRS NAV") and the published NAV, €0.9098 per redeemable share, which was released to the LSE on 22 January 2024 ("Published NAV"). The reconciliation is provided on page 43 and in Note 15 in the 'notes to the financial statements'. The difference between the two valuations is entirely due to the different valuation bases used with the main driver being the discount rate, as explained in detail on page 41.

Valuation Policy for the Published NAV

The Company publishes a NAV per redeemable share on a monthly basis in accordance with its Prospectus. The valuation process in respect of the Published NAV incorporates the valuation of the Company's CSWs and underlying PPNs (held by the Lux Subsidiary). These valuations are, in turn, based on the valuation of the BCF portfolio using a CLO intrinsic calculation methodology per the Company's Prospectus, which we refer to as a "mark to model" approach. As documented in the Prospectus, certain "Market Colour" (market clearing levels, market fundamentals, BWIC, broker quotes or other indications) is not incorporated into this methodology. This valuation policy is deemed to be an appropriate way of valuing the Company's holdings and of tracking the long-term performance of the Company as the underlying portfolio of CLOs held by BCF are comparable to held to maturity instruments and the Company expects to receive the benefit of the underlying cash flows over the CLOs' entire life cycles.

€0.7250

IFRS NAV per Redeemable Share

€0.9098

Published NAV per Redeemable Share

Valuation Policy for the IFRS NAV

For financial reporting purposes on an annual and semi-annual basis, to comply with IFRS as adopted by the EU, the valuation of BCF's portfolio is at fair value using models that incorporate Market Colour at the measurement date, which we refer to as a "mark to market" approach. The Company also assesses and publishes the mark to market IFRS NAV on a quarterly basis. IFRS 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 as at the measurement date and is an "exit price" e.g. the price to sell an asset. An exit price embodies expectations about the future cash inflows and cash outflows associated with an asset or liability from the perspective of a market participant. IFRS fair value is a market-based measurement, rather than an entity-specific measurement and so incorporates general assumptions that market participants are applying in pricing the asset or liability, including assumptions about risk.

Both the mark to model Published NAV and mark to market IFRS NAV valuation bases use modelling techniques and input from third-party valuation specialists.

Dividend and Other Key Data

On 23 January 2023, the Board announced that the Company would be targeting a total 2023 annual dividend of between €0.08 and €0.09 per ordinary share, which will consist of quarterly payments of €0.02 per ordinary share for the first three quarters and a final quarter payment of a variable amount to be determined at that time. Accordingly, the Board declared dividends of €0.02 per ordinary share for the first three quarters of 2023 and a dividend of €0.03 per redeemable share for the fourth quarter.

The Company's dividend policy during its managed wind-down was set out in the Circular published on 25 August 2023, which stated that the Board intends to continue to distribute as dividends the interest payments deemed to be received from BCF on a quarterly basis, having regard to any amount which the Board deems prudent to retain in the Company.

Consequently, on 23 January 2024, the Board announced that it is targeting a total 2024 annual dividend of at least €0.09 per redeemable share, which will consist of quarterly payments of €0.0225 per redeemable share.

Ordinary/Redeemable Share Dividends for the Year Ended 31 December 2023

Period in respect of	Date declared	Ex-dividend date	Payment date	Amount per ordinary/ redeemable share €
1 Jan 2023 to 31 Mar 2023	25 Apr 2023	4 May 2023	2 June 2023	0.0200
1 Apr 2023 to 30 Jun 2023	21 Jul 2023	3 Aug 2023	1 Sep 2023	0.0200
1 Jul 2023 to 30 Sept 2023	20 Oct 2023	2 Nov 2023	1 Dec 2023	0.0200
1 Oct 2023 to 31 Dec 2023	23 Jan 2024	1 Feb 2024	8 Mar 2024	0.0300

Ordinary Share Dividends for the Year Ended 31 December 2022

Period in respect of	Date declared	Ex-dividend date	Payment date	Amount per ordinary share €
1 Jan 2022 to 31 Mar 2022	25 Apr 2022	5 May 2022	9 Jun 2022	0.0175
1 Apr 2022 to 30 Jun 2022	21 Jul 2022	28 Jul 2022	26 Aug 2022	0.0175
1 Jul 2022 to 30 Sept 2022	21 Oct 2022	3 Nov 2022	2 Dec 2022	0.0175
1 Oct 2022 to 31 Dec 2022	23 Jan 2023	2 Feb 2023	3 Mar 2023	0.0275

Year Highs and Lows
Years Ended 31 December 2023 and 31 December 2022

	2023 High	2023 Low	2022 High	2022 Low
Published NAV per redeemable/ordinary share	€0.9220	€0.8808	€0.9657	€0.9035
BGLF share price (last price)	€0.7700	€0.5300	€0.8000	€0.6400
BGLP share price (last price)	£0.6650	£0.4760	£0.6750	£0.5650

Schedule of Investments

As at 31 December 2023

	Nominal holdings	Market value €	Percentage of NAV %
Investment held in the Lux Subsidiary:			
CSWs	208,565,744	298,050,226	92.85
Shares (2,000,000 Class A and 1 Class B)	2,000,001	7,944,332	2.47
Other net assets		14,992,542	4.68
Net Assets Attributable to Shareholders		**320,987,100**	**100.00**

As at 31 December 2022

	Nominal holdings	Market value €	Percentage of NAV %
Investment held in the Lux Subsidiary:			
CSWs	239,550,782	290,426,295	96.29
Shares (2,000,000 Class A and 1 Class B)	2,000,001	7,294,874	2.42
Other net assets		3,893,808	1.29
Net Assets Attributable to Shareholders		**301,614,977**	**100.00**

Schedule of Significant Transactions

Date of transaction	Transaction type	Quantity	Amount €
CSWs held by the Company			
3 February 2023	Redemption	(8,180,401)	(13,605,180)
5 May 2023	Redemption	(6,718,826)	(11,442,059)
4 August 2023	Redemption	(7,971,415)	(13,566,929)
6 November 2023	Redemption	(8,114,396)	(14,487,945)
Total number of CSWs redeemed		**(30,985,038)**	**(53,102,113)**

The proceeds of the redemptions were used to fund dividends and share buy backs and to cover other administrative costs. The Company made no subscriptions during the year ended 31 December 2023.

Chair's Statement

Dear Shareholders,

Company Returns and NAV[5]

The Company delivered an IFRS NAV total return per redeemable share of 17.76% over 2023, ending the year with a NAV of €0.7250 per redeemable share.

On a Published NAV basis, the Company delivered a total return per redeemable share of 10.39% during 2023, ending the year with a NAV of €0.9098 per redeemable share. The return was composed of 9.95% dividend income and 0.44% net portfolio movement. Refer to page 43 for the calculation of the IFRS and Published NAV total return.

As highlighted on page 5, the Company uses different valuation policies to determine Published and IFRS NAV. As at 31 December 2023, the variance between Published and IFRS NAV was €0.1848 per redeemable share. This is primarily associated with the discount rates used under the two policies. The tables on page 41 further explain the rationale regarding the differences in the assumptions that have contributed to the variance as at 31 December 2023.

During 2023, the Company's performance on a Published NAV and an IFRS NAV basis was supported, through its investment in BCF, by uninterrupted distributions from the underlying CLO and loan portfolio, which continued to benefit from refinancing and reset activity during 2021/2022. The portfolio (primarily the loans directly held by BCF and those CLOs that have exited their reinvestment periods) were aided by a broader loan market rally, noting that European and US loans returned 12.50% and 13.00%, respectively over the year, as discussed in more detail in the Portfolio Adviser's Review.

The Company paid four dividends to its Shareholders relating to 2023, totaling €0.09 per redeemable share, which was at the top end of the 2023 dividend target of €0.08 - €0.09 per redeemable share. The increased dividend declared for the fourth quarter is a result of the strong continued and expected cash flows of the underlying portfolio. Looking ahead to 2024, the Board has announced a dividend policy that targets a total annual dividend of at least €0.09 per redeemable share. Details of all dividend payments can be found within the 'Dividend and Other Key Data' section on page 6.

The Company's dividends are funded from the cash flows generated by its underlying CLO and loan portfolio held within BCF. The Company's distribution policy during its managed wind-down was set out in the Company's Circular published on 25 August 2023, which stated that the Board intends to continue to distribute dividends on a quarterly basis and commence the redemption of shares, having regard to any amounts which the Board deems prudent to retain. However, as the Company's underlying assets are realised over time and the portfolio diminishes in size, the Board, in consultation with the Portfolio Adviser, may decide that it is in the best interests of Shareholders to cease payment of dividends and to use all proceeds received from BCF for the redemption of the redeemable shares and the return of capital to the Shareholders.

17.76%

IFRS NAV total return per Redeemable Share

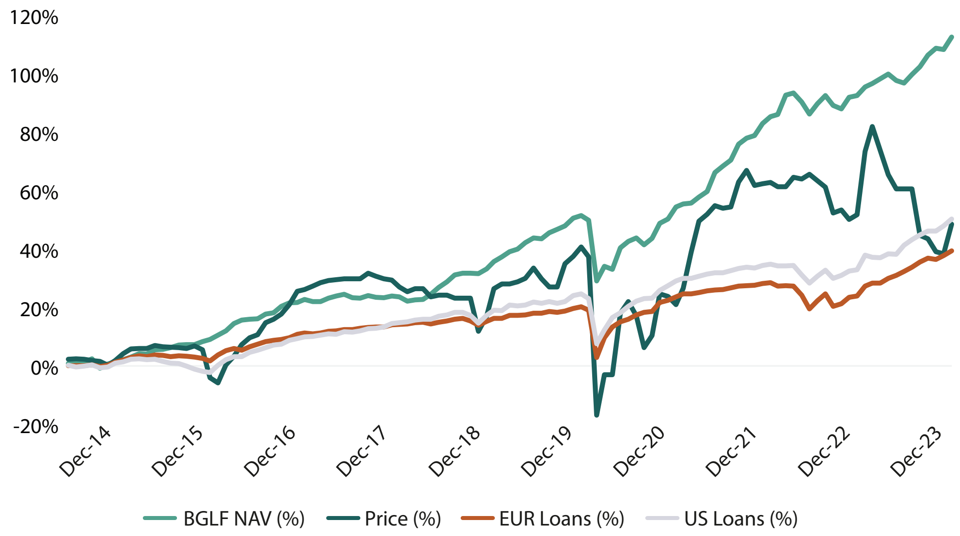
10.39%

Published NAV total return per Redeemable Share

(5) Past performance does not predict future returns and there can be no assurance that the Company will achieve comparable results, will meet its target returns, achieve its investment objective or be able to implement its investment strategy.

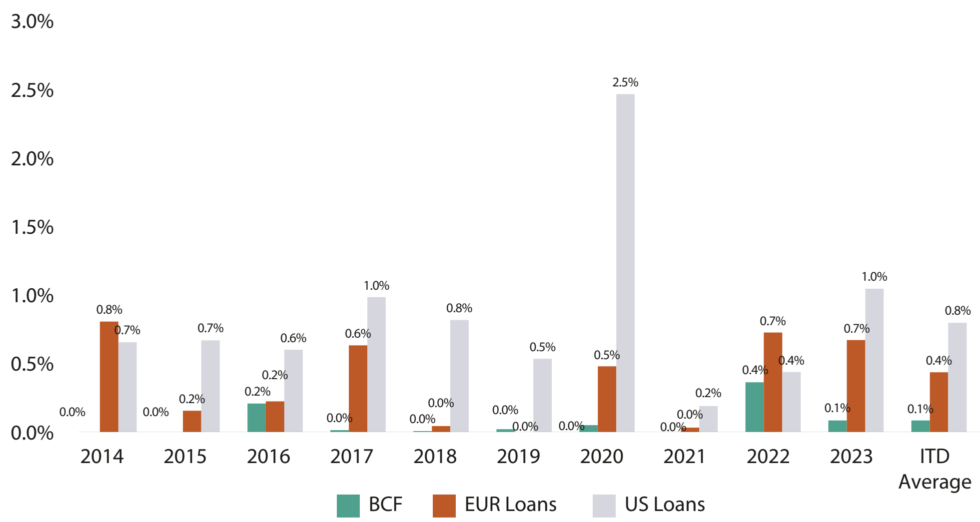
Historical BGLF NAV and Share Price

The graph shows cumulative Published NAV and redeemable share price total returns and cumulative returns on European and US loans(6):



Historical BCF Default Loss Rate

The graph shows the default loss rate, which incorporates asset recovery, within the BCF portfolio and the default loss rate of European and US loans(7):



(6) Credit Suisse: Leveraged Loan Index for US Loans, Western European Leveraged Loan Index (hedged to EUR) for EUR Loans as of 31 December 2023. Indices are provided for illustrative purposes only. They have not been selected to represent benchmarks or targets for the Company. The indices may include holdings that are substantially different than investments held by BCF and do not reflect the strategy of BCF. Comparisons to indices have limitations because indices have risk profiles, volatility, asset composition and other material characteristics that may differ from BCF. The indices do not reflect the deduction of fees or expenses.

(7) Credit Suisse/UBS: As of 31 December 2023. BXCI data used for BCF defaults, calculated on a look through basis. BCF defaults defined as (a) missed a payment, (b) filed bankruptcy or (c) were downgraded by Moody's, Fitch or S&P to D. Recovery rate excluded from years with zero defaults. Please see the BCF Loan Default Track Record in the "Important Disclosure Information" section for further information on the default track record. **Past performance does not predict future returns and there can be no assurance that the Company will continue to achieve comparable results or that the Company will be able to implement its investment strategy, achieve its investment objectives or avoid substantial losses.**

Market Conditions

Markets recovered from a weak start and macroeconomic headwinds to record a strong year of performance across most asset classes in 2023. Rate volatility was a persistent theme throughout the year, as central banks continued to aggressively tighten policy, before eventually pausing during the second half. The rate volatility led to periods of market weakness through the year, including during March's regional banking stress. Against this backdrop, resilient economic data and most corporate fundamentals offered hope of a soft landing in the near future, fueling a late year rally across markets.

The S&P 500 ended the year at a near-record high, having gained 24% over the course of 2023. Credit markets also benefitted to a slightly lesser extent and loans, which are a natural interest rate and inflation hedge due to their floating rate nature, reversed their 2022 losses to record their best year since 2009.

Looking ahead to 2024, we believe that floating rate loans and CLOs are likely to remain attractive asset classes, even if central banks pivot, given historically elevated all-in yields, robust corporate balance sheets and default rates remaining within historical averages. We continue to expect an ongoing bifurcation between issuers that are well positioned for slower growth, against those that are more at-risk of cyclical demand and consumer spending. As in any economic cycle, we believe that individual credit selection will be a key driver to performance throughout the year.

Transition away from LIBOR

The transition away from LIBOR to SOFR primarily impacted BCF's US CLO portfolio, which accounts for 39.57% of BCF's NAV as of year-end. A portion of BCF's US CLO equity holdings switched its liability reference rate from LIBOR to SOFR (inclusive of the market recognised credit spread adjustment). In parallel, a substantial majority of CLO assets tied to LIBOR have made the switch to SOFR with varying degrees of credit spread adjustments. Given the reference rate migration has largely been completed, no further impact on BCF US CLO equity holdings is expected from this event.

ESG

The practice of responsible investing remains a key focus for investors and for Blackstone. The Board regularly engages with the Company's Portfolio Adviser regarding its ESG policy. Blackstone has committed to being a responsible investor for over 35 years and is a signatory to the Principles for Responsible Investment. This commitment is affirmed across the organisation and guides its approach to investing.

Whilst the Company is currently exempt[8] from the requirement to report against the TCFD recommendations, the Board continues to actively discuss ESG matters with BXCI with a view of obtaining meaningful information to provide to Shareholders. The Board fully acknowledges the importance of the TCFD recommendations and expects the companies to which BCF provides finance to be compliant in their reporting against TCFD recommendations, as may be required by applicable law or regulation.

Refer to the Portfolio Adviser's Review on pages 21 to 23 for further details on the BXCI's ESG policy

The Board

Good governance remains at the heart of our work as a Board and is taken very seriously. The Board believes that the Company maintains high standards of corporate governance. The Board was very active during the year, convening a total of 21 Board meetings and 16 Committee meetings (excluding 12 NAV Review Committee meetings), as well as undertaking an onsite due diligence meeting with the Portfolio Adviser in January 2024, the agenda for which covered risk and compliance, risk oversight monitoring, finance and accounting, ESG and the wider market. The Board also met with the BCF Board at the same time.

During the year, Ms Charlotte Valeur, Mr Gary Clark and Ms Heather MacCallum retired from the Board and the ongoing Board is grateful for their many years of service. Mr Giles Adu and Ms Belinda Crosby joined the Board to replace them; their backgrounds can be seen on pages 46 to 47.

The Board and the Company's advisers meet frequently, with the latter providing general updates as well as recommendations on pertinent matters such as the Company's previous share repurchase programme and the managed wind-down proposal. The Board deems the careful consideration of such matters to be critical in ensuring the optimum returns of the Company, particularly in light of the challenges and uncertainty faced in recent years.

The work of the Board is also assisted by the Audit Committee, the NAV Review Committee, the Management Engagement Committee, the Remuneration and Nomination Committee, the Risk Committee and the Inside Information Committee.

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

(8) (i) as a Jersey incorporated company, the Company is not in scope of the UK Companies Act TCFD disclosure requirements; (ii) the Company is not an FCA authorised manager or managed by an FCA authorised manager so is not in scope of the TCFD disclosure obligations in the FCA's ESG sourcebook; (iii) the shares of the Company are listed on the 'Premium Equity Closed Ended Investment Funds' segment of the LSE. The FCA's TCFD disclosure obligations for premium listed companies do not apply to closed ended investment funds listed on this segment.

Shareholder Communications

During 2023, using our Portfolio Adviser and Brokers, the Board continued our programme of engagement with current and prospective Shareholders. The Board sincerely hopes that you found the shareholder consultation, Circular, monthly factsheets, quarterly letters, quarterly update webcasts and market commentary valuable. The decision to put forward the managed wind-down proposals was in-part the result of an active shareholder consultation process, together with the Portfolio Adviser. The Board is always pleased to have contact with Shareholders and welcomes any opportunity to meet with you and obtain your feedback. Please refer to more details on shareholder engagement under Section 172(1) Statement on page 30.

Prospects and Opportunities in 2024

The Board's primary focus in 2024 will be to continue implementing the managed wind-down proposal and commence the redemption of shares. As the wind-down progresses, the Board will also focus on streamlining operations and managing costs as the size of the Company reduces.

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

Steven Wilderspin
Chair
26 April 2024

Portfolio Adviser's Review

Bank Loan Market Overview

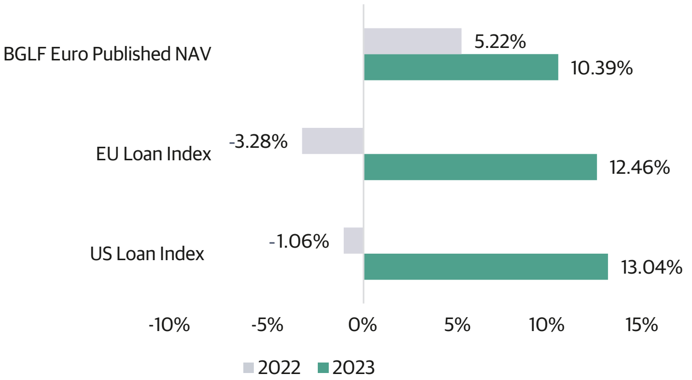
Credit investors endured a challenging start to the year, as elevated rates and general market volatility culminated in UBS's takeover of Credit Suisse in Europe and the collapse of Silicon Valley Bank in the US. The market turbulence was short-lived and European and US went on to produce the strongest year for the asset class since 2009[9]. Loans returned 12.5% in Europe and 13.0% in the US in 2023, a sharp contrast to the previous year, with losses of -3.3% and -1.1% respectively. Loans are floating rate by nature and so benefit from the elevated rate environment, resulting in compelling yields. A strong technical supply and demand dynamic pushed average prices for the European and US leveraged loan indices to €96.62 and $95.32 from €91.56 and $91.89 at the end of 2022, respectively.

The strong loan performance came against a thin primary pipeline, with global loan issuance standing at just $380 billion (€342 billion) in 2023, roughly half of that during 2021's record breaking year and lower than 2022's muted issuance volume. After months of minimal activity, a rally in loan prices over the latter half of the year finally brought an uptick in corporate finance deal volume. With a quarter of the index priced above par by mid-September, higher-rated borrowers rolled out more opportunistic transactions, including re-pricings, a trend that continued into the new year.

From a corporate fundamental perspective, most companies reported resilient earnings in 2023 and balance sheets are generally still well positioned for a higher-rate, slower-growth environment. Whilst some level of deterioration can be observed in corporate margins, interest coverage ratios remain at 3.2x for loans, compared to a four-year quarterly average of 3.6x. Similarly, net leverage for loan issuers has decreased to 4.9x, the lowest level over the last four years as earnings growth has outpaced debt issuance. The supportive fundamental landscape has played a part in spreads across European and US loans (represented by 3-year discount margin) contracting to 505bp from 661bp and to 528bp from 652bp, respectively, as the year progressed. Rolling 12-month loan defaults, while ticking up in the second half of 2023, ended the year at 1.9% in the US and 1.1% in Europe within the 10-year historical averages of 2.2% for both regions[10].

The macroeconomic outlook remains supportive going into 2024, as data releases highlight continued economic and corporate resilience, raising hopes for a soft landing. Price pressures are proving sticky, although the overall trend is one of disinflation, pushing out expectations to the summer for the Fed and ECB to start lowering interest rates. After a solid start, we expect elevated base rates to underpin loan market performance over the near-term, enabling the asset class to maintain a record of robust returns.

The graph below shows the annual total return for BGLF and the EU/US loan indices as of year-end 2022 and 2023[11].



(9) JP Morgan Leveraged Loan Credit Fundamentals 3Q23, as of 18 December 2023.

(10) Default rates for the Credit Suisse Western European Leveraged Loan Index and Credit Suisse Leveraged Loan Index as of 31 December 2023.

(11) Credit Suisse: Leveraged Loan Index, Western European Leveraged Loan Index (hedged to EUR) as of 31 December 2023. Indices are provided for illustrative purposes only. They have not been selected to represent benchmarks or targets for the Company. The indices may include holdings that are substantially different than investments held by BCF and do not reflect the strategy of BCF. Comparisons to indices have limitations because indices have risk profiles, volatility, asset composition and other material characteristics that may differ from BCF. The indices do not reflect the deduction of fees or expenses.

CLO market overview

The CLO market started 2023 facing continued headwinds, interest rate volatility and wide new issue spreads, although conditions improved as the year progressed. CLO creation remained robust and finished the year at €28 billion in Europe, in line with previous year's issuance. In the US, 2023 supply marginally lagged behind 2022 to finish at $129 billion. This pushed estimates for the total outstanding volume of CLOs globally to over $1.3 trillion(12), demonstrating the asset class's continued growth.

The arbitrage between CLO asset spreads and liability costs remained challenged in the first half of the year. That was partly due to the historically high cost of liabilities as some dominant buyers of CLO AAA tranches remained side-lined after a testing end to 2022, following the LDI-related, technically-driven secondary market sell off. As investor sentiment calmed and market volatility moderated, a number of CLO AAA buyers returned to the market, helping spreads to meaningfully compress in the latter part of the year. By the month of December, the AAA spread on the tightest new issue CLO had reached 172bp in Europe and 160bp in the US. For reference, the tightest AAA spread for new issue deals in December 2022 priced at 225bp in Europe and 220bp in the US.

Volatility can create a challenging environment for primary CLO creation, but it also provides opportunities for existing CLOs within their reinvestment periods to improve performance by rotating portfolios into higher quality or wider spread loans. This is a key benefit of the CLO structure and its long term, stable mark-to-model valuation method, particularly for those CLOs that have longer remaining reinvestment periods.

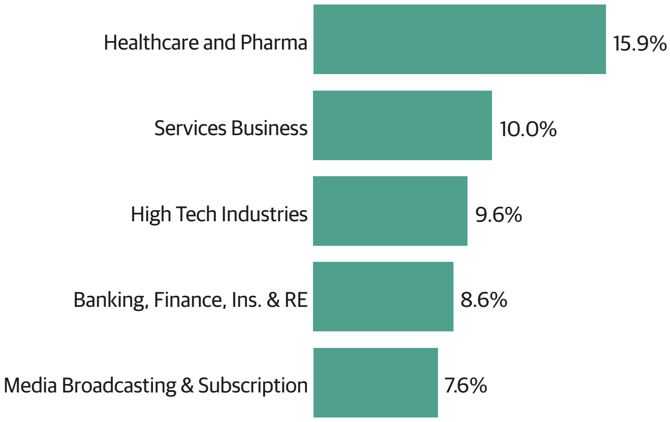
Looking forward, we expect corporate fundamentals to continue to drive CLO performance in 2024, with a further divergence between the performance of higher and lower quality assets. Individual credit selection will be a key determinant of performance between CLOs, through a focus on active risk management.

Portfolio update – BCF

Market turbulence and softer loan prices caused by the unexpectedly eventful month of March 2023 sparked an opportunity for BCF's CLOs to purchase assets at steep discounts, with a fundamental view that these credits would recover over time. Much of the focus within BCF's loan portfolio was on rotating up in quality and away from names facing forward-looking inflationary cost pressures, supply chain headwinds and issuers that were most exposed to consumer discretionary spending.

As the year progressed, subsiding volatility and the loan market rally represented an opening for BCF's CLOs to take advantage of strong secondary market bids and trade out of less accretive issuers in cyclical sectors. Additionally, CLOs within the portfolio maintained slightly reduced cash levels by taking advantage of attractive new issue loan allocations.

The graph below shows the top five industry concentrations for the BCF portfolio as of 31 December 2023(13).



As of 31 December 2023, BCF remained a defensively positioned portfolio of more than 650 loan issuers, diversified across 28 sectors and 30 countries. The portfolio was concentrated around B1-B2 rated issuers and holds 5.6% Caa rated assets (at the facility level), which is broadly flat from the start of the year. In line with the market, the portfolio's average loan price gained to 96.9 from 92.2 at the end of last year. Assets priced below €/$80 fell from 6.40% in December 2022 to 3.60% in December 2023. Looking forward, we see minimum refinancing risk in the portfolio as loan maturities are generally wrapped around 2028. BCF's portfolios demonstrated strong collateral quality metrics compared to the market and peer managers in 2023. The BCF portfolio maintained a lower default rate of 0.26% compared to the European and US loan indices of 1.10% and 1.90%(14), respectively. A minimised level of defaults helps to ensure that equity distributions are well protected.

(12) CLO Global Databank, as of 2 January 2024.

(13) Note: Portfolio data presented using the gross par amount of assets held directly and indirectly by BCF. The total par amount of all assets held within each CLO and CLO warehouses are included on a fully consolidated basis and added to those assets held directly by BCF. Subject to change and not a recommendation to buy or sell any security. Data as of 31 December 2023, calculated on 15 January 2024.

BCF invested in four European new issue CLOs in 2023, bringing the number of originated CLOs within the portfolio to 53 across 10 vintage years, re-emphasising the highly diversified and wholesale exposure investors experience through this vehicle. Given the continued interest rate movements throughout the year, the expected returns for new issue deals over the year are in part based on the pull-to-par effect, with underlying assets bought at a discount. This is in addition to the traditional return from spread arbitrage, which was temporarily squeezed in the first half of the year due to a timing mismatch between the base rates used for assets and liabilities, as interest rate volatility persisted. This dynamic began to normalise in the latter part of 2023, as interest rates stabilised and we expect this effect to continue to temper over time. Throughout the rate volatility, BCF's CLO distributions have remained robust, even in older vintage CLOs. The cost of capital in many of these older deals remain quite low having been refinanced at tighter liability spreads in 2021. That means that despite higher prepayments and amortisation of lower cost liabilities, these older vintage CLOs continue to produce cash flows around the mid-teen range on an annualised basis. It is worth noting that no BCF CLO has missed a distribution since inception.

As the Company's managed wind-down is now effective, no further investments will be made. Importantly, however, the underlying portfolio of CLO positions will continue to be actively managed with the combined objectives of maximising returns for investors, alongside the overarching aim of realising all existing assets in an orderly manner. Given the majority of the CLOs within BCF are required to be held until redemption or maturity, our focus will be on continuously evaluating optimal and commercially prudent times to redeem, which may vary depending on each specific CLO.

(14) Credit Suisse/UBS trailing twelve-month default rates as of 31 December 2023.

CLO Portfolio Positions

Current Portfolio	Closing Date	Deal Size (M)	Position Owned (M)	% of BCF NAV	Reinvest. Period Left (Yrs)	Current Asset Coupon[15]	Current Liability Cost	Current Net Interest Margin[16]	NIM 3M Prior	Distributions Through Last Payment Date Ann.	Distributions Through Last Payment Date Cum.	% of Tranche
EUR CLO Income Note Investments												
Phoenix Park	Jul-14	€412	€ 16.4	1.0%	0.0	7.30%	5.63%	1.67%	1.71%	13.2%	122.4%	51.4%
Dartry Park	Mar-15	€424	18.8	1.3%	1.3	7.42%	5.63%	1.79%	1.70%	12.5%	107.9%	51.1%
Tymon Park	Dec-15	€415	16.0	1.4%	1.6	7.55%	5.70%	1.85%	1.89%	14.5%	113.8%	51.0%
Elm Park	May-16	€519	22.5	1.9%	1.8	7.38%	5.58%	1.80%	1.96%	15.0%	110.7%	54.0%
Griffith Park	Sep-16	€455	18.3	1.4%	0.0	7.23%	5.36%	1.87%	1.90%	11.7%	84.0%	53.4%
Clarinda Park	Nov-16	€417	16.3	1.4%	1.1	7.43%	5.71%	1.72%	1.62%	11.8%	82.3%	51.2%
Palmerston Park	Apr-17	€293	16.9	0.8%	0.0	7.14%	5.89%	1.25%	1.44%	12.5%	81.7%	53.3%
Clontarf Park	Jul-17	€228	20.4	0.9%	0.0	7.21%	6.11%	1.10%	1.20%	12.6%	79.3%	66.9%
Willow Park	Nov-17	€296	16.5	0.8%	0.0	7.11%	5.58%	1.52%	1.82%	16.2%	95.1%	60.9%
Marlay Park	Mar-18	€367	17.4	1.0%	0.0	7.01%	5.03%	1.98%	2.26%	18.6%	103.2%	60.0%
Milltown Park	Jun-18	€374	17.0	1.2%	0.0	7.14%	5.30%	1.84%	1.88%	17.8%	95.2%	65.0%
Richmond Park	Jul-18	€321	32.6	1.1%	0.0	7.22%	5.97%	1.25%	1.65%	15.4%	80.6%	68.3%
Sutton Park	Oct-18	€402	16.9	1.4%	0.0	7.15%	5.52%	1.63%	1.66%	16.8%	81.3%	66.7%
Crosthwaite Park	Feb-19	€516	23.3	2.1%	1.7	7.23%	5.51%	1.72%	1.59%	14.9%	71.5%	64.7%
Dunedin Park	Sep-19	€421	17.9	1.4%	2.4	7.27%	5.73%	1.53%	1.48%	18.6%	77.6%	52.9%
Seapoint Park	Nov-19	€403	15.2	1.9%	0.4	7.54%	5.69%	1.84%	1.55%	14.0%	49.1%	70.5%
Holland Park	Nov-19	€425	27.6	2.0%	0.4	7.41%	5.74%	1.66%	1.47%	11.2%	44.9%	72.1%
Vesey Park	Apr-20	€403	17.3	2.3%	0.9	7.50%	5.81%	1.69%	1.53%	17.2%	61.0%	80.3%
Avondale Park	Jun-20	€409	16.0	1.4%	2.2	7.26%	5.71%	1.55%	1.39%	29.4%	103.5%	63.0%
Deer Park	Sep-20	€355	14.4	1.5%	2.3	7.47%	5.71%	1.76%	1.94%	28.7%	88.2%	71.9%
Marino Park	Dec-20	€322	12.0	1.7%	0.0	7.53%	5.57%	1.95%	1.96%	17.9%	50.4%	71.4%
Carysfort Park	Apr-21	€404	17.7	2.2%	1.6	7.56%	5.63%	1.93%	1.85%	15.8%	40.3%	80.7%
Rockfield Park	Jul-21	€402	16.9	2.3%	1.5	7.46%	5.57%	1.89%	2.05%	15.0%	33.3%	80.0%
Dillon's Park	Sep-21	€405	18.5	2.3%	2.3	7.49%	5.59%	1.90%	1.88%	15.0%	30.6%	84.0%
Cabinteely Park	Dec-21	€404	16.7	2.0%	2.6	7.41%	5.79%	1.61%	1.53%	14.6%	27.6%	75.6%
Otranto Park	Mar-22	€443	25.3	3.0%	2.9	7.44%	6.04%	1.40%	1.34%	14.3%	23.2%	96.3%
Clonmore Park	Aug-22	€341	16.9	1.9%	3.1	7.57%	6.94%	0.63%	0.55%	6.1%	7.7%	100.0%
Edmondstown Park	Dec-22	€379	22.8	3.2%	3.6	7.72%	7.02%	0.70%	0.85%	9.2%	7.8%	100.0%
Bushy Park	Mar-23	€390	17.3	2.1%	3.8	7.66%	6.49%	1.17%	1.89%	13.3%	7.6%	61.3%
Glenbrook Park	Jul-23	€339	23.0	3.0%	4.1	7.79%	6.53%	1.26%	n/a	n/a	n/a	100.0%
Wilton Park	Nov-23	€395	34.9	3.8%	4.4	7.59%	6.39%	1.20%	n/a	n/a	n/a	100.0%
Cumulus 2023-1	Nov-23	€319	24.9	3.2%	n/a	7.22%	6.24%	0.98%	n/a	n/a	n/a	100.0%

(15) Debt tranches of certain US CLOs are referenced against SOFR. Some proportion of US CLO collateral may be based on SOFR and subject to change over time.

(16) Figures may not sum exactly due to rounding.

Current Portfolio	Closing Date	Deal Size (M)	Position Owned (M)	% of BCF NAV	Reinvest. Period Left (Yrs)	Current Asset Coupon)	Current Liability Cost	Current Net Interest Margin)	NIM 3M Prior	Distributions Through Last Payment Date		% of Tranche
										Ann.	Cum.	
USD CLO Income Note Investments												
Grippen Park	Mar-17	$413	$ 21.0	0.7%	0.0	8.91%	7.67%	1.24%	1.38%	13.9%	91.4%	50.1%
Thayer Park	May-17	$522	19.3	1.4%	2.3	9.11%	7.17%	1.94%	1.92%	14.4%	92.3%	50.1%
Catskill Park	May-17	$717	39.5	1.0%	0.0	8.98%	7.57%	1.41%	1.55%	14.0%	89.7%	50.1%
Dewolf Park	Aug-17	$595	22.4	1.2%	0.0	9.01%	7.13%	1.89%	1.93%	15.9%	97.3%	50.1%
Gilbert Park	Oct-17	$924	36.5	1.5%	0.0	8.90%	7.39%	1.50%	1.62%	14.7%	87.7%	50.1%
Long Point Park	Dec-17	$556	20.8	1.1%	0.0	8.92%	7.13%	1.79%	1.85%	19.1%	110.7%	50.1%
Stewart Park	Jan-18	$800	65.0	1.1%	0.0	8.89%	7.17%	1.72%	1.81%	11.6%	66.8%	50.1%
Cook Park	Apr-18	$984	37.8	2.0%	0.0	8.96%	7.03%	1.93%	1.98%	16.8%	92.7%	50.1%
Fillmore Park	Jul-18	$561	21.3	1.7%	0.0	8.97%	7.03%	1.94%	1.97%	17.1%	89.1%	52.3%
Harbor Park	Dec-18	$715	28.0	2.4%	0.1	9.02%	7.08%	1.94%	1.97%	15.1%	73.2%	50.1%
Southwick Park	Aug-19	$503	18.4	1.9%	0.6	9.12%	7.01%	2.11%	2.09%	17.8%	73.9%	59.9%
Beechwood Park	Dec-19	$816	34.5	3.3%	3.0	8.89%	7.15%	1.74%	1.76%	16.7%	63.8%	61.1%
Allegany Park	Jan-20	$506	21.3	2.1%	3.1	8.88%	7.17%	1.71%	1.73%	15.2%	57.3%	66.2%
Harriman Park	Apr-20	$499	20.6	2.3%	2.3	8.92%	7.14%	1.78%	1.77%	22.4%	78.4%	70.0%
Cayuga Park	Aug-20	$398	16.1	1.9%	2.5	8.89%	7.02%	1.87%	1.84%	25.8%	82.1%	72.0%
Point Au Roche Park	Jun-21	$457	18.7	1.9%	2.6	8.93%	7.16%	1.78%	1.76%	18.3%	42.2%	61.2%
Peace Park	Sep-21	$660	27.5	2.8%	2.8	8.85%	7.10%	1.75%	1.91%	18.4%	37.8%	60.8%
Whetstone Park	Dec-21	$506	20.2	2.1%	3.1	9.01%	7.08%	1.93%	1.95%	19.7%	36.7%	62.5%
Boyce Park	Mar-22	$762	31.5	3.3%	3.3	8.98%	6.99%	1.99%	1.99%	19.6%	31.7%	61.8%
Vertical Retention Instruments												
Tallman Park	May-21	$410	$ 1.5	0.2%	2.3	8.97%	7.21%	1.76%	1.74%	19.6%	46.9%	5.0%
Wehle Park	Apr-22	$547	$ 1.8	0.2%	3.3	8.91%	7.23%	1.68%	1.65%	21.2%	33.0%	5.0%

	Region	Vintage	Sale/ Redemption Date	BCF Position Prior To Exit (m)	Current Valuation as % of BCF NAV(17)	Realised IRR To Date(18)	Ann. Distribution Through Last Payment(19)
Redeemed Or Fully Sold CLOs							
Myers Park	US	2018	Mar-21	$26.4	N/A	11.1%*	16.4%
Greenwood Park	US	2018	Mar-21	$53.9	N/A	19.0%*	19.7%
Orwell Park	Europe	2015	May-21	€ 24.2	N/A	13.6%*	23.5%
Stratus 2020-2	US	2020	Jun-21	$24.2	N/A	37.6%	93.3%
Niagara Park	US	2019	Aug-21	$22.1	N/A	16.6%*	14.9%
Sorrento Park	Europe	2014	Oct-21	€ 29.5	N/A	9.3%*	18.2%
Castle Park	Europe	2014	Oct-21	€ 24.0	N/A	11.8%*	23.3%
Dorchester Park	US	2015	Oct-21	$44.5	0.01%	11.7%*	18.0%
Buckhorn Park	US	2019	Feb-22	$24.2	N/A	16.0%*	19.5%

As of 31 December 2023, the Company was invested in accordance with its and BCF's investment policy and was diversified across 650+ issuers through directly held loans and the CLO portfolio, across 28 countries and 30 different industries[20]. No individual borrower represented more than 2% of the overall portfolio at the end of December 2023.

(17) As of 31 December 2023, with data available as of 16 January 2024. Certain CLOs in the process of being redeemed. The residual valuation as a % of BCF NAV is reflective of remaining distributions to be made. Once no remaining distributions are expected, valuation will appear as "N/A".

(18) Realised IRRs for redemptions are reflective of distributions made to BCF to date, with data available in Kanerai as of 16 January 2024. IRRs may change as further distributions to income noteholders are made. For fully sold CLOs, realised IRR includes sale proceeds returned to BCF (reflected on a traded basis). IRRs denoted with an * are inclusive of fee rebates (separate notes reflecting rights to future rebates may still be held by BCF).

(19) Source: Kanerai, with data available as of 16 January 2024. Annualised distributions for redeemed CLOs include return of principal; annualised distributions for fully sold CLOs do not include sale proceeds. Top 20 Issuers represent 14.7% of the portfolio par value, as of 31 December 2023.

(20) Portfolio data by Issuer, Industry, Country, Rating and Loan Price Bands are presented using the gross par amount of assets held directly and indirectly by BCF. Indirect asset holdings are held within CLOs BCF has invested in. The total par amount of all assets held within each CLO are included on a fully consolidated basis and added to those assets held directly by BCF. Portfolio holdings, Rating, Country, Industry and Loan Price Band distributions are subject to change and are not recommendations to buy or sell any security. CLO Note and CLO warehouse investments are excluded from all figures. Data calculated by BXCI.

Key Portfolio Statistics

	% of NAV[21]	Current WA Asset Coupon[22]	Current WA Liability[23]	WA Remaining RPs (CLOs)
EUR CLOs	59.08%	7.39%	5.87%	1.7 Years
US CLOs	39.57%	8.95%	7.18%	1.2 Years
Directly held loans (less leverage)	8.32%	11.19%	5.41%	n/a
CLO Warehouses	n/a	n/a	n/a	n/a
Net cash & expenses	-6.98%	–	–	n/a

Top 10 Industries[24]

Industry	% of portfolio 31 December 2023
Healthcare and pharmaceuticals	15.9%
Services business	10.0%
High tech industries[25]	9.6%
Banking, finance, insurance and real estate (FIRE)	8.6%
Media broadcasting and subscription	7.6%
Construction and building	6.1%
Hotels, gaming and leisure	5.0%
Capital equipment	4.6%
Chemicals, plastics and rubber	4.5%
Telecommunications	3.9%

Industry	% of portfolio 31 December 2022
Healthcare and pharmaceuticals	16.7%
Services business	10.2%
High tech industries[25]	8.8%
Banking, finance, insurance and real estate (FIRE)	8.0%
Media broadcasting and subscription	7.1%
Construction and building	5.8%
Hotels, gaming and leisure	5.5%
Chemicals, plastics and rubber	5.1%
Telecommunications	4.6%
Services consumer	4.6%

Top 5 Countries[24]

Country	% of portfolio 31 December 2023
US	50.0%
France	10.5%
UK	7.6%
Luxembourg	6.7%
Netherlands	6.1%

Country	% of portfolio 31 December 2022
US	52.6%
France	9.0%
UK	8.6%
Netherlands	6.3%
Germany	5.5%

(21) Calculated on BCF's net assets as of 31 December 2023.

(22) Data for EUR and US CLOs calculated based on data available on Kanerai as of 16 January 2024 for non-redeemed CLOs. Data for CLO Warehouses and Directly held loans calculated by BXCI.

(23) Calculated on BCF's net assets as of 31 December 2023.

(24) Portfolio data by Issuer, Industry, Country, Rating and Loan Price Bands are presented using the gross par amount of assets held directly and indirectly by BCF. Indirect asset holdings are held within CLOs BCF has invested in. The total par amount of all assets held within each CLO are included on a fully consolidated basis and added to those assets held directly by BCF. Portfolio holdings, Rating, Country, Industry and Loan Price Band distributions are subject to change and are not recommendations to buy or sell any security. CLO Note and CLO warehouse investments are excluded from all figures. Data calculated by BXCI.

(25) Please note that the High Tech exposure is defined by Moody's as "computer hardware, software, component equipment, consumer electronics, semiconductor and contract manufacturers; IT services and distributors; transaction processors." The BCF portfolio is not exposed to "start-up" type risk but rather is defensively positioned and includes established businesses with recurring revenues.

Top 20 Issuers[26]

	# Facilities	Portfolio Par (€M)	Total Par Outstanding (€M)	Moody's Industry	Country	WA Price	WA Spread	WA Coupon (All-In Rate)	WA Maturity (Years)
Numericable	12	253	14,206	Media Broadcasting and Subscription	France	86.8	4.46%	7.14%	4.3
Numericable is one of the largest telecommunications operators in France by revenues and number of subscribers, with major positions in residential fixed, residential mobile, Business to Business, wholesale and media.									
VodafoneZiggo	4	250	6,816	Media Broadcasting and Subscription	Netherlands	95.0	3.11%	6.40%	5.3
VodafoneZiggo is a leading operator in the Netherlands that provides fixed, mobile and integrated communication and entertainment services to consumers and businesses. The company was created as a result of a Joint Venture between Liberty Global & Vodafone.									
Virgin Media	8	215	9,985	Media Broadcasting and Subscription	UK	98.2	2.90%	6.77%	5.2
Virgin Media O2 is an integrated communications provider of mobile, broadband internet, video and fixed-line telephony services to residential customers and businesses in the UK. The company was created as a result of a Joint Venture between Liberty Global & Telefonica.									
ION Markets	3	202	4,025	Banking, Finance, Insurance and Real Estate (FIRE)	Ireland	97.9	4.48%	8.95%	4.3
ION Markets is a global financial software and services company that provides high performance trading solutions to banks, hedge funds, brokers and other financial institutions, across electronic fixed income, currencies, equities, derivatives and commodities markets.									
WS Audiology	2	186	3,128	Healthcare and Pharmaceuticals	Denmark	98.7	3.93%	8.50%	2.2
WS Audiology was created following the completion of the merger between Sivantos and Widex. The combined company operates in over 125 markets and holds the third position in the hearing aid market globally.									
Masmovil	4	175	6,050	Telecommunications	UK	99.3	4.10%	7.35%	3.9
Masmovil is the fourth largest telecommunications operator in Spain and offers fixed line, mobile and internet services to customers in Spain. In July 2022, Masmovil and Orange (#2 player in the Spanish market) signed a binding agreement to combine the two businesses in a 50:50 Joint Venture with an enterprise value of circa €19bn. The transaction will need regulatory approval and is expected to close in H1 2024.									
Ineos Quattro	6	172	4,428	Chemicals, Plastics and Rubber	US	97.8	2.72%	5.85%	2.7
Ineos Quattro, through its subsidiaries, manufactures chemicals such as PVC, caustic soda, styrene plus derivatives, aromatics and acetyls. Ineos Quattro serves customers worldwide.									
Thyssenkrupp Elevators	3	170	4,337	Capital Equipment	Luxembourg	100.4	3.73%	8.29%	3.6
Thyssenkrupp Elevators is one of the largest global market leaders for elevator and escalator technology. The company designs, manufacturers, installs, services, modernises elevators, escalators and platform lifts.									
Paysafe	4	168	2,221	Banking, Finance, Insurance and Real Estate (FIRE)	US	96.0	3.01%	6.10%	4.8
Paysafe is a leading specialised payments platform, with revenues derived from payment processing, eWallets and eCash accounts. Paysafe is a global leader in the Gaming eCash segment, digital gambling wallets and the Merchant Acquirer segment in the US, with a presence in Europe also.									
Sunrise/UPC	5	167	4,413	Media Broadcasting and Subscription	Switzerland	98.7	2.84%	7.06%	5.2
Sunrise/UPC is a cable operator in Switzerland and Slovakia. It offers broadband, tv and mobile services.									

(26) Portfolio data by Issuer, Industry, Country, Rating and Loan Price Bands are presented using the gross par amount of assets held directly and indirectly by BCF. Indirect asset holdings are held within CLOs BCF has invested in. The total par amount of all assets held within each CLO are included on a fully consolidated basis and added to those assets held directly by BCF. Portfolio holdings, Rating, Country, Industry and Loan Price Band distributions are subject to change and are not recommendations to buy or sell any security. CLO Note and CLO warehouse investments are excluded from all figures. Data calculated by BXCI. As at 31 December 2023, the top 20 issuers aggregated to 14.7% (2022: 14.4%) of the portfolio.

Top 20 issuers

	# Facilities	Portfolio Par (€M)	Total Par Outstanding (€M)	Moody's Industry	Country	WA Price	WA Spread	WA Coupon (All-In Rate)	WA Maturity (Years)
Froneri	2	165	4,512	Beverage, Food and Tobacco	US	99.6	2.17%	6.73%	3.1
Froneri is a global ice cream manufacturer with its headquarters in North Yorkshire, England. It is the second largest ice cream producer by volume in the world, after Unilever. Froneri was created in 2016 as a Joint Venture between Nestle and PAI Partners to combine their ice cream activities.									
McAfee Corp	2	160	6,177	High Tech Industries	US	99.2	3.75%	8.25%	5.2
McAfee is the one of the largest security software vendors globally. McAfee is a major player in the consumer security market, with a focus on consumer endpoint protection. McAfee simplifies the complexity of threat detection and response by correlating events, detecting new threats, reducing false positives, automating, prioritizing incident response and creating workflows that result in remediation.									
Telenet International	3	157	3,728	Media Broadcasting and Subscription	Belgium	98.8	2.23%	6.46%	4.9
Telenet is one of the largest cable operators in Belgium that provides internet, TV, fixed and mobile telephony to consumers and businesses in Flanders and Brussels. It also provides mobile telephony services in the Wallonia region.									
Allied Universal	5	152	6,851	Services Business	US	96.3	3.76%	7.45%	4.4
Allied Universal is the largest provider of security systems and services globally, serving North America, Europe, the Middle East, Africa, Asia Pacific and Latin America.									
Grifols	4	141	5,745	Healthcare and Pharmaceuticals	Spain	96.8	2.79%	5.64%	4.1
Grifols is a global healthcare company producing plasma-derived medicines and transfusion medicine. The company is organised into four divisions: Bioscience, Diagnostic, Hospital and Bio Supplies & Other.									
Independent Vetcare	3	140	2,270	Healthcare and Pharmaceuticals	UK	100.1	5.00%	9.07%	2.9
Independent Vetcare is the largest veterinary practice group in Europe. The company generates the majority of its revenue in the UK, where it is a market leader and is also present in Sweden, the Netherlands, Finland, Germany, Norway, Denmark, Switzerland and North America.									
Apex Group	3	133	2,962	Banking, Finance, Insurance and Real Estate (FIRE)	US	99.2	4.05%	8.56%	4.6
Apex Group is a leading global fund administration services provider with over 100 offices worldwide and 12,200 employees and 10,000+ clients, delivering a broad range of solutions to asset managers, capital markets and family offices.									
Verisure	7	129	4,425	Services Business	Sweden	99.4	3.31%	6.81%	4.0
Verisure is Europe's leading provider of monitored alarms solutions for residential households and small business. The company designs, sells and installs alarms with network connectivity across 16 countries in Europe and Latin America, with its largest markets in terms of customers being Spain, Sweden, Norway, France and Portugal.									
Biogroup	9	127	3,150	Healthcare and Pharmaceuticals	France	94.9	3.33%	6.76%	4.1
Biogroup is a leading laboratory services company mainly in France and Belgium. The company assists physicians in the diagnosis of a variety of medical conditions through the provision of a range of diagnostic testing services on (primarily blood and urine) samples collected from the patients. The company is one of the market leaders in French routine testing and also has the ability to perform certain specialised tests.									
T-Mobile Netherlands	13	125	3,750	Telecommunications	Netherlands	99.6	4.01%	7.69%	5.3
T-Mobile Netherlands is the leading mobile operator in the Netherlands with a leading market share in both Subscriber Identity Modules (SIMs) and revenues within the Business to Consumer Mobile segment with a strong multi-brand portfolio (T-Mobile, Tele2, Ben, Simpel).									

Regulatory Update

Blackstone continues to monitor operational resilience and business continuity risk and there is an ongoing focus on enhancing and strengthening the operational resilience framework.

On 6 April 2022, the European Commission adopted the Delegated Regulation (as amended from time to time) supplementing EU Regulation (EU) 2019/2088 (the "SFDR") with regard to the regulatory technical standards ("RTS") specifying the details of the content and presentation of the information in relation to the principle of "do no significant harm", information in relation to sustainability indicators and adverse sustainability impacts and the content and presentation of the disclosure regarding the promotion of environmental or social characteristics (Article 8 SFDR) and sustainable investment objectives (Article 9 SFDR) in pre-contractual documents, on websites and in periodic reports. The SFDR RTS have applied since 1 January 2023. BXCI continues to monitor regulatory developments with regards to SFDR on an ongoing basis.

BXCI continues to monitor the regulatory environment for any developments with regard to the EU Securitisation rules.

Risk Management

Given the natural asymmetry of fixed income, 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 all market cycles and by making careful credit decisions while maintaining adequate diversification.

BCF's portfolio is managed to minimise default risk and credit related losses, which is achieved through in-depth fundamental credit analysis and diversified portfolios in order to avoid the risk of any one issuer or industry adversely impacting overall performance. As outlined in the 'Portfolio Update' section, BCF is broadly diversified across issuers, industries and countries.

BCF'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 BCF. BCF may utilise 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's Firmwide Approach to ESG

Blackstone aims to develop resilient companies and competitive assets that deliver long-term value for our investors. ESG principles have long informed the way we run our firm, approach investing and partner with the assets in our portfolio. In recent years, we have formalised our approach by building dedicated ESG teams that look to develop value accretive ESG policies and support integration within the business units and regularly report progress.

Blackstone's approach to sustainability is rooted in responsible investing and operational improvements to drive value for our investors. Material and applicable ESG considerations are incorporated into investment decisions to avoid risk and create value for investors[27]. Blackstone's portfolio of companies and assets across sectors and geographies enables us to think about sustainability from multiple vantage points. As investors, we consider material ESG factors both during the due diligence of potential investments and throughout the investment period to drive value.

Blackstone maintains a robust staff of professionals from various disciplines who focus on ESG at the firm to enhance the value of our investments, consistent with our fiduciary responsibilities to our clients. Our Corporate ESG team is responsible for firmwide coordination to ensure the firm delivers upon its ESG initiatives and provides transparency for management, partners and investors. Business unit ESG teams are responsible for implementing signature ESG programs where applicable, integrating ESG throughout the investment lifecycle as appropriate and creating value for portfolio companies and assets through ESG initiatives within our major businesses.

BXCI's Approach to ESG

At BXCI, we believe that a key aspect of being a responsible investor is an active evaluation of certain ESG components of our investments and recognize the value such evaluation can provide as we seek to grow and protect investors' assets while managing risk. To that end, during the due diligence phase of an investment, investment teams within BXCI aim to consider material ESG factors that may impact investment performance to drive value. Due diligence of relevant ESG considerations varies by investment strategy and is based on factors that may include (i) the nature of BXCI's investment, (ii) the transaction process and timeline, (iii) the level of access to information, specifically as it pertains to ESG factors and (iv) the target portfolio company's business model.

BXCI's Global Head of ESG, Rita Mangalick, oversees ESG policy integration, reporting, engagement and value creation initiatives within BXCI. Ms Mangalick is supported by several dedicated members of the BXCI ESG team. Additionally, BXCI has an ESG Working Group, which discusses a variety of ESG-related topics to drive value, including, as applicable: review of investments; investor requests; market trends and newly adopted or pending legislation, rules and regulation.

(27) The word "material" as used herein should not necessarily be equated to or taken as a representation about the "materiality" of such ESG factors under the US federal securities laws or any similar legal or regulatory regime globally.

BXCI's ESG Due Diligence Approach

BXCI's focus on ESG stems from our commitment to prudent investing and our culture that prioritises robust corporate governance. We seek to identify material ESG risks and opportunities throughout the diligence process and consider how these factors may be used to enhance the sustainability profile of our investments to improve investor returns and drive value, where it is consistent with the investment strategy and where we have ability to do so. We incorporate ESG principles into our investment process with approaches tailored to our various strategies.

1

Comprehensive Due Diligence

To effectively integrate the consideration of relevant ESG factors into the due diligence stage of our investment process to drive long-term value, it is important for our team to understand how to best identify and assess ESG factors that may be applicable to a particular investment. We learned that these factors can vary significantly across industries, leading us to partner with a third-party ESG consultant to create a sector-specific tool that provides a framework to conduct relevant ESG due diligence. This tool, which is based on Sustainability Accounting Standards Board (SASB) standards, is available to our investment teams to help them evaluate material ESG risks and opportunities that may impact a company's performance, enabling us to assess and mitigate these factors in a more targeted fashion to drive value. The tool includes industry-specific due diligence questions, potential key performance indicators to track, detailed guidance on considerations for evaluating the topic and recommended resources for additional research.

2

Investment Committee Engagement and Documentation

Analysis of identified ESG-related risks and opportunities may be presented to the Investment Committee for review questions and feedback on its views of material ESG factors and due diligence that has been performed. If material ESG concerns are identified, BXCI may seek to address the situation, as appropriate, including, but not limited to, via additional due diligence, hiring specialist advisors, attempting to facilitate further discussions with company management or possibly contributing to a decision not to invest.

3

Active Post-Investment Monitoring

During the holding period of an investment, the investment team actively monitors the investment and provides updates to the Investment Committee, as needed, including with respect to ESG-related factors for certain investment strategies. As part of this process, members of the investment team may facilitate direct dialogue with company management as well as track material ESG factors that may have an impact on company performance during the anticipated holding period of our investment.

ESG Disclaimer
Blackstone may select or reject portfolio companies or investments on the basis of ESG related investment risks and this may cause Blackstone's funds and/or portfolio companies to underperform relative to other sponsors' funds and/or portfolio companies which do not consider ESG factors at all or which evaluate ESG factors in a different manner. While Blackstone believes ESG factors can enhance long term value, Blackstone does not pursue an ESG based investment strategy or limit its investments to those that meet specific ESG criteria or standards, except with respect to products or strategies that are explicitly designated as doing so in their Offering Documents or other applicable governing documents. Any such ESG factors do not qualify Blackstone's objectives to seek to maximise risk adjusted returns. The ESG practices and initiatives mentioned in these disclosures may not apply to some or all of the Company's investments and none are binding aspects of the management of the Company. The Company does not promote environmental or social characteristics, nor does it have sustainable investments as its objective.

ESG initiatives described in these disclosures related to Blackstone's portfolio, portfolio companies and investments (collectively, "portfolio companies") are aspirational and not guarantees or promises that all or any such initiatives will be achieved. Statements about ESG initiatives or practices related to portfolio companies do not apply in every instance and depend on factors including, but not limited to, the relevance or implementation status of an ESG initiative to or within the portfolio company the nature and/or extent of investment in, ownership of, control or influence exercised by Blackstone with respect to the portfolio company and other factors as determined by investment teams, corporate groups, asset management teams, portfolio operations teams, companies, investments and/or businesses on a case by case basis. In particular, the ESG initiatives or practices described in these disclosures are less applicable to or not implemented at all with respect to Blackstone's public markets investing businesses, specifically, Credit, Hedge Fund Solutions (BXMA) and Harvest. In addition, Blackstone will not pursue ESG initiatives for every portfolio company.

Where Blackstone pursues ESG initiatives for portfolio companies, there is no guarantee that Blackstone will successfully enhance long term Shareholder value and achieve financial returns. There can be no assurance that any of the ESG initiatives described in this report will exist in the future, will be completed as expected or at all, or will apply to or be implemented uniformly across Blackstone business units or across all portfolio companies within a particular Blackstone business unit. Blackstone may select or reject portfolio companies or investments on the basis of ESG related investment risks and this may cause Blackstone's funds and/or portfolio companies to underperform relative to other sponsors' funds and/or portfolio companies which do not consider ESG factors at all or which evaluate ESG factors in a different manner. Any selected investment examples, case studies and/or transaction summaries presented or referred to in these disclosures are provided for illustrative purposes only and should not be viewed as representative of the present or future success of ESG initiatives implemented by Blackstone or its portfolio companies or of a given type of ESG initiatives generally. There can be no assurances that Blackstone's investment objectives for any fund will be achieved or that its investment programs will be successful. Past performance is not a guarantee of future results.

Blackstone Ireland Limited
26 April 2024

Strategic Overview

Purpose

The Company was incorporated with an initial purpose of providing permanent capital to BCF, with a view to generating stable and growing total returns for Shareholders through dividends and value growth. Following the decision made by Shareholders on 15 September 2023 to implement a managed wind-down of the Company, the purpose of the Company is now to realise all existing assets in its portfolio, with cash returned to the Shareholders in a timely and efficient manner.

The Board delivers the Company's purpose by working in line with its values, which form the backbone of what the Company does and are an important part of its culture.

Values

Integrity and Trust - The Company seeks to act with integrity in everything it does and to be trustworthy. It seeks to uphold the highest standards of professionalism driven by its corporate governance processes.

Transparency - The Company aims to ensure that all of its activities are undertaken with utmost transparency and openness to sustain trust.

Opportunity - The ability to see and to seize opportunities which are in the best interests of its Shareholders.

Principal Activities

The Company is a closed-ended investment company incorporated on 30 April 2014 as a limited by shares company under the Company (Jersey) Law 1991 with registered number 115628. In addition, the Company constitutes and is regulated as a collective investment fund under the Collective Investment Funds (Jersey) Law 1988. The Company continues to be registered and domiciled in Jersey. The Company's redeemable shares are quoted on the Premium Segment of the Main Market of the LSE.

The Company has a wholly-owned Luxemburg subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.à r.l., which currently has an issued share capital of 2,000,000 Class A shares and 1 Class B share. As at 31 December 2023, 100% of the Class A and Class B shares were held by the Company together with 208,565,744 Class B CSWs issued by the Lux Subsidiary. The Lux Subsidiary invests in PPNs issued by BCF, which in turn invests in CLOs and loans.

On 25 August 2023, the Board announced its decision to put forward proposals to Shareholders for the implementation of a managed wind-down of the Company with cash returned to the Shareholders in a timely and efficient manner. The Board also published a circular ("the Circular") dated 25 August 2023, to the Shareholders to convene an EGM on 15 September 2023, seeking approval from the Shareholders for the amendments to the Company's investment objective and policy and to its share capital, to facilitate the managed wind-down. On 15 September 2023, the Shareholders approved the following by way of an ordinary resolution:

- the adoption of a new investment objective and policy, as detailed below;
- the conversion of all shares held by the Company into redeemable shares on the terms set out in the Circular; and
- the issuance of a deferred share with the rights and restrictions set out in section 3.5 of the Circular, in accordance with article 2.1 of the Articles of Associations.

The Company's authorised share capital consists of an unlimited number of shares of any class. As at 31 December 2023, the Company's issued share capital was 442,738,903 redeemable shares and 1 deferred share. The Company held no shares in treasury.

The Company is a self-managed company. BIL acts as Portfolio Adviser to the Company and pursuant to the Advisory Agreement, provides advice and assistance to the Company in connection with its investment in the CSWs.

BNP Paribas S.A., Jersey Branch acts as Administrator, Company Secretary, Custodian and Depositary to the Company.

Investment Objective and Investment Policy

On 15 September 2023, Shareholders approved a new investment objective and a new investment policy as set our below:

New Investment Objective (effective from 15 September 2023)

The Company's investment objective is to realise all existing assets in the Company's portfolio in an orderly manner.

New Investment Policy (effective from 15 September 2023)

The Company will pursue its investment objective by effecting an orderly realisation of its assets by redeeming and/or by disposing for cash the profit participating instruments issued by BCF and held by the Company (indirectly through a subsidiary) (the "LuxCo PPNs"). The Company will thereafter make timely returns of capital to Shareholders principally by redeeming multiple portions of its issued redeemable shares during the course of the managed wind-down (or in such other manner as the Directors consider appropriate).

The Company does not hold any material assets other than the LuxCo PPNs and cash received from time to time. Upon redemption of the LuxCo PPNs, the Company will cease to make any new investments or to undertake capital expenditure except as deemed necessary or desirable by the Board in connection with the managed wind-down.

Any amounts received by the Company during the managed wind-down will be held by the Company as cash on deposit and/or as cash equivalents, prior to returns being made in cash to Shareholders (net of provisions for the Company's costs and expenses).

Changes to the Company's Investment Policy

Any material change to the Company's new investment policy will be made only with the approval of the Shareholders.

Former Investment Objective and Former Investment Policy (prior to 15 September 2023)

The Company's former investment objective was to provide Shareholders with stable and growing income returns and to grow the capital value of the investment portfolio by exposure to floating rate senior secured loans and bonds directly and indirectly through CLO securities and investments in Loan Warehouses. The Company sought to achieve its investment objective through exposure (directly or indirectly) to one or more companies or entities established from time to time ("Underlying Companies"), such as BCF.

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

Each Underlying Company would use the proceeds from the issue of the profit participating instruments (or similar securities), together with the proceeds from other funding or financing arrangements it had in place currently or might have in the future, to invest in: (i) senior secured loans, bonds, CLO Securities and Loan Warehouses; or (ii) other Underlying Companies which, themselves, invest in senior secured loans, bonds, CLO Securities and Loan Warehouses. The Underlying Companies might invest in European or US senior secured loans, bonds, CLO Securities, Loan Warehouses and other assets in accordance with the investment policy of the Underlying Companies. Investments in Loan Warehouses, which were generally expected to be subordinated to senior finance provided by third-party banks, would typically be in the form of an obligation to purchase preference shares or a subordinated loan. There was no limit on the maximum US or European exposure. The Underlying Companies did not invest substantially directly in senior secured loans or bonds domiciled outside North America or Western Europe.

Investment Limits and Risk Diversification

The following investment limits and risk diversification provisions were set out in the Company's Prospectus and governed how the Underlying Companies invested in CLOs prior to the creation of the Redemption Pool:

> *The Company invests directly or indirectly through the Underlying Companies, in a portfolio of senior secured loans and bonds or in Loan Warehouses containing senior secured loans and bonds and in connection with such strategy, to own debt and equity tranches of CLOs and in the case of European CLOs and certain US CLOs, to be the risk retention provider in each.*
>
> *The Underlying Companies may periodically securitise a portion of the loans or a Loan Warehouse in which they invest, into CLOs which may be managed either by such Underlying Company itself, by BIL or BLCS (or one of their affiliates), in their capacity as the CLO manager.*
>
> *Where compliance with the European Risk Retention Requirements is sought (which may include both EUR and US CLOs), the Underlying Companies will retain exposures of each CLO, which may be held as:*
>
> - *CLO Income Notes equal to: (i) between 51% and 100% of the CLO Income Notes issued by each such CLO in the case of European CLOs; or (ii) CLO Income Notes representing at least 5% of the credit risk relating to the assets collateralising the CLO in the case of US CLOs (each of (i) and (ii), (the "horizontal strip"); or*
> - *not less than 5% of the principal amount of each of the tranches of CLO Securities in each such CLO (the "vertical strip").*
>
> *In the case of deals structured to be compliant with the European Risk Retention Requirements, the applicable Underlying Company may determine that, due to its role as an "originator" with respect to such transaction, such Underlying Company should also comply with the US Risk Retention Regulations. In addition, an Underlying Company may invest in CLOs, such as middle market CLOs, which are not exempt from the US Risk Retention Regulations and as a result, may be required to retain exposure to such CLOs in accordance with such rules. In such a scenario, the Underlying Company will retain exposures to such*

transactions for the purpose of complying with the US Risk Retention Regulations, which may be held as:

- *CLO Income Notes representing at least 5% of the fair market value of the CLO Securities (including CLO Income Notes) issued by such CLO (the "US horizontal strip");*
- *A vertical strip; or*
- *A combination of a vertical strip and US horizontal strip.*

To the extent attributable to the Company, the value of the CLO Income Notes retained by Underlying Companies in any CLO will not exceed 25% of the Published NAV of the Company at the time of investment.

Investments in CLO Income Notes and Loan Warehouses are highly leveraged. Gains and losses relating to underlying senior secured loans will generally be magnified. Further, to the extent attributable to the Company, the aggregate value of investments made by Underlying Companies in vertical strips of CLOs (net of any directly attributable financing) will not exceed 15% of the Published NAV of the Company at the time of investment. This limitation shall apply to Underlying Companies in aggregate and not to Underlying Companies individually.

Loan Warehouses may eventually be securitised into CLOs managed either by an Underlying Company itself or by BIL or BLCS (or one of their affiliates), in their capacity as the CLO Manager. To the extent attributable to the Company, the aggregate value of investments made by Underlying Companies in any single externally financed warehouse (net of any directly attributable financing) shall not exceed 20% of the Published NAV of the Company at the time of investment and in all externally financed warehouses taken together (net of any directly attributable financing) shall not exceed 30% of the Published NAV of the Company at the time of investment. These limitations shall apply to Underlying Companies in aggregate and not to Underlying Companies individually.

The following limits (the "Eligibility Criteria") apply to senior secured loans and bonds (and to the extent applicable, other corporate debt instruments) directly held by any Underlying Company (and not through CLO Securities or Loan Warehouses):

Maximum Exposure	% of an Underlying Company's gross asset value
Per obligor	5
Per industry sector	15 (With the exception of one industry, which may be up to 20%)
To obligors with a rating lower than B-/B3/B-	7.5
To second lien loans, unsecured loans, mezzanine loans and high yield bonds	10

For the purposes of these Eligibility Criteria, "gross asset value" shall mean gross assets, including any investments in CLO Securities and any undrawn commitment amount of any gearing under any debt facility.

Further, for the avoidance of doubt, the "maximum exposures" set out in the Eligibility Criteria shall apply on a trade date basis.

Each of these Eligibility Criteria is measured at the close of each business day on which a new investment is made and there is no requirement to sell down in the event the limits are breached at any subsequent point (for instance, as a result of movement in the gross asset value or the sale or downgrading of any assets held by an Underlying Company).

In addition, each CLO in which an Underlying Company holds CLO Securities and each Loan Warehouse in which an Underlying Company invests will have its own eligibility criteria and portfolio limits. These limits are designed to ensure that: (i) the portfolio of assets within the CLO meets a prescribed level of diversity and quality as set by the relevant rating agencies that rate securities issued by such CLO or (ii) in the case of a Loan Warehouse, that the warehoused assets will eventually be eligible for a rated CLO. The CLO Manager will seek to identify and actively manage assets which meet those criteria and limits within each CLO or Loan Warehouse. The eligibility criteria and portfolio limits within a CLO or Loan Warehouse may include the following:

- A limit on the weighted average life of the portfolio;
- A limit on the weighted average rating of the portfolio;
- A limit on the maximum amount of portfolio assets with a rating lower than B-/B3/B-; and
- A limit on the minimum diversity of the portfolio.

CLOs in which an Underlying Company may hold CLO Securities or Loan Warehouses in which an Underlying Company may invest also have certain other criteria and limits, which may include:

- A limit on the minimum weighted average of the prescribed rating agency recovery rate;
- A limit on the minimum amount of senior secured assets;
- A limit on the maximum aggregate exposure to second lien loans, high yield bonds, mezzanine loans and unsecured loans;
- A limit on the maximum portfolio exposure to covenant-lite loans;
- An exclusion of project finance loans;
- An exclusion of structured finance securities;
- An exclusion on investing in the debt of companies domiciled in countries with a local currency sub-investment grade rating; and
- An exclusion of leases.

This is not an exhaustive list of the eligibility criteria and portfolio limits within a typical CLO or Loan Warehouse and the inclusion or exclusion of such limits and their absolute levels are subject to change depending on market conditions. Any such limits applied shall be measured at the time of investment in each CLO or Loan Warehouse.

Any material change to the investment policy of the Company requires the approval of redeemable Shareholders.

It is intended that the investment policy of each substantial Underlying Company will mirror the Company's investment policy, subject to such additional restrictions as may be adopted by a substantial Underlying Company from time to time.

The Company will receive periodic reports from each substantial Underlying Company in relation to the implementation of such substantial Underlying Company's investment policy to enable the Company to have oversight of its activities.

The Board considers BCF to be a substantial Underlying Company and during the year the investment policy of BCF also changed to include an orderly realisation of its assets and timely return of capital to its Shareholders.

Company Borrowing Limit

Following the implementation of the managed wind-down procedures, effective 15 September 2023, the Company will not undertake borrowing other than for short-term working capital purposes. The Company may use derivatives for hedging as well as for efficient portfolio management.

The Company will not utilise borrowings for investment purposes. However, the Directors are permitted to borrow up to 10% of the Company's Published NAV for day-to-day administration and cash management purposes. For the avoidance of doubt, this limit only applies to the Company and not the Underlying Companies.

In accordance with the Company's Prospectus, the Company may use hedging or derivatives (both long and short) for the purposes of efficient portfolio management. It is intended that up to 100% (as appropriate) of the Company's exposure to any non-Euro assets will be hedged, subject to suitable hedging contracts being available at appropriate times and on acceptable terms.

The Company has exposure to non-Euro assets through its investment in the Underlying Company which has hedging arrangements in place to protect against unfavourable currency fluctuation.

Investment Strategy

Following the decision made by Shareholders on 15 September 2023 to implement a managed wind-down of the Company, the Company has aligned its investment strategy with its new investment objective and investment policy as detailed above.

Former Investment Strategy (prior to 15 September 2023)

Whether the senior secured loans, bonds or other assets were held directly by an Underlying Company or via CLO Securities or Loan Warehouses, it was intended that, in all cases, the portfolios would be actively managed (by the Underlying Companies or the CLO Manager, as the case may be) to minimise default risk and potential loss through comprehensive credit analysis performed by the Underlying Companies or the CLO Manager (as applicable).

Vertical strips in CLOs in which Underlying Companies might invest were expected to be financed partly through term finance for investment-grade CLO Securities, with the balance being provided by the relevant Underlying Company investing in such CLO. This term financing might be full-recourse, non-mark to market, long-term financing which might, among other things, match the maturity of the relevant CLO or match the reinvestment period or non-call period of the relevant CLO.

In particular and although not forming part of the Company's investment policy, the following levels of or limitations on, leverage were expected in relation to investments made by Underlying Companies:

- Senior secured loans and bonds might be levered up to 2.5x with term finance;
- Investments in "first loss" positions or the "warehouse equity" in Loan Warehouses would not be levered;
- CLO Income Notes would not be levered;
- Investments in CLO Securities rated B- and above at the time of issue might be funded entirely with term finance; and
- Investments in a vertical strip might be levered 6.0-7.0x, with term finance as described above.

To the extent that they were financed, vertical strips were anticipated to require less capital than horizontal strips, which was expected to result in more efficient use of the Underlying Companies' capital. In addition, since the return profile on financed vertical strips was different to retained CLO Income Notes, BXCI believed that vertical strips might be more robust through a market downturn, although projected IRRs might be slightly lower. However, an investment in vertical strips was not expected to impact the Company's stated target return.

From time to time, as part of its ongoing portfolio management, the Underlying Companies might sell positions as and when suitable opportunities arise. Where not bound by risk retention requirements, it was the intention that the Underlying Companies would seek to maintain control of the call option of any CLOs securitised.

While the intention was to pursue an active, non-benchmark total return strategy, the Company was cognisant of the positioning of the loan portfolios against relevant indices. Accordingly, the Underlying Companies would track the returns and volatility of such indices, while seeking to outperform them on a consistent basis. In-depth, fundamental credit research dictated name selection and sector over-weighting/under-weighting relative to the benchmark, backstopped by constant portfolio monitoring and risk oversight. The Underlying Companies would typically look to diversify their portfolios to avoid the risk that any one obligor or industry would adversely impact overall returns. The Underlying Companies also placed an emphasis on loan portfolio liquidity to ensure that if their credit outlook changes, they were free to respond quickly and effectively to reduce or mitigate risk in their portfolio. The Company believed this investment strategy would be successful as a result of its emphasis on risk management, capital preservation and fundamental credit research. The Directors believed the best way to control and mitigate risk was by remaining disciplined in market cycles, by making careful credit decisions and maintaining adequate diversification.

Ongoing Strategic Considerations

The portfolio of the Underlying Companies in which the Company invests (through its wholly-owned subsidiary) remains broadly divided between European CLOs and US CLOs.

The Company incorporates ESG factors as part of its investment strategy where applicable. Refer to pages 21 to 23 for further details. The Company operates with Euro as its functional currency. A significant proportion of the portfolio of assets held by Underlying Companies to which the Company has exposure may, from time to time, be denominated in currencies other than Euro. The Underlying Companies utilise different financial instruments to seek to hedge against declines in the value of its portfolio as a result of changes in currency exchange rates.

Mechanics for Returning Cash to Shareholders

Following the approval of the new investment objective, the Board proposes to implement the managed wind-down by returning to Shareholders the net proceeds from the realisation of the Company's investment in BCF in an orderly manner by way of the compulsory redemption of redeemable shares (in respect of proceeds received from BCF attributable to the early redemption, maturity or sale of underlying investments or pursuant to a disposal of the LuxCo PPNs for cash).

As part of the managed wind-down, the Company, through the Lux Subsidiary, has delivered a redemption request in accordance with the terms of the LuxCo PPNs. A pro-rata portion of the assets and investments of BCF (including indirect investments held through BCM LLC) has been placed into a redemption pool (the 'Redemption Pool'). As the assets in the Redemption Pool redeem and are realised, the proceeds thereof, net of any actual or reasonably anticipated liabilities, costs, expenses, debt service of BCF, BCM LLC and the Lux Subsidiary and any actual or reasonably anticipated costs, liabilities, margin or collateral requirements related to hedging transactions entered by BCF, will be utilised to redeem the LuxCo PPNs.

Having consulted with the Portfolio Adviser, the Board anticipates that the redemption of the CLO investments held in BCF and BCM LLC will require a period of approximately 7 years. This is indicative only and it should not be considered a guarantee of the Company's actual liquidity profile.

Refer to sections 3.1 and 3.2 of the Circular for further details.

Section 172(1) Statement

The Company, as a member of the AIC, complies with Provision 5 of the AIC Code and voluntarily complies with section 172(1) of the UK Companies Act 2006 to act in a way that promotes the success of the Company for the benefit of its Shareholders as a whole, having regard to (among other things):

a) the likely consequences of any decision in the long-term;
b) the need to foster the Company's business relationships with suppliers, customers and others;
c) the impact of the Company's operations on the community and the environment;
d) the desirability of the Company maintaining a reputation for high standards of business conduct; and
e) the need to act fairly as between members of the Company.

The Board maintains a reputation for high standards of business conduct and endeavors to act fairly between members of the Company by acting with integrity and establishing trust as referred to in the Company's values. The Company complies with the Principles and Provisions of the AIC Code as detailed in the Statement of Compliance with Corporate Governance on page 50. Information on how the Board has engaged with its stakeholders and promoted the success of the Company, while having regard to the above, is outlined below. This covers the key decisions the Board has taken during the year.

Stakeholder engagement

Shareholders

Why we engage	How we engage
Shareholders provide the necessary capital for the Company to pursue its purpose and strategy as outlined in the Company's Prospectus. **The Company aims to ensure its long-term success and sustainability through its Shareholder relationships, based on transparency and openness and thereby fostering Shareholder confidence. This in-turn benefits the liquidity of the Company's shares and the Company's reputation as an esteemed market participant.**	The Board engages with its Shareholders as follows: a) by publishing: i. announcements on the LSE, including: ▪ the Company's Published NAV performance, announced on a monthly basis; ▪ the Company's IFRS NAV performance, announced on a quarterly basis; ▪ updated dividend guidance, announced with regard to the Company's dividend policy on 23 January 2024; ii. monthly performance reports, on the Company's website, covering the performance of the Company and its underlying portfolio and including information on the composition of the underlying portfolio; iii. market commentary reports issued by BXCI and published on the Company's website covering US and EU loan, high yield and CLO performance figures with commentary, as well as the market outlook; iv. quarterly investor reports, published on the Company's website, which provide an overview of the Company's and the Underlying Company's quarterly results, together with a market overview; v. the Company's Half Yearly Financial Report and the Annual Report and Audited Financial Statements; vi. the Company's Key Information Document and a memorandum on costs; vii. ad-hoc reports, on the Company's website, as and when required to provide further insights into the relevant market situation; b) the Board and representatives of the Portfolio Adviser holding investor calls to provide market updates; c) the Board held a Shareholder Consultation on potential policy amendments in light of the prevailing and persistent discount to NAV at which the Company's shares trade and with a view to broadening investor interest in the Company's shares and maximising Shareholder total return. d) on 25 August 2023, the Board published a circular, seeking approval from the Shareholders for the amendments to the Company's investment objective and policy and to its share capital to facilitate the managed wind-down, which was approved by the Shareholders at an EGM held on 15 September 2023. e) the Board engages with its Shareholders through its Portfolio Adviser and Brokers who communicate pertinent information from any discussions they have had with the Company's Shareholders. Such discussions focussed for example on the Company's share price discount level and CLO performance; and f) written communication with Shareholders in response to queries received, as applicable. The Board (including the different committee Chairs) is available at the AGM to answer questions in its areas of responsibility and the Chair encourages Shareholders to contact him or any other Director with any queries or comments they may have.

Outcome
The Board believes that following the issue of publications as listed in point (a) above and its interactions as outlined in points (b), (c), (d), (e) and (f) during 2023, Shareholders have received relevant information allowing them to make informed decisions about their shareholding(s) and have been able to engage with the Company and its advisers on any matters they consider relevant. During the year, actions taken by the Board following on from Shareholder discussions include: ▪ renewal/discontinuation of the share repurchase programme, refer to the Directors' Report on page 48 and the share repurchase programme coverage on page 35; ▪ the Board, Brokers and Portfolio Adviser discussing liquidity and discount management on both an ongoing and frequent basis; ▪ Shareholder Consultation took place to discuss the distribution/reinvestment of excess income, potential exit opportunity and valuation methodology used; ▪ publication of the Circular dated 25 August 2023, seeking approval from the Shareholders for the amendments to the Company's investment objective and policy and to its share capital to facilitate the managed wind-down; and ▪ amendments to the NAV factsheets by publishing the IFRS NAV on a quarterly basis from April 2023 on the LSE. During 2023, all Directors were kept informed of Shareholder engagement, as necessary, so that they are aware of and understand the views communicated. Any pertinent matters were followed up on by the Board and Shareholder views were continually considered as part of the Directors' decision-making processes.

Service Providers

Why we engage	How we engage
As an investment company with no employees, the Company is reliant on its service providers to conduct its business. The Board considers the Portfolio Adviser, the Administrator and the Registrar to be critical to the Company's day-to-day operations. **The Board views the Company's other service providers, such as brokers, auditors and lawyers as being highly important in enabling the Company to meet its regulatory and legal requirements as necessary.**	The Board engages with its Portfolio Adviser on an on-going basis through: a) regular communication with representatives as required, such as telephone and email correspondence, discussing ad-hoc matters which may arise; b) monthly meetings to receive updates on the performance of the portfolio; c) quarterly board meetings to receive detailed updates on, but not limited to, the loan and CLO markets and activity updates for the Underlying Company. These include discussions about capital inflows, performance of current investments and return attribution; d) an annual due diligence meeting with senior representatives of the Portfolio Adviser held at its offices in Dublin, Ireland in January 2024; and e) ad-hoc meetings to discuss day-to-day operational matters or strategic matters. The Board engages with its Administrator on an on-going basis including: a) regular communication with representatives, such as telephone and email correspondence, to discuss any ad-hoc matters; b) monthly meetings to discuss the Published NAV as computed by the Administrator; c) quarterly Board meetings at which the Board receives accounting, company secretarial and compliance updates and liaises with the Administrator on any pertinent matters; d) production of the Company's Half Yearly Financial Report and Annual Report and Audited Financial Statements; e) ad-hoc meetings to discuss day-to-day operational matters; and f) annual service review meetings. The Company's Registrar is responsible for maintaining the Company's share register and for processing any corporate actions. The Registrar's reports are available via an online platform. The Board receives quarterly reports in person from the Company's Registrar on key matters. The Company otherwise engages as necessary with the Registrar via email and telephone.

Outcome
Through its engagement with its service providers during 2023, the Board confirms it has received appropriate and timely advice and guidance, together with responses to any query raised. There were no material actions resulting from engagement from service providers. The Board's engagement during 2023 with its service providers enabled it to maintain the effective running of the Company and to determine that the Company is well managed and its operations and internal controls are effective, efficient and compliant.

Underlying Company

Why we engage	How we engage
The Board's purpose and strategy is implemented through investment in the Underlying Company, BCF. Understanding the capital requirements, specifically the timing and quantum, of the Underlying Company is important to the Board to ensure the Company can provide capital as required and so that redemptions of CSWs are appropriately factored in so as to not adversely impact the operations of the Underlying Company. **Additionally, understanding the performance of the Underlying Company is vital to ensuring the Company can deliver on its investment objective of income and capital appreciation.**	The Board engages with the Portfolio Adviser and the Board of directors of the Underlying Company to understand their capital requirements and performance. It does so through the methods described above. The Board also met with the board of BCF in January 2024.

Outcome
During 2023, the Board has kept abreast of capital requirements and the performance of the Underlying Company (BCF). It has reviewed BCF's past performance and contributing factors to that past performance together with its prospective outlook. From this process, the Board has considered the effectiveness of the Portfolio Adviser and ensured the execution of the investment strategy of the Company over the longer term and the redemption pool mechanism.

Wider society

Why we engage	How we engage
As a responsible corporate citizen the Company recognises that its operations have an environmental footprint and an impact on wider society.	The Board welcomes the views of stakeholders to remain current in their understanding of stakeholder views relating to environmental and social matters. The Board seeks to uphold the highest standards of professionalism and corporate governance including diversity, inclusion and ESG. The Board expects the same from its service providers and asks its service providers to provide an overview of their diversity and ESG policies on an annual basis, as part of the Company's service provider evaluation. Ms Belinda Crosby is responsible for ESG matters at Board-level. In endeavouring to exemplify best corporate governance practice, the Board aims to positively influence BXCI and inspire stakeholder trust.

Outcome
The Board is conscious of the importance of good governance, including diversity, inclusion and ESG specifically and seeks to positively influence its service providers. During 2023, the Board liaised with BXCI to advance its ESG initiatives and processes for upholding high standards of ESG, responsible investing and governance; such discussions remain ongoing as ESG procedures and requirements evolve.

Regulators

Why we engage	How we engage
The Board engages with its main regulator, the JFSC and other regulators to ensure business is conducted in line with their expectations and the evolving regulatory framework.	The Company primarily interacts with its main regulator through formal submissions of information on a periodic basis (for example, periodic financial statements). The Company engages with its regulators on an ad-hoc basis, via its Compliance Officer. The Board also receives detailed quarterly legal, regulatory and compliance updates.

Outcome
During 2023, the Company complied with regulatory and statutory rules, maintained an open and transparent form of communication with its regulators and the Board received appropriate and timely advice and guidance, together with responses to any query the Board had. During the year, the Company had no material communications with its regulators.

Corporate Activity

The principal decisions taken below are the ones that the Board considered to have the greatest impact on the Company. The Board considers the factors outlined under the Section 172(1) statement and the wider interests of stakeholders as a whole in all decisions it takes on behalf of the Company.

Dividend Policy

Description
On 23 January 2023, the Board announced that the Company will be targeting a total 2023 annual dividend of between €0.08 and €0.09 per ordinary share, which will consist of quarterly payments of €0.02 per ordinary share for the first three quarters and a final quarter payment of a variable amount to be determined at that time. Accordingly, the Board declared dividends of €0.02 per ordinary share for the first three quarters of 2023 and a dividend of €0.03 per ordinary share for the fourth quarter. On 23 January 2024, the Board announced that it is targeting a total 2024 annual dividend of at least €0.09 per redeemable share, which will consist of quarterly payments of €0.0225 per redeemable share. On 23 January 2024, the Board also announced the termination of the Company's dividend re-investment plan.

Impact on long-term success	Stakeholder considerations
Maintaining the dividend at a consistent level to provide stability for stakeholders and assurance of continuing income return. The dividend policy continues to provide sufficient flexibility to pay more, dependent on the year's results.	Stakeholders are provided with a degree of certainty as to the level of Shareholder dividends.

Share Repurchase Programme

Description
On 23 January 2023, the Company announced that it had appointed its joint Brokers to manage a new irrevocable Share Repurchase Programme to buy back ordinary shares within certain pre-set parameters, to begin on 23 January 2023 and run until 3 May 2023. On 22 May 2023, the Board decided to cease any buy back of shares. Since then, the Company has not undertaken any share repurchases. From 1 January 2023 to 31 December 2023, the Company undertook 13 share repurchases and repurchased a total of 1,839,619 ordinary shares at a weighted average price of €0.6676 per ordinary share. The repurchased shares were held in treasury until 22 December 2023, on which the Company cancelled all its treasury shares.

Managed Wind-Down

Description
On 25 August 2023, the Board announced its decision to put forward proposals to Shareholders for the implementation of a managed wind-down of the Company with cash returned to the Shareholders in a timely and efficient manner. The Board published a circular ("the Circular") to the Shareholders to convene an EGM on 15 September 2023 seeking approval from the Shareholders for the amendments to the Company's investment objective and policy and to its share capital to facilitate the managed wind-down. On 15 September 2023, the Shareholders approved the following by way of an ordinary resolution: ▪ the adoption of a new investment objective and policy. The new investment objective is to realise all existing assets in the Company's portfolio in an orderly manner. ▪ the conversion of all shares held by the Company into redeemable shares on the terms set out in the Circular. ▪ the issuance of a deferred share with the rights and restrictions set out in section 3.5 of the Circular, in accordance with article 2.1 of the Articles of Associations.

Risk Overview

Each Director is aware of the risks 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 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.

Risk Appetite

Following the vote by Shareholders for a managed wind-down of the Company on 15 September 2023, the Board's updated strategic risk appetite is to balance the amount distributed by the Company with the retention of a prudent cash buffer to cover ongoing operating expenses. The Board considers that the retention of a cash buffer sufficient to cover an estimated two years of operating expenses is an appropriate amount. Future distributions will be by way of dividend, in line with the sustainable dividend policy which will continue to be communicated to Shareholders, and by the redemption of shares.

When considering other risks, the Board's risk appetite is effectively governed by a cost benefit analysis while assessing mitigation measures. At all times, the Company will seek to follow best practice and remain compliant with all applicable laws, rules and regulations.

Statement on risk management and internal controls

Board acknowledgements	Commentary
The Board is responsible for the Company's risk management and internal control systems and for reviewing their effectiveness.	Refer to page 54 for a description of risk management and internal controls.
The Board is responsible for the ongoing process for identifying, evaluating and managing the principal risks faced by the Company.	Refer to the section below for a description of the principal risks faced by the Company and how the Board assesses, monitors, measures and reports on those risks.
The Board ensures the internal control systems of its key service providers are regularly reviewed and have been in place for the year under review and up to date of this Annual Report and Audited Financial Statements.	As explained on page 54, the Board relies on the control environment of its key service providers and reviews them on an ongoing basis. The Board also reviews the performance of the Portfolio Adviser and its key service providers on an annual basis, as outlined on page 52.

Principal Risks and Uncertainties

As recommended by the Risk Committee, the Board has adopted a risk management framework to govern how the Board identifies existing and emerging risks, determines risk appetite, identifies mitigation and controls and how the Board assesses, monitors, measures and reports on risks.

The Board reviews risks at least twice a year and receives deep-dive reports on specific risks as recommended by the Risk Committee. Throughout the year under review, the Board considered a set of sixteen main risks which have a higher probability and a significant potential impact on performance, strategy, reputation or operations (Category A risks). Of these, the four risks identified below were considered the principal risks faced by the Company where the combination of probability and impact was assessed as being most significant. The Board also considered fourteen other less significant existing or emerging risks (Category B risks) which are monitored on a watch list.

The Portfolio Adviser continues to monitor the very small number of companies which the Company is exposed to, that may be impacted by ongoing conflict between Russia and Ukraine. Opportunities have been taken to trim the exposure, so it is now negligible.

The global macro-economic environment continued to experience high levels of inflation and interest rates during much of 2023. More recently, macro-economic conditions have seen falls in inflation with market expectations of a peak in interest rates having been reached. The Portfolio Adviser has focused on positioning the underlying portfolio appropriately. The Portfolio Adviser has closely monitored these positions and managed their risk accordingly. Refer to page 21 for further details. The Board has considered risks arising from the managed wind-down in its risk assessment.

The commentary below describes the factors affecting each of the principal risks during the year.

Principal risk	Commentary
Investment performance A key risk to the Company is unsatisfactory investment performance due to an economic downturn along with continued political uncertainty which could negatively impact global credit markets and the risk reward characteristics for CLO structuring. This could directly impact the performance of the underlying CLOs that the Company invests in and it could also result in a reduced number of suitable investment opportunities and/or lower Shareholder demand.	**2023: Unchanged probability, stable impact.** During 2023, the Portfolio Adviser reduced the Company's exposure to companies impacted by the ongoing conflict between Russia and Ukraine to a non-material level. As inflation reduced in 2023, credit demand improved in the final quarter of the year. Credit quality was stable and rates were lower, offering refinance opportunities with strong demand for CLOs in the second half of 2023. The Portfolio Adviser continued to actively manage the CLO portfolios to orientate them for this environment. The Board takes comfort from the pedigree and resources of BXCI as Portfolio Adviser and its ability to trade and manage risk in the portfolios in changing market conditions. See comments from the Portfolio Adviser on Risk Management on page 21.
Share price discount to Published NAV per Redeemable Share[28] The price of the Company's shares may trade at a discount relative to the underlying NAV of the shares. This can be for a number of reasons, including the inherent lack of liquidity in the underlying investments and the shares, relatively poor investment performance compared to peers and/or market perceptions of the inherent value of the Company's portfolio.	**2023: Increased probability, stable impact.** The discount on the Published NAV moved out to the 35% to 39% range and did not recover as macro-economic concerns and general widening of discounts of closed end investment companies continued. Structured finance investment company share prices under-performed other investment company sectors. Following the Shareholder Consultation, the Board recommended a managed wind-down of the Company and return of shareholder capital to address the persistent NAV discount. Shareholders voted in favour of the resolution set out in the Circular. It is the Board's intention to continue to make dividend distributions to Shareholders as well as return of capital throughout the wind-down process.

(28) The Board monitors the share price discount to Published NAV which is calculated monthly according to the Prospectus and is the main reference point for investors regarding the inherent value of the Company over the long-term. The share price discount to IFRS NAV is also published in the Company's Annual and Half-Yearly Reports.

Principal risk	Commentary
Investment valuation The investment in the Lux Subsidiary is accounted for at fair value through profit or loss and the investment in PPNs issued by BCF held by the Lux Subsidiary are at fair value. Investments in BCF (the PPNs) are illiquid investments, not traded on an active market and are valued using valuation techniques determined by the Directors. Because the underlying CLO investments held by BCF are held to maturity for risk retention purposes, they are valued using a mark-to-model methodology, described in the Company's Prospectus, based on various assumptions. The valuation of the Company's investments requires significant judgement and there is a risk that investments may be incorrectly valued due to calculation errors or incorrect assumptions.	**2023: Increased probability, stable impact.** The Directors use their judgement, with the assistance of the Portfolio Adviser, in selecting an appropriate valuation technique and refer to techniques commonly used by market practitioners. The Board of BCF likewise use their judgement in determining the valuation of investments and underlying CLOs and equity tranches retained by BCF. Independent valuation service providers are involved in determining the fair value of underlying CLOs. In this volatile interest rate and inflation environment, there is an increased risk that the assumptions behind valuation models will misjudge the impact on the economy, credit ratings and credit default which could cause significant market repricing. In compliance with accounting standards, the mark to market methodology of valuation is used for financial reporting purposes in the Annual and Half Yearly financial statements. This valuation methodology focuses on the fair value between a willing buyer and a willing seller and includes Market Colour. From April 2023, the mark to market valuation has been provided quarterly with the mark to model valuation to give Shareholders more information.
Operational The Company has no employees, systems or premises and is reliant on its Portfolio Adviser and other service providers for the delivery of its investment objective and strategy.	**2023: Increased probability, stable impact.** The risk has increased, due to staff turnover at a key service provider. This continues to be carefully monitored to ensure adequate service levels per service level agreements. The Company is also reliant on the Portfolio Adviser function, failure of which could adversely affect the viability of the Company.

Going Concern

Following approval of Shareholders to place the Company into managed wind-down on 15 September 2023, the Directors consider that the use of the going concern basis in preparing the financial statements of the Company is no longer appropriate. As such, these financial statements have been prepared on a basis other than going concern. Refer to Note 2.2 in the 'notes to the financial statements' for further details.

Viability Statement

At least once a year the Directors carry out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity. The Directors also assess the Company's policies and procedures for monitoring, managing and mitigating its exposure to these risks. In assessing viability, the Directors have considered on an individual basis, each of the principal risks of the Company as detailed on pages 37 and 38 along with the evolution of market, economic and political conditions, the Company's current position, investment objective and strategy and the performance of the Portfolio Adviser and hence how these could impact the cash flows received by the Company from its Lux Subsidiary and ultimately from BCF.

The Directors believe that the principal risk most likely to impact viability is that relating to investment performance. As explained on pages 24 to 28, the Company's underlying investment exposure is to the investment portfolio of BCF. BCF's portfolio comprises the following categories of investments: (i) CLO Debt and CLO Income Notes securitised by BCF, (ii) a portfolio of senior secured loans and bonds and (iii) preference shares. The majority of CLO investments in the portfolio have a non-call period of approximately two years from their origination date and cannot be redeemed until these expire.

The directors considered two extreme market scenarios, which would impact the cash flows derived from BCF's investments and have assessed how these could impact the cash flows received by the Company:

1 Scenario 1 included assumptions which mirrored the GFC, namely:

	EUR CLOs	US CLOs
Prepayment rate	7.5% for first 2 years; 25% thereafter	10% for first 2 years; 25% thereafter
Constant default rate	2.0% for next 2 years	2.0% for next 2 years
Recovery rate	60% for next 2 years	60% for next 2 years
Recovery period	12 months from the day of default	12 months from the day of default
Re-investment price	90 for first 6 months; 95 for the next year; 99.5 thereafter	90 for first 6 months; 95 for the next year; 99.5 thereafter
CCC basket stress	10%	10%

- CLO warehouses assume no cash flows for the first three years, followed by 14% yield cash flows on 50% impaired principal.
- BCF's revolving facility is assumed to be fully paid down reflecting the actual reduction in the facility in March 2024.

2 Scenario 2 included assumptions which incorporated severe spread stress, namely:

	EUR CLOs	US CLOs
Prepayment rate	40% for first 2 years; 25% thereafter	40% for first 2 years; 25% thereafter
Constant default rate	1.65%	1.65%
Recovery rate	60%	60%
Recovery period	12 months from the day of default	12 months from the day of default
Re-investment price	100 (with re-investment spread of 3.0% over SoFR)	100 (with re-investment spread of 2.90% over SoFR)
CCC basket stress	<7.5%(29)	<7.5%(29)

- Assumes no adjustment to the 14% statically yielding CLO warehouse cash flows.
- BCF's revolving facility is assumed to be fully paid down reflecting the actual reduction in the facility in March 2024.

The Directors also considered other key risks, as outlined on pages 37 and 38 and concluded that these risks do not impact the resilience or sustainability of the Company's business model. While each of these key risks could have an impact on the long-term sustainability of the Company, the Directors concluded that each was sufficiently mitigated and would therefore not impact the viability of the Company over a five-year period.

The Directors have assessed the prospects of the Company over the five-year period to 30 April 2029 which the Directors have determined constitutes an appropriate period to provide its viability statement. The Directors regularly receive financial forecasts from the Portfolio Adviser presented on a quarterly basis for at least the next four to five years. The Directors believe that financial forecasts to support its investment strategy can be subject to changes dependent upon investment performance, deployment of capital and regulatory, legal and tax developments for which the impact beyond a five-year term is difficult to assess. In addition, the extent to which macro-economic, political, social, technological and regulatory changes beyond a five-year term may have a plausible impact on the Company are difficult to envisage.

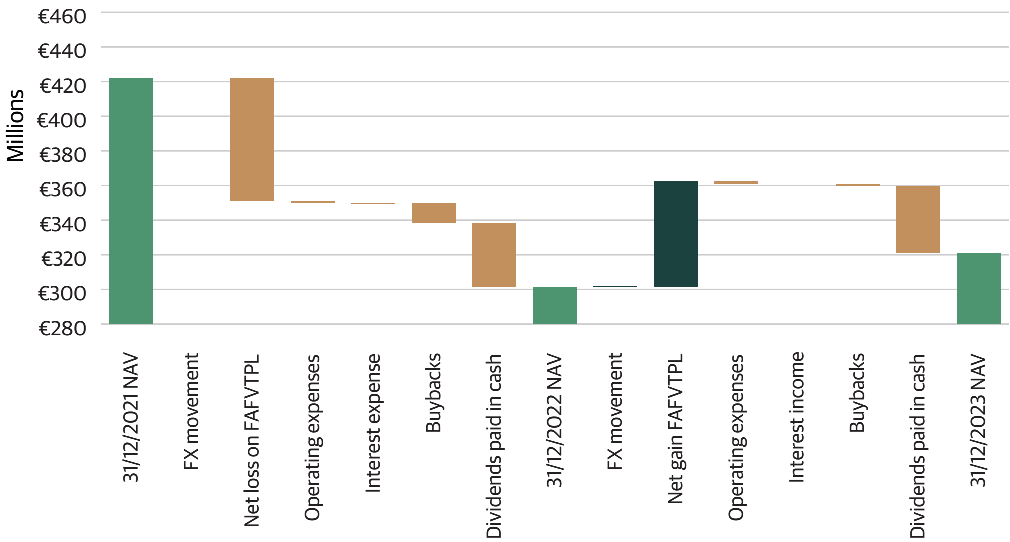
The Directors continue to regularly review the Company's dividend policy, but at present are satisfied that the outcomes modelled by the Portfolio Adviser under extreme market scenarios will allow the Company to generate sufficient cash flow to meet the dividend policy and ensure that the Company is able to meet its liabilities, as they fall due. Should the Company need to take action to mitigate the threats to viability, it will consider reduction in the dividend to ensure continued viability.

On the basis of this assessment of the principal risks facing the Company and the modelled extreme market scenarios by the Portfolio Adviser used to assess the Company's prospects and in the absence of any unforeseen circumstances, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment. However, it is worth noting that there is no intention for the life of the Company to be limited to this five-year period.

(29) CCC projections for both European and US CLOs are not assumed to breach the 7.5% threshold at any point in this scenario.

Performance Analysis

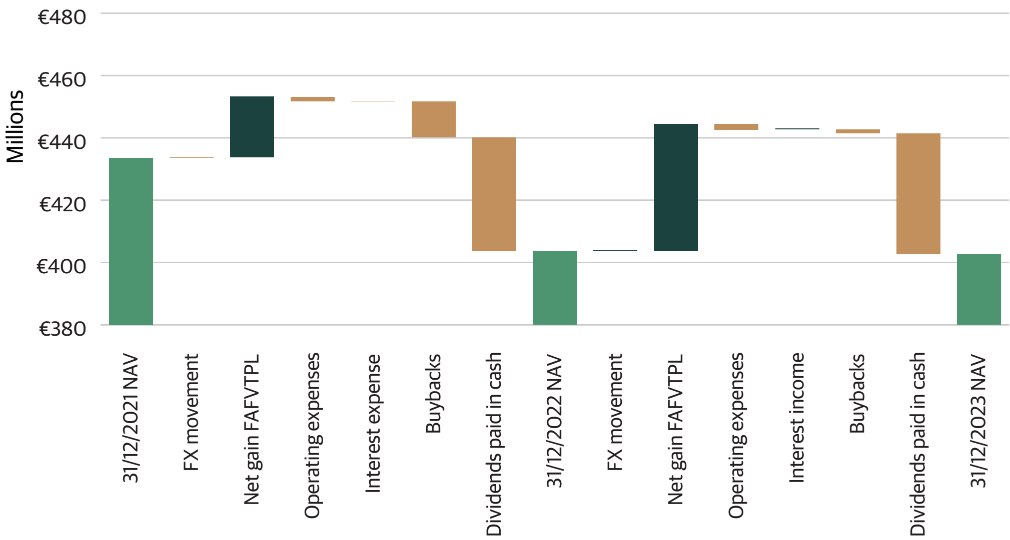
IFRS NAV Performance Analysis for the Years Ended 31 December 2023 and 31 December 2022 – Contributors to Change



"Net loss/gain on FAFVTPL" for the years ended 31 December 2023 and 31 December 2022 reflects the Company's pro-rated share of the underlying activity of BCF.

Further commentary on the Company's performance is contained in the Chair's Statement and the Portfolio Adviser's Review.

Published NAV Performance Analysis for the Years Ended 31 December 2023 and 31 December 2022 – Contributors to Change



"Net loss/gain on FAFVTPL" for the years ended 31 December 2023 and 31 December 2022 reflects the Company's pro-rated share of the underlying activity of BCF.

Further commentary on the Company's performance is contained in the Chair's Statement and the Portfolio Adviser's Review.

Other Information

Valuation Methodology

As noted on page 5, the Published NAV and the IFRS NAV may diverge because of different key assumptions used to determine the valuation of the BCF portfolio. Key assumptions which are different between the two bases as at 31 December 2023 and 31 December 2022 are detailed below:

Asset	Valuation methodology	Input	IFRS NAV	Published NAV	IFRS NAV	Published NAV
			31 December 2023		31 December 2022	
CLO Securities	Discounted Cash Flows	Constant default rate[30]	2.00%	2.00%	2.00%	2.00%
		Constant prepayment rate	25.00%	25.00%	20.00%	25.00%
		Reinvestment spread (bp over SOFR)	405.40	363.68	363.99	360.36
		Recovery rate loans	65.00%	65.00%	65.00%	65.00%
		Recovery lag (months)	–	–	–	–
		Discount rate	25.91%	15.00%	25.30%	15.00%

All of the assumptions above are based on weighted averages.

The below table further explains the rationale regarding the differences in the assumptions that significantly contributed to the valuation divergence as at 31 December 2023:

Assumptions	IFRS NAV	Published NAV
Reinvestment Spread	Largely weighted by a CLO's current portfolio weighted average spread, which assumes that the CLO investment manager will continue to reinvest in collateral with a similar spread and rating composition to the existing collateral pool. In addition, weighting may be given to primary loan spreads to the extent current primary market opportunities suggest different spreads than the existing portfolio.	Represents a normalised, long-term view of loan spreads to be achieved over the life of the CLO's remaining reinvestment period. Initially informed by the underwriting model at issuance, the assumption is periodically reviewed and updated to the extent of secular changes in loan spreads.
Discount Rate	Intended to reflect the market required rate of return for similar securities and is informed by market research, BWICs, market colour for comparable transactions and dealer runs. The discount rate may vary based on underlying loan prices, exposure to distressed assets or industries, manager performance and time remaining in reinvestment period.	Based on the expected rate of return for a newly originated CLO equity security on a hold to maturity basis. The expected rate of return is based on a long-term market average and is periodically reviewed and updated to the extent of secular changes in the market.

Source of the Company's Dividend – Ordinary Class

The Company through its investments in the Lux Subsidiary receives income, on a quarterly basis, on the PPNs held by the latter in BCF, which continues to generate positive cash flows from its CLO income note investments and from its portfolio of directly held and warehoused loans.

The Company redeems CSWs on a quarterly basis to transfer the income from the Lux Subsidiary. As detailed on page 7, the Company redeemed 30,985,038 CSWs in the Lux Subsidiary during the year with a fair value of €53,102,113 to fund the quarterly dividends.

(30) Deal level constant default rate.

Alternative Investment Fund Managers' Directive ("AIFMD")

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. There has been no material changes (other than those reflected in these financial statements) to this information requiring disclosure.

Alternative Performance Measures ("APMs")

In accordance with European Securities and Markets Authority Guidelines on APMs, the Board has considered which APMs are included in the Annual Report and Audited Financial Statements and require further clarification. An APM is defined as a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs included in the financial statements, which are unaudited and outside the scope of IFRS, are detailed in the table below:

	Published NAV total return per Redeemable/Ordinary Share(31)	**Published NAV per Redeemable/Ordinary Share(31)**	**Discount to Published NAV per Redeemable/Ordinary Share(31)**
Definition	The increase in the Published NAV per redeemable/ordinary share plus the total dividends paid per redeemable / ordinary share during the period, with such dividends paid being re-invested at NAV, as a percentage of the NAV per redeemable/ordinary share as at period end.	Gross assets less liabilities (including accrued but unpaid fees) determined in accordance with the section entitled "Net Asset Value" in Part I of the Company's Prospectus, divided by the number of redeemable/ ordinary shares at the relevant time.	BGLF's closing share price on the LSE less the Published NAV per redeemable/ordinary share as at the period end, divided by the Published NAV per redeemable/ordinary share as at that date.
Reason	NAV total return summarises the Company's true growth over time while taking into account both capital appreciation and dividend yield.	The Published NAV per redeemable/ordinary share is an indicator of the intrinsic value of the Company.	The discount or premium per redeemable/ ordinary share is a key indicator of the discrepancy between the market value and the intrinsic value of the Company.
Target	11%+	Not applicable	Maximum discount of 7.5%
Performance			
2023	10.39%	0.9098	(35.15)%
2022	5.22%	0.9081	(26.77)%
2021	21.82%	0.9407	(15.75)%
2020	(0.22)%	0.8435	(20.57)%
2019	14.46%	0.9187	(10.20)%

(31) Published NAV is an APM from which these metrics are derived.

A reconciliation of the above-mentioned APMs to the most directly reconcilable line items presented in the financial statements for the years ended 31 December 2023 and 31 December 2022 is presented below:

Published NAV total return per Redeemable Share

	31 December 2023	31 December 2022
Opening Published NAV per ordinary share (A)	€0.9081	€0.9407
Adjustments per ordinary share (B)	€(0.2297)	€(0.0253)
Opening IFRS NAV per ordinary share (C=A+B)	€0.6784	€0.9154
Closing Published NAV per redeemable share (D)	€0.9098	€0.9081
Adjustments per redeemable share (E)	€(0.1848)	€(0.2297)
Closing IFRS NAV per redeemable share (F=D+E)	€0.7250	€0.6784
Dividends paid during the year (G)	€0.0875	€0.0800
Published NAV total return per redeemable share (H=(D-A+G)/A)	9.82%	5.04%
Impact of dividend re-investment (I)	0.57%	0.18%
Published NAV total return per redeemable share with dividends re-invested (J=H+I)	10.39%	5.22%
IFRS NAV total return per redeemable share (K=(F-C+G)/C)	19.76%	(17.15)%
Impact of dividend re-investment (L)	(2.00)%	(2.04)%
IFRS NAV total return per redeemable share with dividends re-invested (M=K+L)	17.76%	(19.19)%

Refer to Note 15 for further details on the adjustments per redeemable share.

Published NAV per Redeemable Share

	31 December 2023	31 December 2022
Published NAV per redeemable share (A)	€0.9098	€0.9081
Adjustments per redeemable share (B)	€(0.1848)	€(0.2297)
IFRS NAV per redeemable share (C=A+B)	€0.7250	€0.6784

Refer to Note 15 for further details on the adjustments per redeemable share.

Discount per Redeemable Share

	31 December 2023	31 December 2022
Published NAV per redeemable share (A)	€0.9098	€0.9081
Adjustments per redeemable share (B)	€(0.1848)	€(0.2297)
IFRS NAV per redeemable share (C=A+B)	€0.7250	€0.6784
Closing share price per the LSE (D)	€0.5900	€0.6650
Discount to Published NAV per redeemable share (E=(D-A)/A)	(35.15)%	(26.77)%
Discount to IFRS NAV per redeemable share (F=(D-C)/C)	(18.62)%	(1.98)%

Refer to Note 15 for further details on the adjustments per redeemable share.

Significant Events after the Reporting Period

Dividends

On 23 January 2024, the Company declared a dividend of €0.03 per redeemable share in respect of the period from 1 October 2023 to 31 December 2023 with an ex-dividend date of 1 February 2024. A total payment of €13,282,167 was processed on 8 March 2024.

On 23 January 2024, the Board announced a total 2024 annual dividend target of at least €0.09 per redeemable share, which will consist of quarterly payments of €0.0225 per redeemable share.

On 22 April 2024, the Company declared a dividend of €0.0225 per redeemable share in respect of the period from 1 January 2024 to 31 March 2024 with an ex-dividend date of 2 May 2024.

Outlook

It is the Board's intention that the Company will pursue its new investment objective and investment policy as detailed on pages 24 to 28, through an orderly managed wind-down of the Company and return of cash to the Shareholders of the Company, via redemption of shares while maintaining a sustainable dividend payment. Further comments on the outlook for the Company for the 2024 financial year and the main trends and factors likely to affects its future development, performance and position are contained within the Chair's Statement and the Portfolio Adviser's Review.

Related Parties

There have been no material changes to the nature of related party transactions. Refer to Note 18 for information on related party transaction.

Governance

2.0

Directors' Biographies

The Directors appointed to the Board as at the date of approval of this Annual Report and Audited Financial Statements are:

Steven Wilderspin, FCA[32], IMC

Position: Chair of the Board and the Management and Engagement Committee (non-executive and independent director, resident in Jersey)

Date of appointment: 11 August 2017

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

Mr Steven Wilderspin is a director of FTSE 250 GCP Infrastructure Investments Ltd, a director of FTSE 250 HarbourVest Global Private Equity Limited and a director of Phoenix Spree Deutschland Limited. Mr Steven Wilderspin previously served as the Chairman of the Audit and Risk Committee of FTSE 250 3i Infrastructure plc.

From 2001 until 2007, Mr Steven 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 Steven Wilderspin was Head of Accounting at Perpetual Fund Management (Jersey) Limited.

Mr Steven Wilderspin has significant listed corporate governance experience, so is well placed to lead the Board.

Mark Moffat

Position: Chair of the NAV Review Committee (Non-executive and senior independent director, resident in UK)

Date of appointment: 8 January 2019

Mr Mark Moffat has been involved in structuring, managing and investing in CLOs for over 20 years. Mr Mark Moffat left GSO Capital Partners LP, part of the credit businesses of The Blackstone Group L.P., in April 2015 to pursue other interests.

Whilst at GSO Capital Partners LP , Mr Mark Moffat was a senior managing director and the portfolio manager responsible for investing in structured credit and co-head of the European activities of the Customised Credit Strategies division.

Mr Mark Moffat joined GSO Capital Partners LP in January 2012 following the acquisition by GSO Capital Partners LP of Harbourmaster Capital Management Limited where he was co-head. Prior to joining Harbourmaster in 2007, Mr Mark Moffat was head of European debt and equity capital markets and the European CLO business of Bear Stearns. At Bear Stearns, Mr Mark Moffat was responsible for the origination, structuring and execution of CLOs in Europe over a seven-year period. Prior to Bear Stearns, Mr Mark Moffat was global head of CLOs at ABN AMRO and a director in the principal finance team of Greenwich NatWest.

With over 20 years of experience structuring, managing and investing in CLOs, Mr Mark Moffat brings a deep knowledge of how CLO structures and markets perform over the credit cycle.

(32) Fellow of the Institute of Chartered Accountants in England & Wales.

Giles Adu, CAIA

Position: Chair of the Risk Committee and the Remuneration and Nomination Committee (non-executive and independent director, resident in Jersey)

Date of appointment: 26 July 2023

Mr Giles Adu has over 25 years' experience in financial markets and real estate investment across fixed-income sales and trading, AIF structuring, capital raising and property investment, structuring and financing. He is currently the Co-Founder and Investment Director of a commercial property fund and has previously held several senior advisory roles in fixed-income and debt capital management in investment banks, such as BNP Paribas and Credit Agricole, before launching an AIF advisory business.

Mr Giles Adu has held several non-executive director positions such as Emerging Markets International Fund ICC and Candela Investment Fund and has many years' experience of fund structuring, governance and fundraising. Additionally, Mr Giles Adu holds an MSc in Financial Economics and a BA in Economics and is a Chartered Alternative Investment Analyst Charterholder.

Belinda Crosby, FCA(33), FCSI

Position: Chair of the Audit Committee and responsible for ESG matters of the Company (non-executive and independent director, resident in Jersey)

Date of appointment: 24 August 2023

Ms Belinda Crosby is a chartered accountant and independent non-executive director with extensive experience in the management, governance and compliance requirements of commercial real estate, debt and private equity funds and investment structures. She has over 25 years' experience in Jersey's financial services industry and is currently the Chair of the Audit and Risk Committee of the States of Jersey Development Company Limited. Ms Belinda Crosby has held a range of board and regulated key person positions and previously managed a highly respected regulated Jersey fund services business for over 10 years.

Her experience includes the managed wind-down of mature funds and 'end-of-life' fund structuring. Ms Belinda Crosby holds a BA in History and is a Fellow of the Institute of Chartered Accountants in England and Wales and a Chartered Fellow of the Chartered Institute for Securities and Investments.

(33) Fellow of the Institute of Chartered Accountants in England & Wales.

Directors' Report

The Directors present the Annual Report and Audited Financial Statements for the Company for the year ended 31 December 2023.

Directors

The Directors of the Company on the date the financial statements were approved are listed on pages 46 to 47.

Ms Charlotte Valeur and Mr Gary Clark did not stand for re-election at the AGM of the Company held on 26 July 2023 and have retired from the Board. Mr Giles Adu was appointed as a Director at a Board meeting held after the AGM on 26 July 2023.

Following Ms Charlotte Valeur's retirement, Mr Steven Wilderspin has been appointed Chair of the Board and Chair of the Management Engagement Committee. Mr Giles Adu has replaced Mr Steven Wilderspin as Chair of the Risk Committee and Mr Gary Clark as Chair of the Remuneration and Nomination Committee. Mr Mark Moffat has replaced Mr Gary Clark as Chair of the NAV Review Committee and as Senior Independent Director.

Ms Heather MacCallum resigned from the Board on 30 September 2023. In advance of this date, the Board conducted a recruitment exercise and have appointed Ms Belinda Crosby as a Director, effective 24 August 2023. Ms Belinda Crosby succeeded Ms Heather MacCallum as Chair of the Audit Committee.

The Board thanks Ms Charlotte Valeur, Mr Gary Clark and Ms Heather MacCallum for their time of service on the Board of the Company.

The Board and Employees

The Board currently comprises three male Directors and one female Director. The Company has no employees; therefore, there is nothing further to report in respect of gender representation within the Company.

Full details of the Company's policy on 'Board diversity' can be found in the Corporate Governance Report on page 53.

Share Capital

The Company's share capital consists of an unlimited number of shares.

On 11 December 2023, in accordance with the ordinary resolution passed by Shareholders on 15 September 2023, all ordinary shares in issue were converted to redeemable shares and 1 deferred share in the Company was issued. On 21 December 2023, the Company cancelled all of the redeemable shares it held in treasury, being 40,163,891.

As at 31 December 2023, the Company had 442,738,903 redeemable shares in issue and 1 deferred share. As at 31 December 2022, the Company had 444,578,522 ordinary shares in issue and 38,324,272 ordinary shares in treasury.

Share Repurchase Programme

At the 2023 AGM held on 26 July 2023 (2022 AGM held on 17 June 2022), the Directors were granted authority to repurchase up to 14.99% (2022: 14.99%) of the issued share capital as at the date of the 2023 AGM (2022 AGM) for cancellation or to be held as treasury shares.

Under this authority, during the year ended 31 December 2023, the Company purchased 1,839,619 (2022: 16,406,180) of its ordinary shares of no par value at a total cost of €1,230,663, including transaction costs of £2,471 (2022: a total cost of €11,502,021, including transaction costs of €23,095). These ordinary shares were held as treasury shares until they were cancelled on 21 December 2023.

On 22 May 2023, the Board decided to cease any buy back of shares. Since then, the Company has not undertaken any share repurchases.

Authority to Allot

At the 2023 AGM, the Directors were granted authority to allot, grant options over or otherwise dispose of up to 44,273,890 ordinary shares (being equal to 10% of the shares in issue at the date of the AGM). This authority will expire at the 2024 AGM.

Shareholders' Interests

As at 31 December 2023, the Company had been notified, in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules (which covers the acquisition and disposal of major shareholdings and voting rights), of the following Shareholders with an interest of greater than 5% in the Company's issued share capital:

Shareholder	Date notified	Number of voting rights notified to the Company	Percentage of voting rights as per notification
BlackRock Inc	8 January 2020	109,488,727	22.78%
Quilter plc	1 February 2023	87,305,931	19.71%
Blackstone Treasury Asia Pte Ltd	9 January 2020	43,000,000	8.95%
Border to Coast Pensions Partnership	16 January 2023	24,000,000	5.36%

No TR1 Notifications were received post the year-end.

Statement of Disclosure of Information to the Auditor

The Directors who held office as at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and that they have taken the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Financial risk management

The Company is exposed to market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds and the markets in which it invests. Refer to Note 9 for further details.

Modern slavery

The Company would not fall into the scope of the UK Modern Slavery Act 2015 (as the Company does not have any turnover derived from goods and services) if it was incorporated in the UK. As a closed-ended investment company, the Company has no employees and its supply chain is considered to be low risk given that suppliers are typically professional advisers based in the Channel Islands, Ireland or the UK. Based on these factors, the Board has considered that it is not necessary for the Company to make a slavery and human trafficking statement.

Steven Wilderspin
Director
26 April 2024

Corporate Governance Report

Statement of Compliance with Corporate Governance

The Board of the Company has considered the Principles and Provisions of the AIC Code. The AIC Code addresses the Principles and Provisions set out in the UK Code, as well as setting out additional Provisions on issues that are of specific relevance to the Company, as an investment company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC and supported by the JFSC provides more relevant information to Shareholders.

The Company has complied with the Principles and Provisions of the AIC Code as they apply to the Company.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Board

The Board consists of four non-executive directors. Their biographies can be found on pages 46 to 47.

The Board meets at least four times a year and is in regular contact with the Portfolio Adviser, the Portfolio Manager, the Administrator and the Company Secretary. The Board is supplied with information in a timely manner from the Portfolio Adviser, Portfolio Manager, the Company Secretary and other advisers in a form and of a quality appropriate for it to be able to discharge its duties.

Board Apprentices

The Board participates in the Board apprentice scheme and took on a Board apprentice during 2023. The Board considers this a valuable exercise in mentoring already accomplished individuals to be future directors, fostering equality and developing board culture.

Duties and Responsibilities

The Board has overall responsibility for maximising the Company's success by directing and supervising the affairs of the Company and meeting the appropriate interests of Shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring the protection of investors. A summary of the Board's responsibilities is as follows:

- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- risk assessment and management including reporting, compliance, governance, monitoring and control; and
- other matters having a material effect on the Company.

The Board is responsible to Shareholders for the overall management of the Company. The Board has delegated certain operational activities of the Company to the Portfolio Adviser, Administrator and Company Secretary. The Board reserves the power of decisions relating to the determination of investment policy, the approval of changes in strategy, capital structure, statutory obligations and public disclosure and the entering into any material contracts by the Company.

Board Attendance

The following table shows the number of meetings held by the Board and each committee for the year ended 31 December 2023, as well as the Directors' and Committee Members' attendance, as a percentage of the number of meetings each Director was eligible to attend.

Meeting	Total	Charlotte Valeur	Gary Clark	Steven Wilderspin	Heather MacCallum	Mark Moffat	Giles Adu	Belinda Crosby
Quarterly Board	4	100%	100%	100%	100%	100%	100%	100%
Ad Hoc Board	17	80%	80%	100%	93%	94%	86%	100%
Audit Committee	5	N/A	67%	100%	100%	100%	50%	100%
Management Engagement Committee	1	N/A	N/A	100%	N/A	100%	100%	100%
NAV Review Committee	12	N/A	100%	100%	100%	92%	100%	100%
Remuneration and Nomination Committee	6	75%	75%	100%	100%	83%	100%	100%
Risk Committee	4	100%	100%	100%	100%	100%	100%	100%
Inside Information Committee(34)	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Chair

The Chair is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda. The Chair is also responsible for ensuring that the Directors receive accurate, timely and clear information and for effective communication with Shareholders.

Senior Independent Director

The principal role of the Senior Independent Director ("SID") is to support the Chair in their role and to act as an intermediary for Shareholders or the other directors with concerns which contact through the normal channels of the Chair has failed to resolve. The SID leads the other directors in the oversight of the Chair and is responsible for ensuring an orderly succession process for the Chair, with the Nomination Committee.

Board Independence

For the purpose of assessing compliance with principle G, provisions 10 and 13 of the AIC Code, the Board considers all of the Directors to be independent.

The Directors consider that there are no factors, as set out in provision 13 in the AIC Code, which compromise the Directors' independence and that all Directors contribute comprehensively to the affairs of the Company. The Board reviews the independence of all Directors annually. The Company Secretary acts as secretary to the Board and Committees and in doing so, assists the Chair in ensuring that all Directors have full and timely access to all relevant documentation, organises induction of new Directors, is responsible for ensuring that the correct Board procedures are followed and advises the Board on corporate governance matters.

Board evaluation

During 2023, the Board conducted an internal evaluation to assess and report on the Directors effectiveness both individually and collectively and ensure the appropriate skills were present.

The methodology was for the Board to complete an initial questionnaire before meeting with the Chair to discuss it and other follow-on questions.

The evaluation considered guidance outlined in the AIC Code, with account taken of other best practice guidance. The evaluation consisted predominantly of creation, issuance and collation of survey question responses, interviews with the Directors of the Company and key representatives of the Company's service providers and observation of Board and Committee meetings. The results of the board evaluation were positive and a number of limited recommendations were made to further enhance the good governance of the Company. The recommendations have formed a part of the Board's rolling action plan.

Committees of the Board

The Board has established six committees: an Audit Committee, a Management Engagement Committee, a NAV Review Committee, a Remuneration and Nomination Committee, a Risk Committee and an Inside Information Committee. Each committee has formally delegated duties and responsibilities within written terms of reference. These are available on the Company's website, blackstone.com/bglf, under "Terms of Reference".

(34) The Inside Information Committee is a committee of any two Directors. No Inside Information Committee meeting was held during the year ended 31 December 2023.

The current committee memberships are detailed below.

Audit Committee

The Audit Committee comprises all Directors, except Mr Steven Wilderspin and is chaired by Ms Belinda Crosby.

The terms of reference state that the Audit Committee will meet not less than three times a year and will meet with the Auditor at least once a year. The report on the role and activities of this committee and its relationship with the Auditor is included in the Audit Committee Report on pages 59 to 61.

Management Engagement Committee

The Management Engagement Committee comprises all Directors and is chaired by Mr Steven Wilderspin.

The terms of reference state that the Management Engagement Committee shall meet at least once a year; will have responsibility for monitoring and reviewing the Portfolio Adviser's and other service providers' performance and will recommend to the Board whether the continued appointment of the Portfolio Adviser and other service providers is in the best interests of the Company and Shareholders.

NAV Review Committee

The NAV Review Committee comprises all Directors, except Mr Steven Wilderspin and is chaired by Mr Mark Moffat.

The terms of reference state that the NAV Review Committee shall meet at least once a month to review and consider the Company's NAV calculation, fact sheet and related stock exchange announcement(s).

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises all Directors and is chaired by Mr Giles Adu.

The terms of reference state that the Remuneration and Nomination Committee will meet not less than twice a year and shall be responsible for all aspects of the appointment and remuneration of Directors. The remuneration duties of the committee include determining and agreeing with the Board the framework or broad policy for the remuneration of the Directors and to review its ongoing appropriateness and relevance.

The nomination duties of the committee include regularly reviewing the structure, size and composition of the Board, including the balance of skills, experience, independence and knowledge, as well as identifying, nominating and recommending for the approval of the Board, candidates to fill Board vacancies as they arise.

Director Re-Election and Tenure

The Remuneration and Nomination Committee and the Board are committed to striking the correct balance between the benefits of continuity and benefits that come from the introduction of new perspectives to the Board.

It is the intention of the Board that each Director will retire after no longer than nine years in his/her role and the Board has adopted a policy whereby all Directors will be put up for re-election every year in line with the AIC Code. Each of the Directors has demonstrated a strong commitment to the Company and the Board believes each Director's re-election to be in the best interests of the Company. Accordingly, all current Directors will be put forward for re-election at the forthcoming AGM.

Board succession

The Board maintains a succession planning matrix covering the Directors' skills, the Board's diversity and the Directors' expected year of retirement should they hold office for nine years. The matrix is used by the Remuneration and Nomination Committee to identify any additional skills that would benefit the Board and to help the Remuneration and Nomination Committee establish when to begin recruiting for any new directors. The Board also keeps its diversity under review.

In anticipation of the retirement of Ms Charlotte Valeur and Mr Gary Clark, the Committee commenced a recruitment process in October 2022 with the intention to identify candidates for Board succession in 2023. The Board engaged Nurole, an external market leading recruiter to manage the process.

In association with this process, the Board concluded it to be in the best interests of the Company to appoint an existing director to the role of Chair. The Board also concluded it to be in the best interests of the Company to reduce the number of Directors from five to four following the AGM in 2023. In a Remuneration and Nomination Committee meeting held on 27 April 2023, Mr Steven Wilderspin was recommended to the Board as the new Chair following the AGM in 2023. At a Board meeting held on the same date, the Board approved the recommendation of the Remuneration and Nomination Committee.

Through a proper and thorough process Mr Giles Adu was appointed as a Director of the Company following the AGM, on 26 July 2023.

In the second half of 2023, Ms Heather MacCallum informed the Board of her intention to step down from the Board. The Board engaged Thomas and Dessain, a specialist Jersey recruitment consultant, to identify candidates for the replacement of Ms Heather MacCallum as Director and Chair of the Audit Committee. In advance of Ms Heather MacCallum's resignation from the Board on 30 September 2023 and following a proper and thorough process Ms Belinda Crosby was appointed on 24 August 2024.

Nurole and Thomas and Dessain had no other connections to the Company or any individual Director. The recruitment processes focused not only on the qualifications of each candidate but also on each candidate's independence and ensuring the no appointment would create conflicts of interest. Overall, the Board was impressed with the quality and calibre of all of the candidates and have passed on its thanks to all of those who participated in the process.

Risk Committee

The Risk Committee comprises all Directors and is chaired by Mr Giles Adu.

The terms of reference state that the Risk Committee shall meet at least two times a year. The activities of this committee are outlined in the Risk Committee Report on page 55.

Inside Information Committee

The Inside Information Committee comprises any two members of the Board.

The Inside Information Committee is responsible for considering whether anything brought to its attention constitutes inside information and monitoring the disclosure and control of such information. The Committee meets on an ad-hoc basis when required.

Board diversity

The Board believes in and values the importance of a broad range of skills, experience and diversity, including gender and cultural or ethnic background, all of which are considered when determining the optimum composition of the Board. Board appointments are based on merit as well as being an appropriate fit for the Company.

While made up of five Directors, the Board had a policy aim to have a minimum of 40% of either gender represented on the Board while also recognising the importance of inclusivity and ethnic diversity. The Board remained cognisant of this policy aim when considering the new appointments. With the reduced number of Directors, the Board was satisfied that when balancing the quality and calibre of the candidates with the needs of the Board, the increased ethnic diversity achieved was a successful outcome while accepting the reduced gender diversity.

The below tables set out the Board's composition as at 31 December 2023 in terms of gender identity and ethnic background. The below text compares this against the targets prescribed by Listing Rule 9.8.6R (9) (a). In accordance with Listing Rule 9.8.6R (9), (10) and (11), the Board has provided the following information in relation to its diversity. This information has been collected by self-disclosure directly from the individuals concerned who were asked to confirm their gender and ethnicity.

	Number of board members	Percentage of the board	Senior positions on the board (CEO, CFO, SID and Chair)[35]
Men	3	75%	**Steven Wilderspin** – Chair of the Board **Mark Moffat** – Chair of the NAV Review Committee and Senior Independent Director **Giles Adu** – Chair of the Risk Committee and the Remuneration and Nomination Committee
Women	1	25%	**Belinda Crosby** – Chair of the Audit Committee
Not specified/prefer not to say	Nil	N/A	N/A

	Number of board members	Percentage of the board	Senior positions on the board (CEO, CFO, SID and Chair)[35]
White British or other White (including minority-white groups)	3	75%	**Steven Wilderspin** – Chair of the Board **Mark Moffat** –Chair of the NAV Review Committee and Senior Independent Director **Belinda Crosby** – Chair of the Audit Committee
Mixed/Multiple Ethnic Groups	Nil	N/A	N/A
Asian/Asian British	Nil	N/A	N/A
Black/African/Caribbean/Black British	1	25%	**Giles Adu** – Chair of the Risk Committee and the Remuneration and Nomination Committee
Other ethnic group, including Arab	Nil	N/A	N/A
Not specified/ prefer not to say	Nil	N/A	N/A

(35) The Company does not have executive management.

Internal controls

The Board has applied "principle O" of the AIC Code by establishing a continuous process for identifying, evaluating and managing the principal risks that the Company faces. The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board obtains comfort that the controls environment is effective in a number of ways. It receives and reviews independent reports regarding the control environments of key service providers Blackstone (Portfolio Adviser), BNP Paribas S.A. (Company Secretary and Depositary) and Link (Registrar). The auditor reports on any control findings from the audit and regular compliance reports are received from the Company's compliance officer. The Board also carries out annual due diligence visits to the Portfolio Adviser in Dublin to discuss amongst other matters, controls, risk, compliance and valuations.

The Audit Committee assists the Board in discharging its monitoring responsibilities. During the course of the Board's review of the system of internal controls, it has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore, no confirmation in respect of necessary actions has been made.

The Directors clearly define the duties and responsibilities of their agents and advisers, whose appointments are made after due consideration and monitor their ongoing performance, which is done with the assistance of the Management Engagement Committee. All of the Company's agents and advisers maintain their own systems of internal control on which they report to the Board. These systems are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and the costs of control. It follows, therefore, that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss.

The Directors are satisfied that the continued appointment of the relevant service providers is in the best interests of the Shareholders.

The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Portfolio Adviser, including their own internal controls and procedures, provide sufficient assurance that a sound system of risk management and internal control, to safeguard the Shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary. Full details are set out in the Audit Committee Report on pages 59 to 61.

The Company has appointed Singer Capital Markets and Winterflood Investment Trusts as its joint Brokers. Together with the Brokers, the Portfolio Adviser assists the Board in communicating with and understanding the views of the Company's Shareholders.

Risk Committee Report

Membership

The Risk Committee comprises Mr Giles Adu (Chair), Mr Steven Wilderspin, Mr Mark Moffat and Ms Belinda Crosby.

Key Objectives

The Risk Committee has been established to assist the Board in its oversight of risk through ensuring the Company maintains a high standard of risk identification, monitoring and management to minimise investment risks and any other risks not covered by the Audit Committee.

Responsibilities

The Risk Committee's key responsibilities are:

- ensuring the Company's compliance with its investment objective, policies, restrictions and borrowing limits;
- ensuring that appropriate policies and reporting exists for the monitoring of the Company's key risks;
- developing and maintaining a risk register documenting identified risks, their mitigants, likelihood and impact, which is reviewed regularly by the Board with action points and newly identified risks being appropriately dealt with;
- defining risk review activities regarding investment decisions, transactions and exposures for approval by the Board; and
- ensuring due regard is given to all regulations, codes and laws that the Company is subject to.

Committee Meetings

In 2023, the Risk Committee met on four occasions. The specific areas of focus for the Committee during the year included:

- **Strategy** – This was the major item for discussion during the year. The Committee considered and discussed the potential additional risk exposure that a managed wind-down would create for the Company as well as establishing a new level of risk appetite.
- **Shareholder value** – Discussion of managing potential dissonance in shareholder preferences and expectations of capital return.
- **Key service providers** – Focus on additional risks to the Company from reliance on the Portfolio Adviser in the wind-down environment, specially to ensure continued alignment of interests and/or management and mitigation of identified conflicts of interest.

Risk Monitoring

Being internally managed, the Company is responsible for both portfolio and risk management. However, due to the nature of the investment and the limited ability to look through, traditional market and credit risk techniques do not apply at the Company level. That said, the Board engages, annually and as required, with the board of BCF and discusses with them key areas of risk.

Investment risk management and monitoring, to ensure the successful pursuance of our investment objective, is therefore mainly through the Company's monthly NAV reporting process and the monitoring of investment restrictions and eligibility criteria as carried out by the Depositary.

Giles Adu
Risk Committee Chair
26 April 2024

Directors' Remuneration Report

Directors' Remuneration

This report provides relevant information in respect of the Directors' remuneration.

Table of Directors' Remuneration

Component	Director	Fee entitlement for the year ended 31 December 2023	Fee entitlement for the year ended 31 December 2022	Purpose of reward
		£	£	
Annual base fee	All Directors	36,750	36,750	For commitments as non-executive Directors
Additional annual fee	Chair of Board	18,750	18,750	For additional responsibilities and time commitment
	Chair of Audit Committee	11,500	11,500	
	Chair of NAV Review Committee	8,000	8,000	
	Chair of Management Engagement Committee	6,500	6,500	
	Chair of Risk Committee	6,500	6,500	
	Chair of Remuneration and Nomination Committee	3,000	–	
	Senior Independent Director	2,000	2,000	
	Members of the NAV Committee	2,000	2,000	
	Responsibility for ESG	2,000	–	

On 21 August 2023, the Remuneration and Nomination Committee reviewed the fee structure to ensure that there is a fee for every role that bears responsibility or a particular time commitment. It was agreed to allocate a fee of £2,000 for the ESG responsibility, which has been now taken over by Ms Belinda Crosby and £3,000 to the Chair of Remuneration and Nomination Committee which has now been taken over by Mr Giles Adu.

The table below outlines the remuneration the Directors were entitled to:

	Total fixed remuneration for the year ended 31 December 2023	Total fixed remuneration for the year ended 31 December 2022
	£	£
Charlotte Valeur[36]	35,380	62,000
Gary Clark[36]	26,678	46,750
Heather MacCallum[37]	37,688	50,250
Steven Wilderspin	52,487	45,250
Mark Moffat	42,207	38,750
Giles Adu[38]	20,847	–
Belinda Crosby[39]	17,270	–
Total Directors' Remuneration	**232,557**	**243,000**
Total Directors' Remuneration (€)	**268,835**	**281,337**

Directors' remuneration is payable in Sterling quarterly in arrears. No other remuneration (fixed or variable) or compensation was paid or is payable by the Company during the year to any of the Directors. There has been no change to the Company's remuneration policy.

(36) Ms Charlotte Valeur and Mr Gary Clark retired from the Board on 26 July 2023.

(37) Ms Heather MacCallum stepped down from the Board on 30 September.

(38) Mr Giles Adu was appointed as non-executive director on 26 July 2023.

(39) Ms Belinda Crosby was appointed as non-executive director on 24 August 2023.

The Company has no employees, accordingly, there is no difference in policy on the remuneration of Directors and the remuneration of employees. No Director is entitled to receive any remuneration which is performance-related.

The Remuneration and Nomination Committee reviews the Remuneration Policy and Directors' remuneration on an annual basis.

New fee proposal

The Directors' remuneration was last independently reviewed by Mercer Consulting in March 2020 and the base fee was then set at £36,750 per annum. In January 2024, the Remuneration and Nomination Committee engaged Fletcher Jones, a highly experienced recruiter and consultant, to conduct an independent review to consider whether the remuneration was still an appropriate level in 2024.

In a Remuneration and Nomination Committee held on 26 April 2024, the Committee considered the report submitted by Fletcher Jones with its findings and recommendations and resolved that the base fee be increased from £36,750 to £40,750 per annum (to align more closely with peer funds) with effect from 1 August 2024, taking total Directors' remuneration to £225,250 per annum. While the Board continues to be mindful of the Company's total costs and expenses, the Committee also noted that there had been an increase in each Director's workload due to the reduction of the Board from five to four Directors. This proposal provides an overall decrease in the total Directors' remuneration compared to previous years given the reduction in the size of the Board and will remain below the limit of £300,000 per annum as set out in the Company's Articles of Association.

Remuneration policy

Directors' fees are determined by the Remuneration and Nomination Committee under the terms of the remuneration policy (the "Remuneration Policy") approved on 3 November 2021, as derived from the Company's Articles of Association. The Remuneration and Nomination Committee also considers the remuneration levels of similar companies and consults external remuneration consultants where this is deemed appropriate. No external remuneration consultants were engaged during the year.

The Remuneration and Nomination Committee consists of all Directors and is involved in deciding Directors' remuneration and ensuring that remuneration received reflects the Directors' duties, responsibilities and the value of their time.

The Company does not provide pensions or other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities to the Directors or specified connected parties. The Remuneration Policy also prohibits payments to a Director for loss of office or as consideration for or in connection with, his or her retirement from office. Whilst the Remuneration Policy permits part of their fee to be paid in the form of fully-paid up shares in the capital of the Company, the Directors' fees are not currently paid this way.

In addition, the Remuneration Policy allows for reasonable travel, hotel and other expenses incurred by the Directors in the course of performing their duties or from their performance of a special service on behalf of the Company.

The limit for the aggregate fees payable to the Directors is £300,000 per annum.

Directors' interests

The Directors held the following number of redeemable shares in the Company as at the year-end:

	Total number of redeemable shares as at 31 December 2023	Total number of ordinary shares as at 31 December 2022
Steven Wilderspin	20,000	20,000
Mark Moffat	771,593	771,593
Giles Adu	–	–
Belinda Crosby	–	–
Charlotte Valeur(40)	11,500	11,500
Gary Clark(40)	168,200	168,200
Heather MacCallum(41)	–	–

On 9 January 2023, Mr Mark Moffat disposed of 29,799 shares in the Company, held in his Stocks & Shares Individual Savings Account and simultaneously acquired 29,799 shares in the Company, via his Fund & Share Account.

There has been no other changes to the Directors' interests as at the date of the approval of these financial statements.

(40) Ms Charlotte Valeur and Mr Gary Clark retired from the Board on 26 July 2023.

(41) Ms Heather MacCallum stepped down from the Board on 30 September 2023.

Service contracts and policy on payment of loss of office

No Director has a service contract with the Company. The Directors have each entered into a letter of engagement with the Company setting out the terms of their appointment. Directors' appointments may be terminated at any time by giving three month's written notice, with no compensation payable upon leaving office for whatever reason.

Giles Adu
Remuneration and Nomination Committee Chair
26 April 2024

Audit Committee Report

Audit Committee

The Audit Committee comprises Ms Belinda Crosby (Chair), Mr Mark Moffat and Mr Giles Adu. Ms Belinda Crosby has recent and relevant financial experience in accounting and auditing and the Audit Committee as a whole has competence relevant to the sector in which the Company operates.

In addition to formal meetings, the Audit Committee has worked with the Portfolio Adviser and Auditor to assess the operations and controls of BCF and to assess in particular what reliance the Audit Committee can place on the control environment. The Chair has also had a number of discussions with the Auditor, the Portfolio Adviser and the Administrator around the annual audit and half year financial reporting processes.

Role of the Audit Committee

The function of the Audit Committee is to ensure that the Company maintains high standards of integrity, financial reporting and internal controls.

The Audit Committee's main roles and responsibilities include, but are not limited to, the following:

- monitoring the integrity of the financial statements and any formal announcements relating to the Company's financial performance;
- reviewing and reporting to the Board on any significant financial reporting issues and judgements;
- reviewing and monitoring the effectiveness of the Company's risk management and internal control arrangements;
- monitoring the statutory audit of the annual financial statements of the Company and its effectiveness;
- reviewing the external auditor's performance, independence and objectivity;
- making recommendations to the Board in relation to the appointment, reappointment and/or removal of the external auditor, the approval of the external auditor's remuneration and the terms of the engagement;
- implementing policies surrounding the engagement of the external auditor to supply non-audit services, where appropriate;
- reviewing and challenging where necessary significant accounting policies and practices; and
- reporting to the Board on how it has discharged its responsibilities.

How the Audit Committee has discharged its responsibilities

The Audit Committee met five times during the year. Representatives of the Portfolio Adviser, Company's auditor and the Administrator were invited to the meetings as appropriate.

Monitoring the integrity of the financial statements including significant judgements

The Audit Committee reviewed the Company's Annual Report and Audited Financial Statements for the year ended 31 December 2022 and the Half Yearly Financial Report for the six months ended 30 June 2023 prior to discussion and approval by the Board and the significant financial reporting issues and judgements which they contain. The Audit Committee also reviewed the external auditor's reports thereon, which were discussed with the Auditor. The Audit Committee reviewed the appropriateness of the Company's accounting principles and policies and monitored changes to and compliance with, accounting standards on an ongoing basis.

After the year-end, the Audit Committee had further meetings and reviewed, prior to making any recommendations to the Board, the Annual Report and Audited Financial Statements for the year ended 31 December 2023. In undertaking this review, the Audit Committee discussed with the Auditor, the Portfolio Adviser and the Administrator the critical accounting policies and judgements that have been applied.

The Auditor reported to the Committee on any non-trivial misstatements that they had found during the course of its work and confirmed that under International Standards on Auditing (UK) no material amounts remained unadjusted.

As requested by the Board, the Audit Committee also reviewed the Annual Report and Audited Financial Statements and are able to confirm to the Board that, in our view, the Annual Report and Audited Financial Statements, taken as a whole, is fair, balanced and understandable and provided the information necessary for Shareholders to assess the Company's position, performance, business model and strategy.

Significant accounting matters

The Committee considered the key accounting issues, matters and judgements regarding the Company's 2023 Annual Report and Financial Statements and disclosures including those relating to:

Significant Area	How Addressed
Valuation of investments	The investment in the Lux Subsidiary is accounted for at fair value through profit or loss and the investment in PPNs issued by BCF held by the Lux Subsidiary are at fair value. Investments in BCF (the PPNs) are illiquid investments, not traded on an active market and are valued using valuation techniques determined by the Directors and classified as Level 3 under IFRS 13 Fair Value Measurement. Valuation is therefore considered a significant area and is monitored by the Board, the Audit Committee, the Portfolio Adviser and the Administrator. The Audit Committee receives and reviews reports on the processes for the valuation of investments. Following discussion, the Audit Committee was satisfied that the judgements made and methodologies applied were prudent and appropriate and that an appropriate accounting treatment has been adopted in accordance with IFRS 9 Financial Instruments. Please see Notes 2, 5, 9 and 15 in the financial statements for further details.

Assessment of Risks and Uncertainties

The risks associated with the Company's financial instruments, as disclosed in the financial statements, particularly in Note 9, represent a key accounting disclosure. The Audit Committee and the Risk Committee review critically, on the basis of input from the service providers, the process of ongoing identification and measurement of these risks disclosures.

Evaluation of the Audit Committee

During 2023, the Board carried out an internal evaluation of the Board and Committees and there were no matters arising for the Committee to consider.

Other matters

During the year, the Committee considered compliance with relevant legislation, performance metrics and related disclosures in the Company's financial statements.

Risk management and internal controls

The Board as a whole is responsible for the Company's system of internal controls; however, the Audit Committee assists the Board in meeting its obligations in this regard. The daily operational activities of the Company were delegated to its service providers and as a result, the Company has no direct internal audit function and instead places reliance on the external and internal audit controls of the service providers as regulated entities. However, the Audit Committee reviews periodic reports from the service providers to ensure that no material issues have arisen in respect of the system of internal controls and risk management operated by the Company's service providers. The Committee confirms that this is an ongoing process conducted in order to manage the risks faced by the Company. The Audit Committee deems that, to date, there are no significant issues in this area which need to be brought to your attention.

External Audit

It is the responsibility of the Audit Committee to monitor the performance, independence, objectivity and re-appointment of the Auditor. Deloitte LLP ("Deloitte") was appointed as the first Auditor for the Company and has acted in that position for the Company's 2014 period end audit onwards. The lead audit partner is rotated every five years to ensure continued independence and objectivity. The Audit Committee met with Deloitte to consider the audit strategy and plan for the audit in September 2023. The audit plan for the reporting period was reviewed in September 2023 and again in February 2024 including consideration of key financial statement and audit risks, to seek to ensure the audit was appropriately focussed.

The Auditor attends the Audit Committee meetings throughout the year, as applicable, which allows the opportunity to discuss any matters the Auditors may wish to raise without the Portfolio Adviser or other service providers being present. The auditor provides feedback at relevant Audit Committee meetings on topics such as the key accounting matters, mandatory communications and the control environment.

In advance of the commencement of the annual audit the Audit Committee reviewed a statement provided by the Auditor confirming its independence as defined under the relevant regulation and professional standards. In addition, to satisfy itself regarding the Auditor's independence, the Audit Committee undertook a review of the Auditor's compensation and the balance between audit and non-audit fees. The Audit Committee also discusses the performance of the Auditor independently of the Auditor.

During 2023, the Audit Committee reviewed its policy with respect to non-audit services and continually monitored the level of non-audit services provided by the Auditor to ensure alignment and compliance with best practice. The Company's policy sets out the permitted types of non-audit services that can be provided by the Auditor, which are consistent with the FRC's Revised Ethical Standard (2019). All proposed non audit services required explicit approval from the Audit Committee. During the year, Deloitte were contracted to review the Company's Half Yearly Financial Statements. Audit fees for the year ended 31 December 2023 increased by 11.38% compared to 2022 (see Note 3 for further details). Audit related services increased by 9.44% year on year. These items have been given due consideration by the Audit Committee, who reviewed, inter-alia the role of the respective engagement teams and the independence of individuals from the audit engagement team and concluded it was satisfied the Auditor had acted in an independent and professional manner.

As, following the completion of the 31 December 2023 audit, Deloitte will have been appointed for a period of ten years the Committee also undertook a re-tender of the audit appointment for the period ended 31 December 2024 onwards. Requests for expressions of interest were invited from eight Recognised auditors. From responses received, three firms were invited to provide a written report and present their audit proposal at a formal interview process. After taking into account the audit quality, efficiency and effectiveness, use of technology and experience and knowledge of the team, the Committee recommended to the Board that Deloitte be re-appointed for the 31 December 2024 audit, with a new lead audit partner in place. The Board approved this recommendation on 20 December 2023. The Committee expressed its thanks to all participants in this process and noted the overall high quality of audit proposals presented.

Belinda Crosby
Audit Committee Chair
26 April 2024

Financial Statements

3.0

Statement of **Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and Audited Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with IFRS, as adopted by the EU. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the EU are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed on pages 46 to 47, confirms that, to the best of that Director's knowledge and belief:

- the financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

Steven Wilderspin
Director
26 April 2024

Belinda Crosby
Director

Independent Auditor's Report
to the Shareholders of Blackstone Loan Financing Limited

Report on the audit of the financial statements

1 Opinion
In our opinion the financial statements of Blackstone Loan Financing Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- have been properly prepared in accordance with Companies (Jersey) Law, 1991.

We have audited the financial statements which comprise:

- the statement of financial position;
- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law, IFRSs as adopted by the European Union.

2 Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the company for the year are disclosed in note 3 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3 Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: ▪ *The valuation of investments in the Luxembourg subsidiary* Within this report, key audit matters are identified as follows: ! Newly identified ↑ Increased level of risk − Similar level of risk ↓ Decreased level of risk
Materiality	The materiality that we used in the current year was €6,400,000 which was determined on the basis of Net Assets Value of the company.
Scoping	All of the audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	Following the implementation of a managed wind-down of the Company (the "Managed Wind-Down"), the financial statements have been prepared on a basis other than that of a going concern.

4 Emphasis of matter – Financial statements prepared other than on a going concern basis
We draw attention to note 2.2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern following the decision for the managed wind-down of the Company. Our opinion is not modified in respect of this matter.

5 Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Valuation of investments in the Luxembourg subsidiary

Key audit matter description	The company's investments in Blackstone / GSO Loan Financing (Luxembourg) S.a.r.l. ("the Luxembourg subsidiary") totalling €305,994,558 (2022: €297,721,169), consists of 208,565,744 Cash Settled Warrants ("CSWs"), 2,000,000 Class A shares and 1 Class B share (31 December 2022: 239,550,782 CSWs, 2,000,000 Class A shares and 1 Class B share) as detailed in note 6 to the financial statements. These investments are accounted at fair value through profit and loss. The Luxembourg subsidiary invests all its capital and proceeds from CSWs in Profit Participating Notes ("PPNs") issued by Blackstone Corporate Funding Designated Activity Company ("BCF" or the "Originator"). The fair value of the CSWs and the Class A and Class B shares is based substantially on the fair value of the PPNs issued by BCF, which are illiquid, not traded on an active market, and are valued using valuation techniques determined by the directors and classified as level III under IFRS: Fair Value Measurement ("IFRS 13"). We therefore consider BCF as the principal source of risks and rewards for the company with BCF's financial situation represented by its Net Asset Value as the main component for the fair valuation of the investments. Reviewing risk monitoring, performance, and the investments' valuation for the company, requires an assessment of the positions within BCF, including its direct and indirect investment in collateralised loan obligation (CLO) income notes and senior secured loans and bonds. To assess these positions, the directors of BCF use their judgement, with the assistance of the Adviser (Blackstone Ireland Limited), in selecting an appropriate valuation technique and refer to techniques commonly used by market practitioners. Assumptions are made based on quoted market rates adjusted for specific features of any instrument. Valuation of investments accounted at fair value is therefore a key area of judgement and has a significant impact on the Net Assets Value ("NAV") which is the most significant Key Performance Indicator ("KPI") of the company and has a direct effect on the recognition of gains and losses on investments. There is a risk that the third-party valuer has used an incorrect methodology, inaccurate data is supplied by the CLO Manager of the Originator or inappropriate assumptions are used concerning market information. The key assumptions include discount, prepayment, reinvestment and default rates. Refer to pages 59 to 61 (Audit Committee Report), pages 75 to 79 (Material Accounting Policies) and pages 80 to 82 (Note 5 to the Financial statements).

How the scope of our audit responded to the key audit matter	In response to this key audit matter: ▪ We obtained an understanding of the valuation process of the Company including how information flows from the BCF's PPNs at fair value to the fair value of investments held by the Company in the shares and CSWs of the Luxembourg subsidiary. ▪ We tested the relevant controls over the valuation process run by the Company. ▪ We assessed the valuation methodology for the financial instruments held by the Company against industry standards and IFRS 13. ▪ We obtained an understanding of the financial instruments held/issued by BCF and assessed the valuation methodology adopted by BCF against industry standards and IFRS 13. ▪ We obtained confirmations from third-party custodians for the securities held by the Company and BCF. ▪ We obtained an understanding of the valuation process over the valuation of the BCF's financial instruments including BCF's direct and indirect investments in the CLO notes. ▪ We obtained an understanding of the key controls over the valuation of CLO notes. ▪ Using observable market data where available, we challenged the significant assumptions used in the valuation process including, but not limited to, discount rates, default rates, prepayment rates, recovery rates, collateral liquidation prices and reinvestment spreads. With the support of our valuation specialists, we independently valued 100% of the CLO notes held by BCF using independent models, market feeds and assumptions. ▪ We obtained an understanding and assessed the design of the key controls that have been implemented over the valuation of investments in senior secured loans and bonds held by BCF. ▪ We challenged whether the valuation policy adopted for senior secured loans and bonds is in line with IFRS 13, and agreed the prices recognised by management to independent data obtained from the pricing providers used. ▪ We assessed the suitability of the prices determined by the loan pricing providers. In particular, we performed back-testing procedures on historical prices provided by the pricing providers and compared a sample of the prices recognised to other independent pricing sources. ▪ We obtained an understanding of the redemption mechanism established for the redemption of BCF's PPNs, and tested to the allocation of the fair value and associated income to the continuing PPNs held by the Luxembourg subsidiary at 31 December 2023. ▪ We tested the calculation of the change in value of investments for the year and its recognition in the statement of comprehensive income. ▪ We assessed the appropriateness of disclosures (including disclosures related to sensitivity) in accordance with requirements of IFRS 13.
Key observations	Based on the work performed we conclude that the valuation of investments in the Luxembourg subsidiary is within a range we consider to be reasonable

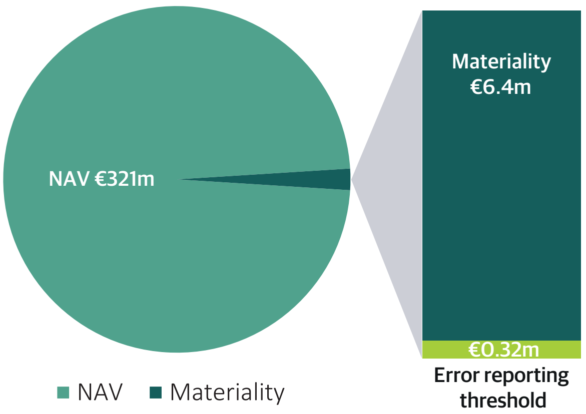
6 Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Company materiality	€6,400,000 (2022: €6,000,000)
Basis for determining materiality	2% of the Company's Net Asset Value (2022: 2% of the Company's Net Asset Value)
Rationale for the benchmark applied	Net Asset Value is the key performance indicator of the company and is therefore selected as the appropriate benchmark.



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2023 audit (2022: 70%). In determining performance materiality, we considered our risk assessment, the quality of the company's control environment, and our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of €320,000 (2022: €300,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7 An overview of the scope of our audit

7.1 Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed by the audit engagement team with the participation of the BCF auditor (Deloitte Ireland LLP).

7.2 Our consideration of the control environment

A third-party administrator maintains the books and records of the company. Our audit therefore included obtaining an understanding of the controls at this service organisation, to the extent that they are relevant to the company.

7.3 Our consideration of climate-related risks

In planning our audit, we considered the potential financial impacts on the company and its financial statements of climate change and the transition to a low carbon economy. We considered the directors' assessment of climate risks and opportunities as described in the Strategic Report on pages 10 and 21 – 23, together with our cumulative knowledge and experience of the company and the environment in which it operates. We assessed the disclosures about critical judgements and key sources of estimation uncertainty as outlined in note 2.3, including the potential impact of climate change on those judgements and estimates. We have considered whether information included in the climate-related disclosures in the annual report is materially consistent with the financial statements and our understanding of the business.

7.4 Working with other auditors

We engaged with Deloitte Ireland LLP, the auditor of BCF to assist us with testing of the valuation of the investment in the Luxembourg subsidiary. We directed and supervised their work for our purpose through issuing referral instructions and communicating materiality to be used. We held meetings with the auditor at several points during the audit, and we reviewed their audit procedures and conclusions on the PPNs and other balances in BCF's company only Statement of Financial Position.

8 Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9 Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

10 Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11 Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of the third party administrator and the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the company's sector;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, IT and valuations specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of investments in the Luxembourg subsidiary. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Jersey) Law, 1991, Listing Rules and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Jersey Financial Services Commission (JFSC) regulatory requirements.

11.2 Audit response to risks identified

As a result of performing the above, we identified valuation of investments in the Luxembourg subsidiary as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of the third-party administrator, the audit committee and the company secretary concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, and reviewing correspondence with the JFSC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 38;
- the directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 38 and 39;
- the directors' statement on fair, balanced and understandable set out on page 63;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 37 and 38;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 54; and
- the section describing the work of the audit committee set out on pages 59 to 61.

13 Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law, 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14 Other matters which we are required to address

14.1 Auditor tenure

Following the recommendation of the audit committee, we were appointed by the shareholders on 4 July 2014 to audit the financial statements for the year ending 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 10 years covering the years ending 31 December 2014 to 31 December 2023.

14.2 Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

15 Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Marc Cleeve, BA, FCA
For and on behalf of Deloitte LLP
Recognized Auditor
Jersey
26 April 2024

Statement of **Financial Position**

As at 31 December 2023

	Notes	As at 31 December 2023 €	As at 31 December 2022 €
Cash and cash equivalents		17,725,633	6,259,400
Prepayments		40,930	52,219
Financial assets at fair value through profit or loss	5	305,994,558	297,721,169
Total assets		**323,761,121**	**304,032,788**
Intercompany loan	6	(2,161,082)	(1,694,077)
Payables	7	(612,939)	(723,734)
Total liabilities		**(2,774,021)**	**(2,417,811)**
Net assets	14,15	**320,987,100**	**301,614,977**
Capital and reserves			
Stated capital	8	446,312,099	447,542,762
Retained loss		(125,324,999)	(145,927,785)
Shareholders' equity		**320,987,100**	**301,614,977**
NAV per redeemable/ordinary share	14	**0.7250**	**0.6784**

These financial statements were authorised and approved for issue by the Directors on 26 April 2024 and signed on their behalf by:

Steven Wilderspin
Director

Belinda Crosby
Director

The accompanying notes on pages 75 to 106 form an integral part of the financial statements.

Statement of **Comprehensive Income**

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 €	Year ended 31 December 2022 €
Income			
Realised gain/(loss) on foreign exchange		5,404	(15)
Net gain/(loss) on financial assets at fair value through profit or loss	5	61,093,585	(70,894,563)
Bank interest income		280,143	–
Total income		**61,379,132**	**(70,894,578)**
Expenses			
Operating expenses	3	(1,998,735)	(1,393,632)
Loan interest expense	6	(30,885)	(23,400)
Bank interest expense		–	(17,978)
Total expenses		**(2,029,620)**	**(1,435,010)**
Profit/(loss) before taxation		**59,349,512**	**(72,329,588)**
Taxation	2.11	–	–
Profit/(loss) after taxation		**59,349,512**	**(72,329,588)**
Total comprehensive income/(loss) for the year attributable to Shareholders		**59,349,512**	**(72,329,588)**
Basic and diluted earnings/(loss) per redeemable/ordinary share	13	**0.1340**	**(0.1587)**

The Company has no items of other comprehensive income and therefore the profit/loss for the year is also the total comprehensive income/loss.

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

The accompanying notes on pages 75 to 106 form an integral part of the financial statements.

Statement of **Changes in Equity**

For the year ended 31 December 2023

	Notes	Stated capital €	Retained loss €	Total €
Shareholders' equity at 1 January 2023	8	447,542,762	(145,927,785)	301,614,977
Total comprehensive income for the year attributable to Shareholders		–	59,349,512	59,349,512
Transactions with owners				
Dividends	17	–	(38,746,726)	(38,746,726)
Ordinary shares repurchased	8	(1,230,663)	–	(1,230,663)
		(1,230,663)	**(38,746,726)**	**(39,977,389)**
Shareholders' equity at 31 December 2023	**8**	**446,312,099**	**(125,324,999)**	**320,987,100**

For the year ended 31 December 2022

	Notes	Stated capital €	Retained loss €	Total €
Shareholders' equity at 1 January 2022	8	**459,044,783**	**(37,045,206)**	**421,999,577**
Total comprehensive loss for the year attributable to Shareholders		–	(72,329,588)	(72,329,588)
Transactions with owners				
Dividends	17	–	(36,552,991)	(36,552,991)
Ordinary shares repurchased	8	(11,502,021)	–	(11,502,021)
		(11,502,021)	**(36,552,991)**	**(48,055,012)**
Shareholders' equity at 31 December 2022	**8**	**447,542,762**	**(145,927,785)**	**301,614,977**

The accompanying notes on pages 75 to 106 form an integral part of the financial statements.

Statement of **Cash Flows**

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 €	Year ended 31 December 2022 €
Cash flow from operating activities			
Profit/(loss) before taxation		59,349,512	(72,329,588)
Adjustments to reconcile profit/(loss) before taxation to net cash flows:			
Unrealised (gain)/loss on financial assets at fair value through profit and loss	5	(39,686,775)	92,214,092
Realised gain on financial assets at fair value through profit and loss		(21,406,810)	(21,319,529)
Purchase of financial assets at fair value through profit or loss	5	–	(7,608,819)
Proceeds from sale of financial assets at fair value through profit or loss	5	52,820,196	56,962,646
Changes in working capital			
Decrease/(increase) in other receivables	5	11,289	(4,804)
(Decrease)/increase in payables	7	(110,795)	281,150
Net cash generated from operating activities		**50,976,617**	**48,195,148**
Cash flow from financing activities			
Ordinary shares repurchased	8	(1,230,663)	(11,502,021)
Increase in intercompany loan	6, 16	467,005	447,828
Dividends paid	17	(38,746,726)	(36,552,991)
Net cash used in financing activities		**(39,510,384)**	**(47,607,184)**
Net increase in cash and cash equivalents		**11,466,233**	**587,964**
Cash and cash equivalents at the start of the year		6,259,400	5,671,436
Cash and cash equivalents at the end of the year		**17,725,633**	**6,259,400**

The accompanying notes on pages 75 to 106 form an integral part of the financial statements.

Notes to the Financial Statements

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 under registration number 115628. The Company's redeemable shares are quoted on the Premium Segment of the Main Market of the LSE and the Company has a premium listing on the Official List of the FCA. The Company's C Shares were quoted on the Specialist Fund Segment of the Main Market of the LSE until 6 January 2020 and converted to ordinary shares on 7 January 2020.

On 25 August 2023, the Board announced that its decision to put forward proposals to Shareholders for the implementation of a managed wind-down of the Company with cash returned to the Shareholders in a timely and efficient manner. The Board also published a circular ("the Circular") to the Shareholders to convene an EGM on 15 September 2023 seeking approval from the Shareholders for the amendments to the Company's investment objective and policy and to its share capital to facilitate the managed wind-down.

On 15 September 2023, the Shareholders approved the following by way of an ordinary resolution:

- the adoption of a new investment objective and policy. The new investment objective is to realise all existing assets in the Company's portfolio in an orderly manner.
- the conversion of all shares held by the Company into redeemable shares on the terms set out in the Circular.
- the issuance of a deferred share with the rights and restrictions set out in section 3.5 of the Circular, in accordance with article 2.1 of the Articles of Association.

On 11 December 2023, in accordance with the ordinary resolution passed by Shareholders on 15 September 2023, all ordinary shares in issue were converted to redeemable shares and 1 deferred share in the Company was issued. On 21 December 2023, the Company cancelled all of the redeemable shares it held in treasury, being 40,163,891.

As at 31 December 2023, the Company had 442,738,903 redeemable shares in issue and 1 deferred share. As at 31 December 2022, the Company had 444,578,522 ordinary shares in issue and 38,324,272 ordinary shares in treasury. The Company may issue one or more additional classes of shares in accordance with the Articles of Association.

The Company has a wholly owned Luxemburg 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 as at 31 December 2023 and 31 December 2022. The Company also holds 208,565,744 Class B CSWs as at 31 December 2023 (2022: 239,550,782) issued by the Lux Subsidiary.

The Company's registered address is IFC 1, The Esplanade, St Helier, Jersey, JE1 4BP, Channel Islands.

2 Material accounting policies

2.1 Basis of preparation and statement of compliance

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to the Company's financial statements for all years presented except for the adoption of new and amended standards as set out below.

The Annual Report and Audited Financial Statements are prepared in accordance with the Disclosure Guidance and Transparency Rules of the FCA and with International Financial Reporting Standards as adopted by the EU. The financial statements give a true and fair view of the Company's affairs and comply with the requirements of the Companies (Jersey) Law 1991, as amended.

New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2023

The following new standards, amendments or interpretations are effective for the financial year beginning 1 January 2023 and the Directors do not consider that these have a material impact on the Company's financial statements:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statement and IFRS Practice Statement 2
- Definition of Accounting Estimate – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes
- International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 Income Taxes

Notes to the Financial Statements continued

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2023 and not early adopted

The following standards become effective in future accounting periods and have not been adopted by the Company and the Directors do not believe that the application of these will have a material impact on the Company's financial statements:

- Non-current Liabilities with Covenants and Classification of liabilities as Current or Non-current (Amendments to IAS 1 Presentation of Financial Statements) – effective for periods beginning on or after 1 January 2024
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases) – effective for periods beginning on or after 1 January 2024
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures) – effective for periods beginning on or after 1 January 2024
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures – effective for periods beginning on or after 1 January 2024
- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates) – effective for periods beginning on or after 1 January 2024
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates) – Available for optional adoption/effective date deferred indefinitely.

The Company's financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value through profit or loss at the end of each reporting period.

The Company's functional currency is the Euro, which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in Euro. Therefore, Euro is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Euro, except where otherwise indicated.

2.2 Going concern

As a consequence of the Company implementing the process of a managed wind-down as detailed in Note 1 above, the Directors consider it appropriate to adopt a basis other than that of a going concern in preparing these financial statements.

IFRS 9 Financial Instruments requires financial assets to be measured at fair value through profit or loss with the change in measurement to be effective in the financial period following the managed wind-down decision. There will be no substantial change in this regard as the primary assets of the Company are financial assets which are shown at fair value. The Board is not aware of any additional impact on these financial statements in regards to the Company going into managed wind-down.

The Board expects the managed wind-down of the Company to be over a 7 year period although this is not guaranteed.

After making enquiries with the Portfolio Adviser and supported by the Directors' current assessment of the Company's ability to pay its debts as they fall due for the foreseeable future, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until the anticipated managed wind-down of the Company. The Directors will ensure that sufficient liquidity is held back to ensure that liabilities are at all times adequately covered.

2.3 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 page 41, Note 2.8 and Note 11 for further details on the significant estimates applied in the valuation of the Company's financial instruments and the underlying financial instruments in BCF. Refer to Note 5 and Note 11 for sensitivity analysis for unobservable inputs.

Judgements

(b) Non-consolidation of the Lux Subsidiary

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

The Company has multiple unrelated investors and holds multiple investments in the Lux Subsidiary. The Company has been deemed to meet the definition of an investment entity per IFRS 10 Consolidated Financial Statements 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 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 BCF

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 Consolidated Financial Statements, the investor has to control the investee.

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

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

2.4 Income

Interest income and expense is recognised under IFRS 9 Financial Instruments separately through profit or loss in the Statement of Comprehensive Income, on an effective interest rate yield basis.

2.5 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.

Shares repurchased by the Company are deducted from equity. No gain or loss is recognised in the Statement of Comprehensive Income on the purchase, sale or cancellation of the Company's own equity instruments. The consideration paid or received is recognised directly in the Statement of Changes in Equity. Shares repurchased are recognised on the trade date.

2.6 Fees and charges

Expenses are charged through profit or loss in the Statement of Comprehensive Income on an accruals basis.

2.7 Cash and cash equivalents

Cash comprises current deposits with banks.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash equivalents are revalued at the end of the reporting period using market rates and any increases/decreases are recognised in the Statement of Comprehensive Income. There were no such holdings during the year ended 31 December 2023 (2022: nil).

2.8 Financial instruments

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

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 are either to be recorded in profit or loss or other comprehensive income. 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.

With the Audited Financial Statements being prepared on a basis other than going concern and with the change in the business model of the Company, IFRS 9 Financial Instruments requires financial assets to be measured at fair value through profit or loss.

(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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Notes to the Financial Statements continued

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.

Changes in fair value of financial assets at fair value through profit or loss are recognised in "net gain/(loss) 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 31 December 2023, the Company held 208,565,744 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary (2022: 239,550,782 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 its 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 BCF.

(vi) Valuation process
The Directors have held discussions with BIL in order to gain comfort around the valuation of the CLOs, the underlying assets in the BCF 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 BCF 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 US and European corporate environment on the valuation of the CSWs, PPNs and the BCF portfolio.

Portfolio
The Directors discuss the valuation process to understand the methodology regarding the valuation of its underlying portfolio, comprising Level 3 assets. The majority of Level 3 assets in BCF 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.

NAV
The IFRS NAV of the Company is calculated by the Administrator based on information from the Portfolio Adviser and is reviewed and approved by the Directors, taking into consideration a range of factors including the unaudited IFRS NAV of both the Lux Subsidiary and BCF and other relevant available information. The other relevant information includes the review of available financial and trading information of BCF 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.

Financial liabilities

(i) 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.

(ii) 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 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.

2.9 Foreign currency translations

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

Foreign currency gains and losses are included in profit or loss on the Statement of Comprehensive Income as part of "Realised gain/(loss) on foreign exchange".

2.10 Taxation
Profit arising in the Company for the year of assessment will be subject to Jersey tax at the standard corporate income tax rate of 0% (2022: 0%).

2.11 Dividends
Dividends to Shareholders are recorded through the Statement of Changes in Equity when they are declared to Shareholders.

3 Operating expenses

	Year ended 31 December 2023	Year ended 31 December 2022
	€	€
Professional fees	580,227	226,777
Brokerage fees	306,546	128,494
Administration fees	306,135	323,962
Audit fees and audit related fees	292,324	263,980
Directors' fees (see Note 4)	268,835	281,337
Sundry expenses	136,804	76,014
Regulatory fees	65,226	61,161
Registrar fees	42,638	31,907
Total operating expenses	**1,998,735**	**1,393,632**

Administration fees
Under the administration agreement, the Administrator is entitled to receive variable fees based on the Published NAV of the Company for the provision of administrative and compliance oversight 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 year ended 31 December 2023 was €306,135 (2022: €323,962) and the amount due at 31 December 2023 was €79,553 (2022: €80,685).

Advisory fees
Under the Advisory Agreement, the Portfolio Adviser is entitled to receive out of pocket expenses, all reasonable third-party costs and other expenses incurred in the performance of its obligations. On this basis, the Portfolio Adviser recharged €11,858 to the Company (2022: €18,847). This amount has been included under professional fees.

Audit and non-audit fees
The Company incurred €292,324 (2022: €263,980) in audit and audit-related fees during the year of which €196,700 (2022: €169,062) was outstanding at the year-end.

The Company did not incur any non-audit fees during the year (2022: nil). The table below outlines the audit and audit related services received during the year.

	Year ended 31 December 2023	Year ended 31 December 2022
	€	€
Audit of the Company	196,021	175,987
Audit-related services – review of interim financial report	96,303	87,993
Total audit and audit-related services	**292,324**	**263,980**

Professional fees
For the year ended 31 December 2023, professional fees comprised €444,194 (2022: €53,968) in legal fees and €136,033 (2022: €172,809) in other professional fees. The increase in legal fees relates to additional legal advices and procedures regarding the managed wind-down.

Notes to the Financial Statements continued

4 Directors' fees

The Company has no employees. The Company incurred €268,835 (2022: €281,337) in Directors' fees (consisting exclusively of short-term benefits) during the year of which €nil (2022: €68,470) was outstanding at the year-end. No pension contributions were payable in respect of any of the Directors.

Refer to the Directors' remuneration report on pages 56 and 57 for further details on the Directors' remuneration and their interests.

5 Financial assets at fair value through profit or loss

	As at 31 December 2023	As at 31 December 2022
	€	€
Financial assets at fair value through profit or loss	**305,994,558**	**297,721,169**

Financial assets at fair value through profit or loss consist of 208,565,744 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary (2022: 239,550,782 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 Subsidiary on the redemption of CSWs outstanding, which shall be at any time equal to the fair market value of the redeemable 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 advisor) 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 redeemable 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's 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 in 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 Fair Value Measurement 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.

31 December 2023	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets at fair value through profit or loss	–	–	305,994,558	**305,994,558**

31 December 2022	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets at fair value through profit or loss	–	–	297,721,169	**297,721,169**

The Company determines the fair value of the financial assets at fair value through profit or loss using the unaudited IFRS NAV of the Lux Subsidiary and the audited IFRS NAV of BCF.

During the years ended 31 December 2023 and 31 December 2022, 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 BCF, is equal to the fair value of its investments in the Lux Subsidiary.

Notes to the Financial Statements continued

Financial assets at fair value through profit or loss reconciliation

The following table shows 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:

	31 December 2023	31 December 2022
	€	€
Balance as at 1 January	**297,721,169**	**417,969,559**
Purchases – CSWs	–	7,608,819
Sale proceeds – CSWs	(52,820,196)	(56,962,646)
Realised gain on financial assets at fair value through profit or loss – CSWs	21,406,810	21,319,529
Total change in unrealised gain/(loss) on financial assets for the year	39,686,775	(92,214,092)
Balance as at 31 December	**305,994,558**	**297,721,169**
Realised gain on financial assets at fair value through profit or loss	21,406,810	21,319,529
Total change in unrealised gain/(loss) on financial assets for the year	39,686,775	(92,214,092)
Net gain/(loss) on financial assets at fair value through profit or loss	**61,093,585**	**(70,894,563)**

Refer to page 41, Note 2.8 and Note 11 for valuation methodology of financial assets at fair value through profit and loss.

The Company's investments, through the Lux Subsidiary, in BCF 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.

Quantitative information of significant unobservable inputs and sensitivity analysis to significant changes in unobservable inputs – Level 3

The significant unobservable inputs used in the fair value measurement of the financial assets at fair value through profit or loss within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2023 and 31 December 2022 are as shown below:

Asset Class	Fair Value	Unobservable Inputs	Ranges	Weighted average	Sensitivity to changes in significant unobservable inputs
	€				
CSWs	298,050,226	Undiscounted NAV of BCF	N/A	N/A	20% increase/decrease will have a fair value impact of +/- €59,610,045
Class A and Class B shares	7,944,332	Undiscounted NAV of the Lux Subsidiary	N/A	N/A	20% increase/decrease will have a fair value impact of +/- €1,588,866
Total as at 31 December 2023	**305,994,558**				

Asset Class	Fair Value	Unobservable Inputs	Ranges	Weighted average	Sensitivity to changes in significant unobservable inputs
	€				
CSWs	290,426,295	Undiscounted NAV of BCF	N/A	N/A	20% increase/decrease will have a fair value impact of +/- €58,085,259
Class A and Class B shares	7,294,874	Undiscounted NAV of the Lux Subsidiary	N/A	N/A	20% increase/decrease will have a fair value impact of +/- €1,458,975
Total as at 31 December 2022	**297,721,169**				

Refer to Note 11 (page 95) for financial and other information on BCF including sensitivity analysis.

6 Intercompany loan

	As at 31 December 2023	As at 31 December 2022
	€	€
Intercompany loan balance as at 1 January	1,694,077	1,246,249
Increase in intercompany loan	467,005	447,828
Intercompany loan balance as at 31 December	**2,161,082**	**1,694,077**

The intercompany loan – payable to the Lux Subsidiary is a revolving unsecured 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. During the year ended 31 December 2023, loan interest expense incurred by the Company was €30,885 (2022: €23,400).

7 Payables

	As at 31 December 2023	As at 31 December 2022
	€	€
Audit fees	196,700	169,062
Professional fees	124,076	142,314
Other payables	122,483	43,639
Intercompany loan interest payable	90,127	59,242
Administration fees	79,553	80,685
Directors' fees	–	68,470
Payable on share buyback	–	160,322
Total payables	**612,939**	**723,734**

All payables are due within the next twelve months.

Notes to the Financial Statements continued

8 Stated capital

Authorised

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

Allotted, called up and fully-paid

Redeemable shares	Number of shares	Stated capital
		€
As at 1 January 2023	**444,578,522**	**447,542,762**
Shares repurchased during the year	(1,839,619)	(1,230,663)
Total redeemable shares as at 31 December 2023	**442,738,903**	**446,312,099**

Allotted, called up and fully-paid

Ordinary shares	Number of shares	Stated capital
		€
As at 1 January 2022	**460,984,702**	**459,044,783**
Shares repurchased during the year and held in treasury	(16,406,180)	(11,502,021)
Total ordinary shares as at 31 December 2022	**444,578,522**	**447,542,762**

Redeemable shares

At the 2023 AGM held on 26 July 2023 (2022 AGM held on 17 June 2022), the Directors were granted authority to repurchase up to 14.99% (2022: 14.99%) of the issued share capital as at the date of the 2023 AGM (2022 AGM) to be held as treasury shares.

Under this authority, during the year ended 31 December 2023, the Company purchased 1,839,619 (2022: 16,406,180) of its ordinary shares of no par value at a total cost of €1,230,663, including transaction costs of £2,471 (31 December 2022:a total cost of €11,502,021 ,including transaction costs of €23,095). These ordinary shares were held as treasury shares until they were cancelled on 21 December 2023.

At the Company's 2023 AGM, the Company received Shareholder approval to resell up to 44,273,890 (2022: 45,932,470) shares held by the Company in treasury. Under this authority, these shares are permitted to be sold or transferred out of treasury for cash at a price representing a discount to NAV per ordinary share not greater than the discount at which such shares were repurchased by the Company. To date, no shares have been resold by the Company under this authority.

At the EGM held on 15 September 2023, the Shareholders approved the conversion of the ordinary shares into redeemable shares in order to allow for proceeds of realising assets in accordance with the managed wind-down, to be returned to Shareholders by way of *pro rata* compulsory redemptions of the redeemable shares. On 11 December 2023, all the ordinary shares of the Company were converted to redeemable shares.

Deferred share

Further to the Circular published on 25 August 2023 and the Shareholders' resolution passed on 15 September 2023, a deferred share was issued by the Company on 11 December 2023 to CONJL SPV Trustee 1 Limited.

Treasury shares

On 21 December 2023, the Company cancelled all its 40,163,891 (2022: 38,324,272) redeemable shares which it held in treasury as at that date.

As at 31 December 2023, the Company had 442,738,903 redeemable shares in issue and 1 deferred share. As at 31 December 2022, the Company had 444,578,522 ordinary shares in issue and 38,324,272 shares in treasury.

Voting rights – redeemable shares

Holders of redeemable shares have the right to receive income and capital from assets attributable to such class. Redeemable Shareholders have the right to receive notice of general meetings of the Company and have the right to attend and vote at all general meetings.

Dividends
The Company may, by 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 redeemable 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 any Share shall bear interest against the Company.

The Directors may deduct from any dividend or other monies 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.

Refer to page 7 on how dividends are funded and to Note 20 for dividends declared after the year-end.

Repurchase of ordinary shares
On 22 May 2023, the Board decided for the Company to cease any buy back of shares.

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, to be applied to the Shareholders equally *pro rata* to their holdings of shares.

Capital management
The Company is closed-ended and has no externally imposed capital requirements. The Company's capital as at 31 December 2023 comprises Shareholders' equity at a total of €320,987,100 (2022: €301,614,977). Following the resolution passed on 15 September 2023, the Company's objectives for managing capital are:

- to realise all its existing assets in its portfolio, with cash returned to the Shareholders in a timely and efficient manner;
- to maintain sufficient liquidity to meet the expenses of the Company and to meet dividend commitments; and
- to maintain sufficient size to make the operation of the Company cost efficient.

The Board monitors the capital adequacy of the Company on an on-going basis and the Company's objectives regarding capital management have been met. Refer to Note 9C Liquidity Risk for further discussion on capital management, particularly on how the distribution policy is managed.

9 Financial risk management

These are components of the Company's principal risk regarding investment performance as outlined on pages 36. This, in turn, links to the Portfolio Adviser's section on Risk Management. The Company is exposed to market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds and the markets in which it invests.

9A Market risk
Market risk is the current or prospective risk to earnings or capital of the Company arising from changes in interest rates, foreign exchange rates, commodity prices or equity prices. The Company holds three investments, denominated in Euro, in the Lux Subsidiary in the form of CSWs, Class A and Class B shares. The CSWs are the main driver of the Company's performance. Financial market disruptions may have a negative effect on the valuations of BCF's investments and, by extension, on the NAV of the Lux Subsidiary and the Company and/or the market price of the Company's Euro shares and on liquidity events involving BCF's investments. Any non-performing assets in BCF's portfolio may cause the value of BCF's portfolio to decrease and, by extension, the NAV of the Lux Subsidiary and the Company. Adverse economic conditions may also decrease the value of any security obtained in relation to any of BCF's investments.

Notes to the Financial Statements continued

A sensitivity analysis is shown below disclosing the impact on the IFRS NAV and total comprehensive income of the Company, if the fair value of the Company's investments at the year-end increased or decreased by 20%. This level of change is considered to be reasonably possible based on observations of past and possible market conditions. For appreciation of the underlying exposure of BCF, refer to Note 11.

	IFRS fair value as at year ended 31 December 2023	Impact on IFRS NAV and total comprehensive income (Increase by 20%)	Impact on IFRS NAV and total comprehensive income (Decrease by 20%)
	€	€	€
Financial assets held at fair value through profit or loss:			
CSWs	298,050,226	59,610,452	(59,610,452)
Class A and Class B shares	7,944,332	1,588,866	(1,588,866)
Total	**305,994,558**	**61,199,318**	**(61,199,318)**

	IFRS fair value as at year ended 31 December 2022	Impact on IFRS NAV and total comprehensive income (Increase by 20%)	Impact on IFRS NAV and total comprehensive income (Decrease by 20%)
	€	€	€
Financial assets held at fair value through profit or loss:			
CSWs	290,426,295	58,085,259	(58,085,259)
Class A and Class B shares	7,294,874	1,458,975	(1,458,975)
Total	**297,721,169**	**59,544,234**	**(59,544,234)**

The calculations are based on the investment valuation at the Statement of Financial Position date and are not representative of the period as a whole and may not be reflective of future market conditions.

Note 11 is an extract taken from BCF's audited financial statements for the year ended 31 December 2023. The Company does not have any further visibility of more granular sensitivity disclosure at BCF level.

i. Interest rate risk

Interest rate movements affect the fair value of investments in fixed interest rate securities and floating rate loans and on the level of income receivable on cash deposits.

The interest income received by the Lux Subsidiary from investments held at fair value through profit or loss is the interest income on the PPNs received from BCF. Its calculation is dependent on the profit generated by BCF as opposed to interest rates set by the market. Interest rate sensitivity analysis is presented for BCF in Note 11 since any potential movement in market interest rates will impact BCF's holdings which in turn will impact the interest income received by the Lux Subsidiary on the PPNs.

The following tables detail the Company's interest rate risk as at 31 December 2023 and 31 December 2022:

31 December 2023	Interest bearing	Non-interest bearing	Total
	€	€	€
Assets			
Cash and cash equivalents	17,725,633	–	17,725,633
Financial assets at fair value through profit or loss	–	305,994,558	305,994,558
Total assets	**17,725,633**	**305,994,558**	**323,720,191**
Liabilities			
Intercompany loan	(2,161,082)	–	(2,161,082)
Payables	–	(612,939)	(612,939)
Total liabilities	**(2,161,082)**	**(612,939)**	**(2,774,021)**
Total interest sensitivity gap	**15,564,551**		

31 December 2022	Interest bearing	Non-interest bearing	Total
	€	€	€
Assets			
Cash and cash equivalents	6,259,400	–	6,259,400
Financial assets at fair value through profit or loss	–	297,721,169	297,721,169
Total assets	**6,259,400**	**297,721,169**	**303,980,569**
Liabilities			
Intercompany loan	(1,694,077)	–	(1,694,077)
Payables	–	(723,734)	(723,734)
Total liabilities	**(1,694,077)**	**(723,734)**	**(2,417,811)**
Total interest sensitivity gap	**4,565,323**		

As at 31 December 2023 and 31 December 2022, the majority of the Company's interest rate exposure arose in the fair value of the underlying BCF portfolio which is largely invested in senior secured loans of companies predominantly in Western Europe or North America. Most of the investments in senior secured loans carry variable interest rates and various maturity dates. Refer to Note 11 which details BCF's exposure to interest rate risk.

ii. Currency risk

Foreign currency risk is the risk that the values of the Company's assets and liabilities are adversely affected by changes in the values of foreign currencies by reference to the Company's base currency. The functional currency of the Company and its Lux Subsidiary is the Euro.

The Company and the Lux Subsidiary are not subject to significant foreign currency risk since the majority of their investments are denominated in Euro and their share capital are also denominated in Euro. Refer to Note 11 which details BCF's exposure to currency risk. BCF hedges US CLO equity exposure by reference to mark to model valuations incorporated in the Published NAV as defined on page 5.

The Company did not have any derivatives at the year-end (2022: nil).

iii. Price risk

Price risk is the risk that the value of the Company's indirect investments in BCF through its holding in the Lux Subsidiary does not reflect the true value of BCF's underlying investment portfolio. BCF's portfolio may at any given time include securities or other financial instruments or obligations which are very thinly traded, for which a limited market exists or which are restricted as to their transferability under applicable securities laws. These investments may be extremely difficult to value accurately.

Further, because of overall size or concentration in particular markets of positions held by BCF, the value of its investments which can be liquidated may differ, sometimes significantly, from their valuations. Third-party pricing information may not be available for certain positions held by BCF. Investments held by BCF may trade with significant bid-ask spreads. BCF is entitled to rely, without independent investigation, upon pricing information and valuations furnished to BCF by third parties, including pricing services and valuation sources.

Notes to the Financial Statements continued

Absent bad faith or manifest error, valuation determinations in accordance with BCF's valuation policy are conclusive and binding. In light of the foregoing, there is a risk that the Company, in redeeming all or part of its investment while BCF holds such investments, could be paid an amount less than it would otherwise be paid if the actual value of BCF's investment was higher than the value designated for that investment by BCF.

Similarly, there is a risk that a redeeming BCF interest holder might, in effect, be over-paid at the time of the applicable redemption if the actual value of BCF's investment was lower than the value designated for that investment by BCF, in which case the value of BCF interests to the remaining BCF interest holders would be reduced. Refer to Note 11 for further details.

The Board monitors and reviews the Company's NAV production process on an ongoing basis.

9B Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Board has in place monitoring procedures in respect of credit risk which is reviewed on an ongoing basis.

The Company's credit risk is attributable to its cash and cash equivalents and financial assets at fair value through profit or loss. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

BIL monitors for the Company, the Lux Subsidiary, BCF and its subsidiaries the creditworthiness of financial institutions with whom cash is held or with whom investment or derivative transactions are entered into, on a regular basis.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the Statement of Financial Position date. At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	As at 31 December 2023	As at 31 December 2022
	€	€
Cash and cash equivalents	17,725,633	6,259,400
Financial assets at fair value through profit or loss	305,994,558	297,721,169
Total assets	**323,720,191**	**303,980,569**

The Company is exposed to a potential material singular credit risk in the event that it requests a repayment of the CSWs from the Lux Subsidiary and receives an acceptance of that repayment request. Under the CSW agreement between the Company and the Lux Subsidiary, any payment obligation by the Lux Subsidiary to the Company is conditional upon the receipt of an equivalent amount by the Lux Subsidiary which is derived from the PPNs issued by BCF. The Board is aware of this risk and the concentration risk to the Lux Subsidiary and indirectly to BCF.

Additionally, under the Profit Participating Note Issuing and Purchase Agreement ("PPNIPA") between the Lux Subsidiary and BCF, if the net proceeds from a liquidation of the collateral obligations as defined in the PPNIPA available to unsecured creditors of BCF (the "Liquidation Funds") are less than the aggregate amount payable by BCF in respect of its obligations to its unsecured creditors, including to the Lux Subsidiary and the other parties to the PPNIPA (such negative amount being referred to as a "shortfall"), the amount payable by BCF to the Lux Subsidiary and the other parties to the PPNIPA in respect of BCF's obligations under the PPNs will be reduced to such amount of the Liquidation Funds which is available in accordance with the regulatory requirements and the senior debt restrictive covenants to satisfy such payment obligation upon the distribution of the Liquidation Funds among all of BCF's unsecured creditors on a *pari passu* and *pro rata* basis and shall be applied for the benefit of the Lux Subsidiary and the other parties to the PPNIPA. In such circumstances the other assets of BCF will not be available for the payment of such shortfall and the rights of the Lux Subsidiary and the other parties to the PPNIPA to receive any further amounts in respect of such obligations shall be extinguished and the Noteholders and the other parties to the PPNIPA may not take any further action to recover such amounts.

During the years ended 31 December 2023 and 31 December 2022, all cash was placed with BNP Paribas S.A., as Custodian. The ultimate parent of BNP Paribas S.A. is BNP Paribas which is publicly traded with a credit rating of A+ (Standard & Poor's).

The Board continues to monitor the Company's exposure to credit risk and holds no collateral over any of those balances. Refer to Note 11 which details BCF's exposure to credit risk.

9C Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments.

The Company has been established as a closed-ended vehicle. Accordingly, there is no right or entitlement attaching to the Company's shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder. This significantly reduces the liquidity risk of the Company.

Under the terms of the unsecured PPNs issued to its investors, BCF is contractually obliged to ensure that its portfolio is managed in accordance with the Company's investment objective and policy. In the event that BCF fails to comply with these contractual obligations, the Company, through the Lux Subsidiary, could elect for the unsecured PPNs to become immediately due and repayable to it from BCF, subject to any applicable legal, contractual and regulatory restrictions. Given the nature of the investments held by BCF there is no guarantee and indeed, it is highly unlikely that the applicable legal, contractual and regulatory restrictions would permit BCF to immediately repay the unsecured PPNs on the Company making such an election.

If the Company were to elect for the unsecured PPNs to be repaid, BCF's failure to fully comply with its contractual obligations to do so or BCF being restricted from doing so by law, regulation or contract could have a significant adverse effect on the Company's business, financial condition, results of operations and/or the market price of the shares.

The PPNs are unsecured obligations of BCF and amounts payable on the PPNs will be made solely from amounts received in respect of the assets of BCF available for distribution to its unsecured creditors. BCF is permitted to incur leverage in the form of secured debt by way of one or more revolving credit facilities. Such secured debt will rank ahead of the PPNs in respect of any distributions or payments by BCF. In an enforcement scenario under any revolving credit facility, the provider(s) of such facilities will have the ability to enforce their security over the assets of BCF and to dispose of or liquidate, on their own behalf or through a security trustee or receiver, the assets of BCF in a manner which is beyond the control of the Company. In such an enforcement scenario, there is no guarantee that there will be sufficient proceeds from the disposal or liquidation of BCF's assets to repay any amounts due and payable on the PPNs and this may adversely affect the performance of the Company's business, financial condition and results of operations.

Consequently, in the event of a materially adverse event occurring in relation to BCF or the market generally, the ability of the Company to realise its investment and prevent the possibility of further losses could, therefore, be limited by its restricted ability to realise its investment via the Lux Subsidiary in BCF. This delay could materially affect the value of the PPNs and the timing of when BCF is able to realise its investments, which may adversely affect the Company's business, financial condition, results of operations and/or the market price of the shares.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

31 December 2023		Contractual cash flows	
	Carrying amount	0-1 year	9-10 years
Intercompany loan	2,161,082	–	(2,161,082)
Payables	612,939	(612,939)	–
	2,774,021	**(612,939)**	**(2,161,082)**

31 December 2022		Contractual cash flows	
	Carrying amount	0-1 year	9-10 years
Intercompany loan	1,694,077	–	(1,694,077)
Payables	723,734	(723,734)	–
	2,417,811	**(723,734)**	**(1,694,077)**

The liquidity profile of BCF as at 31 December 2023 is in Note 11.

To meet the Company's target dividend, the Company will require sufficient payments from the CSWs held and in the event these are not received, the Board has the discretion to determine the amount of dividends paid to Shareholders.

Notes to the Financial Statements continued

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 BCF also meets the definition of a structured entity.

The Directors have concluded that CLOs, that are not subsidiaries for financial reporting purposes, meet the definition of structured entities because:

- the voting rights in the CLOs are not dominant rights in deciding who controls them, as they relate to administrative tasks only;
- each CLO's activities are restricted by its Prospectus; and
- the CLOs have narrow and well-defined objectives to provide investment opportunities to investors.

As at 31 December 2023, 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 (2022: 2,000,000 Class A shares and one Class B share).

The Lux Subsidiary's principal place of business is Luxembourg.

Other than the investments noted above, the Company did not provide any financial support for the years ended 31 December 2023 and 31 December 2022, nor had it any intention of providing financial or other support.

The Company has an intercompany loan payable to the Lux Subsidiary as at 31 December 2023. Refer to Note 6 for further details.

11 Financial and other information on BCF

The Board has provided the following information on BCF, which has been extracted from BCF's audited financial statements for the year ended 31 December 2023, as it believes this will provide further insight to the Company's Shareholders into the operations of BCF, the asset mix in its portfolio and the risks to which BCF is exposed.

As at 31 December 2023, the Lux Subsidiary held a 34.65% (2022: 33.8%) interest in the PPNs issued by BCF. The disclosures have not been apportioned according to the Lux Subsidiary's PPN holding, as the Board believes to do so would be misleading and not provide an accurate representation of the Company's investment in BCF.

Principal activities

BCF was established as an originator vehicle under European risk retention rules for CLO securitisations. It may also invest in senior secured loans, either directly or indirectly through CLO warehouses and risk retention companies. BCF is funded by proceeds from the issuance of PPNs together with other financial resources available to it, such as the BCF Facility.

Following the notices given by PPN holders during the financial year ended 31 December 2023 to request redemptions, the Directors of BCF decided it was in the best interests of the shareholders to proceed with an orderly wind down of BCF.

Investment policy

BCF's investment policy is to invest (directly or indirectly through one or more Underlying Companies) in a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans) (such investments being made by the Underlying Companies directly or through investments in Loan Warehouses) bonds and CLO Securities and generate attractive risk adjusted returns from such portfolios. BCF intends to pursue its investment policy by using the proceeds from the issue of PPNs (together with proceeds from other financial resources available to it) to invest in such assets.

BCF may invest (directly or through other Underlying Companies) predominantly in European or US senior secured loans, CLO Income Note securities (the most subordinated tranche of debt issued by a CLO issuer), loan warehouses and other assets. Investments in loan warehouses will typically be in the form of an obligation to purchase preference shares or a subordinated loan. There is no limit on the maximum European or US exposure. BCF is not expected to invest (directly or through other Underlying Companies) in senior secured loans domiciled outside North America or Western Europe.

A CLO is a pooled investment vehicle which may invest in a diversified group of debt securities, in this case predominantly senior secured loans. To finance its investments, the CLO vehicle issues debt in the form of Senior Notes and Subordinated Equity Notes to investors. The servicing and repayment of these notes is linked directly to the performance of the underlying portfolio of assets. The portfolio of assets underlying the CLO Income Note securities consist mainly of senior secured loans, mezzanine loans, second lien loans, high yield bonds and repurchase agreements. The portfolio of assets within BCF consists mainly of CLO Income Note securities. Distributions on the CLO Income Note securities, by way of interest payments, are payable on a quarterly basis on dates established in the formation documents of the CLOs.

As at 31 December 2023, BCF had exposure to two (2022: two) CLOs held as vertical strips, as defined in the Company's Investment Strategy, each being 0.2% (2022: 0.2%) of BCF NAV.

Subsidiaries

As at 31 December 2023, BCF holds the majority, or all, of the subordinated notes issued by a number of European CLO issuers (the "Direct CLO Subsidiaries") as follows:

Name of subsidiary	Currency	Deal Size (million)	% Subordinated Equity Notes Held 31 December 2023
Phoenix Park CLO DAC	EUR	€412	51.4%
Dartry Park CLO DAC	EUR	€424	51.1%
Tymon Park CLO DAC	EUR	€415	51.0%
Elm Park CLO DAC	EUR	€519	54.0%
Griffith Park CLO DAC	EUR	€455	53.4%
Clarinda Park CLO DAC	EUR	€417	51.2%
Palmerston Park CLO DAC	EUR	€293	53.3%
Clontarf Park CLO DAC	EUR	€228	66.9%
Willow Park CLO DAC	EUR	€296	60.9%
Marlay Park CLO DAC	EUR	€367	60.0%
Milltown Park CLO DAC	EUR	€374	65.0%
Richmond Park CLO DAC	EUR	€321	68.3%
Sutton Park CLO DAC	EUR	€402	66.7%
Crosthwaite Park CLO DAC	EUR	€516	64.7%
Dunedin Park CLO DAC	EUR	€421	52.9%
Seapoint Park CLO DAC	EUR	€403	70.5%

Name of subsidiary	Currency	Deal Size (million)	% Subordinated Equity Notes Held 31 December 2023
Holland Park CLO DAC	EUR	€425	72.1%
Vesey Park CLO DAC	EUR	€403	80.3%
Avondale Park CLO DAC	EUR	€409	63.0%
Deer Park CLO DAC	EUR	€355	71.9%
Marino Park CLO DAC	EUR	€322	71.4%
Carysfort Park CLO DAC	EUR	€404	80.7%
Rockfield Park CLO DAC	EUR	€402	80.0%
Dillon's Park CLO DAC	EUR	€405	84.0%
Cabinteely Park CLO DAC	EUR	€404	75.6%
Otranto Park CLO DAC	EUR	€443	96.3%
Clonmore Park CLO DAC	EUR	€341	100.0%
Edmondstown Park CLO DAC	EUR	€379	100.0%
Bushy Park CLO DAC(42)	EUR	€390	61.3%
Glenbrook Park CLO DAC(42)	EUR	€339	100.0%
Wilton Park CLO DAC(42)	EUR	€395	100.0%
Cumulus Static 2023-1 CLO DAC(42)	EUR	€319	100.0%

(42) New subsidiaries for the year ended 31 December 2023.

Notes to the Financial Statements continued

BCF holds 100% of the PPNs issued by BGCM DAC, which was established on 1 August 2019. BGCM DAC holds 100% of the Series 2 and Series 3 interests of BCM LLC, a US manager-originator vehicle established on 14 May 2019.

The establishment of BCM LLC created a structure capable of meeting potential demand for US CLOs from European institutional investors requiring compliance with European risk retention rules. As at 31 December 2023, BCM LLC holds subordinated notes in the following US CLOs (the "Indirect CLO Subsidiaries"):

Name of subsidiary	Currency	Deal Size (million)	% Subordinated Equity Notes Held 31 December 2023
Southwich Park CLO Limited	USD	$503	59.9%
Point Au Roche Park CLO Limited	USD	$457	61.2%
Whetstone Park CLO Limited	USD	$506	62.5%
Peace Park CLO Limited	USD	$660	60.8%
Tallman Park CLO Limited	USD	$410	5.0%
Beechwood Park CLO Limited	USD	$816	61.1%

Name of subsidiary	Currency	Deal Size (million)	% Subordinated Equity Notes Held 31 December 2023
Harriman Park CLO Limited	USD	$499	70.0%
Cayuga Park CLO Limited	USD	$398	72.0%
Allegany Park CLO Limited	USD	$506	66.2%
Wehle Park CLO Limited	USD	$547	5.0%
Boyce Park CLO Limited	USD	$762	61.8%

In accordance with IFRS 10 Consolidated Financial Statements, the Direct CLO Subsidiaries, the Indirect CLO Subsidiaries, BGCM DAC and BCM LLC, are all deemed to be subsidiaries of BCF and are consolidated under its financial reporting framework. As at 31 December 2023, BCM LLC held investments in the following non-consolidated US CLOs:

Name
Gilbert Park CLO Limited
Stewart Park CLO Limited
Catskill Park CLO Limited
Dewolf Park CLO Limited

Name
Long Point Park CLO Limited
Grippen Park CLO Limited
Thayer Park CLO Limited
Cook Park CLO Limited

BCF also directly holds subordinated notes in US CLOs which it was not responsible for originating. As at 31 December 2023, BCF had direct holdings in the following US CLOs (together with the non-consolidated US CLOs held through BCM LLC, the "Non-Consolidated US CLOs"):

Name
Filmore Park CLO Limited
Harbor Park CLO Limited

The directors of BCF have determined that BCF did not control the Non-Consolidated US CLOs or US CLO warehouses held directly by BCF or through BCM LLC, as defined in IFRS 10. Therefore, these entities have not been consolidated for the purposes of presenting BCF's consolidated financial statements. These investments have been classified as financial assets held at fair value through profit or loss.

Valuation of financial instruments

As at 31 December 2023 and 2022, the loans held were broker priced through Markit and the bond investments were valued by prices provided by IDC. The majority of these assets were classified as Level 2 since the input into the Markit price consisted of at least two quotes, however, a small number of holdings priced through Markit consisted of only one quote. Such assets were classified as Level 3. Both loans and bonds are priced at current mid prices.

The CLO Income Notes issued by the Direct CLO Subsidiaries are listed on Euronext Dublin and are valued by a third party. The approach to valuing these CLO Income Notes incorporates CLO specific information and modelling techniques. Factors include (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. Pricing includes checks on all structural features of each CLO, such as the credit enhancement of each bond and various performance triggers (including over-collateralisation tests, interest coverage and diversion tests). Furthermore, reinvestment language specific to each CLO deal is assessed, as well as the collateral manager's performance and capabilities.

Investments in CLO Income Notes of US CLO Issuers, held directly or indirectly, are valued using an equivalent methodology. Similar to the above, valuation of such CLO Income Notes uses significant unobservable inputs and accordingly are classified as Level 3. Investments in the CLO Income Notes of the CLO Subsidiaries and the Non-Consolidated US CLOs and in the preference shares of the CLO warehouses are valued on the above basis using significant unobservable inputs and accordingly, are classified as Level 3.

Forward purchase agreements are over-the-counter ("OTC") contracts for delayed delivery of investments in which the buyer agrees to buy and the seller agrees to deliver specified investments at specified prices on a specified future date. Because the terms are not standardised, they are not traded on organised exchanges and generally can be terminated or closed out only by agreement of both parties to the contract. They are valued in accordance with the terms of the forward purchase agreement and are categorised as Level 2.

A currency swap is an interest rate swap in which the cash flows are in different currencies. Upon initiation of a currency swap, the counterparties make an initial exchange of notional principals in the two currencies. During the life of the swap, each party pays interest (in the currency of the principal received) to the other. At the maturity of the swap, the parties make a final exchange of the initial principal amounts, reversing the initial exchange at the same spot rate. Contracts are marked-to-market daily based upon calculations using a valuation model and are categorised as Level 2.

The PPNs and debt issued by the CLO Subsidiaries are categorised as Level 3, as they are valued using a model which is based on the fair value of the underlying assets and liabilities of the relevant entity.

The amortised cost of the BCF Facility equates to its fair value due to the floating interest rates and the proximity of the maturity dates and has been categorised as Level 2.

Receivable for investments sold and other receivables include the contractual amounts for settlement of trades and other obligations due to BCF. Payable for investments sold and other payables represent the contractual amounts and obligations due by BCF for settlement of trades and expenses. All of the receivable and payable balances are categorised as Level 2.

The following tables analyse within the fair value hierarchy BCF's financial instruments carried at fair value as at 31 December 2023 and 31 December 2022:

31 December 2023	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets measured at fair value through profit or loss:				
– Investments in senior secured loans and bonds[43]	–	4,454,821	27,323	4,482,144
– Investments in CLO Income Notes	–	–	512,220,406	512,220,406
– Investment in BGCM DAC	–	–	260,081,500	260,081,500
– Derivative financial assets	–	6,740,708	–	6,740,708
Total financial assets	**–**	**11,195,529**	**772,329,229**	**783,524,758**

Financial liabilities measured at fair value through profit or loss:				
– PPNs	–	–	(874,833,126)	(874,833,126)
– Derivative financial liabilities	–	(90,493,578)	–	(90,493,578)
Total financial liabilities	**–**	**(90,493,578)**	**(874,833,126)**	**(965,326,704)**

(43) Explanatory footnote not extracted from BCF's audited financial statements – The reduction in investments in senior secured loans and bonds is due to the wind-down process.

Notes to the Financial Statements continued

31 December 2022	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets measured at fair value through profit or loss:				
– Investments in senior secured loans and bonds[43]	–	319,801,298	12,605,793	332,407,091
– Investments in CLO Income Notes	–	–	372,888,404	372,888,404
– Investment in BGCM DAC	–	–	286,471,835	286,471,835
Total financial assets	**–**	**319,801,298**	**671,966,032**	**991,767,330**
Financial liabilities measured at fair value through profit or loss:				
– PPNs	–	–	(863,646,976)	(863,646,976)
– Derivative financial liabilities	–	(80,505,196)	–	(80,505,196)
Total financial liabilities	**–**	**(80,505,196)**	**(863,646,976)**	**(944,152,172)**

The following tables show the movement in Level 3 of BCF's fair value hierarchy for the years ended 31 December 2023 and 31 December 2022:

31 December 2023	Financial assets measured at fair value through profit or loss	Financial liabilities measured at fair value through profit or loss
	€	€
Opening balance	671,966,032	(863,646,976)
Net gain/(loss) on financial assets and liabilities measured at fair value through profit or loss	7,649,737	(22,587,436)
Purchases/Issuances	165,766,681	11,401,286
Sales/Redemptions	(73,053,221)	–
Closing Balance	**772,329,229**	**(874,833,126)**

31 December 2022	Financial assets measured at fair value through profit or loss	Financial liabilities measured at fair value through profit or loss
	€	€
Opening balance	908,056,772	(1,233,581,335)
Net (loss)/gain on financial assets and liabilities measured at fair value through profit or loss	(322,002,133)	374,808,561
Purchases/Issuances	308,514,876	(7,608,819)
Sales/Redemptions	(222,603,483)	2,734,617
Closing Balance	**671,966,032**	**(863,646,976)**

BCF's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the last day of the accounting period. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the years ended 31 December 2023 or 31 December 2022.

(43) Explanatory footnote not extracted from BCF's audited financial statements – The reduction in investments in senior secured loans and bonds is due to the wind-down process.

Sensitivity of BCF Level 3 holdings to unobservable inputs

A number of holdings as at 31 December 2023 and 31 December 2022 were priced through Markit where the input into the Markit price was only one price, so they were classified as Level 3. These loan assets are not modelled on analysts' prices but are from dealers' runs therefore there are no unobservable inputs into the prices.

The CLO Income Notes were valued by a third party using a CLO intrinsic calculation methodology and were classified as Level 3 because the valuation technique incorporates significant unobservable inputs. The CLO prices are determined by consideration of several factors including the following: 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. These metrics are accumulated from various market sources independent of BIL. Additionally, valuation incorporates a review of each CLO indenture and the latest underlying CLO loan portfolio forming various projections based on the quality of the collateral, the collateral manager capabilities and general macroeconomic conditions. The sensitivity of the fair values of the CLO Notes, in particular CLO Income Notes to the traditional risk variables measured separately including market risk and interest rate risk may not be the most appropriate analysis for this asset class. The sensitivity to valuation assumptions including interest rates has an interdependent impact with other significant market variables as noted in the assumptions used for valuing CLO Income Notes. Given the values are based on third party prices, the sensitivity to the key assumptions is not required to be provided.

The assets classified as Level 3 represented 98.6% (2022: 67.8%) of the total financial assets. If the price of the holdings classified as Level 3 increased or decreased by 5% it would result in an increase or decrease in the value of the financial assets of EUR 38,616,461 (4.93% of the total financial assets) (2022: EUR 33,598,302 (3.39% of the total financial assets)). There also would be an equal and opposite effect on the valuation of the PPNs (4.93%) (2022: (3.39%)).

The financial liabilities at fair value through profit or loss consist of the PPNs. The PPNs are valued using a model based on the fair value of the underlying assets and liabilities. The amortised cost of the BCF Facility, cash and cash equivalents, receivables and payables included in the underlying assets and liabilities equate to their fair value due to the floating interest rates and short-term nature of the balances. If the value of the underlying assets or liabilities changes then there would be an equal and opposite effect on the valuation of the PPNs. The BCM LLC repurchase agreement is also valued in the same manner as the BCF Facility.

Financial instruments and associated risks

The Lux Subsidiary holds one investment in BCF in the form of PPNs. The PPNs are the main driver of the Lux Subsidiary's performance and consequently that of the Company. The performance of the PPNs is driven solely by the underlying portfolio of BCF and therefore consideration of the risks to which BCF is exposed to have also been made.

Market risk

Market risk is the current or prospective risk to earnings or capital of BCF arising from changes in interest rates, foreign exchange rates, commodity prices or equity prices. Market risk embodies the potential for both losses and gains.

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss BCF might suffer through holding market positions in the face of price movements caused by factors specific to the individual investment or factors affecting all instruments traded in the market. In addition, local, regional or global events may have a significant impact on BCF and the price of its investments.

As all of the financial instruments are carried at fair value through profit or loss, all changes in market conditions will directly impact the valuation of the PPNs.

(i) Currency risk

Foreign currency risk arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies may fluctuate due to changes in foreign exchange rates. Foreign exchange exposure relating to non-monetary assets and liabilities is considered to be a component of market price risk, not foreign currency risk.

BCF's financial statements are denominated in Euro, though investments in the US CLO warehouses, US CLOs and senior secured loans and bonds are 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 BCF.

Notes to the Financial Statements continued

BIL monitors foreign currency risk on a periodic basis. Typically, derivative contracts serve as components of BCF's asset hedging program and are utilised primarily to reduce foreign currency risk to BCF's investments. Foreign currency risk on non-base currency loans and bonds is minimised by the leveraged structure of BCF and by the use of the multi-currency BCF Facility to draw down funds. Non-base GBP and USD investments are funded by use of the corresponding currency leverage of the BCF Facility which creates a matching of asset and liability currency risk and minimising the impact of fluctuations in exchange rates. Rolling currency forwards are used to manage the foreign currency exposure of the preference shares of the US CLO warehouses, the CLO Income Notes of the Indirect CLO Subsidiaries, Dorchester Park CLO DAC and the Non-Consolidated US CLOs denominated in foreign currencies. The market value of these USD positions is hedged by offsetting USD forward notional amounts to ensure BCF is fully hedged.

The following tables set out BCF's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2023 and 31 December 2022:

31 December 2023	British Pound	United States Dollars
	€	€
Investments in CLO Income Notes	–	29,825,009
Investment in BGCM DAC	–	260,081,500
BCF Facility	(11,644)	(36,300)
Cash and cash equivalents	35,459	134,458
Other assets and liabilities	11,779	14,654,887
Net position	**35,594**	**304,659,554**
Notional amount of currency forwards	–	(407,879,179)
Net exposure	**35,594**	**(103,219,625)**
Sensitivity 10%	**3,559**	**(10,321,962)**

31 December 2022	British Pound	United States Dollars
	€	€
Investments in senior secured loans and bonds	–	348,748
Investments in CLO Income Notes	–	33,784,155
Investment in BGCM DAC	–	286,471,835
BCF Facility	(4,811,108)	(6,135,502)
Cash and cash equivalents	322,070	147,350
Other assets and liabilities	1,826,029	18,798,561
Net position	**(2,663,009)**	**333,415,147**
Notional amount of currency forwards	–	(496,440,149)
Net exposure	**(2,663,009)**	**(163,025,002)**
Sensitivity 10%	**(266,301)**	**(16,302,500)**

Sensitivity analysis – BCF

At 31 December 2023 and 2022, had the Euro strengthened by 10% in relation to all currencies, with all other variables held constant, the net asset / liability exposure would have increased by the amounts shown above for BCF. There would be no impact on the total comprehensive income of BCF because the fair value movement on financial liabilities would move in the opposite direction and cancel the effect of the foreign exchange movement

A 10% weakening of the base currency, against GBP and US Dollar, would have resulted in an equal but opposite effect than that on the tables above, on the basis that all other variables remain constant. These calculations are based on historical data. Future currency movements and correlations between holdings could vary significantly from those experienced in the past.

(ii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

The PPNs issued by BCF are limited recourse obligations and are valued based on the fair value of the underlying assets and liabilities. As the interest attached to the PPNs is based on the income earned by BCF, any fluctuations in the prevailing level of market interest rates that negatively affect the fair value of the underlying financial assets will result in an offsetting decrease in the fair value of the PPNs.

The interest rate risk associated with cash and cash equivalents is deemed to be insignificant due to negligible interest rates and no expected movement.

The following tables detail BCF's exposure to interest rate risk as at 31 December 2023 and 31 December 2022. It includes the carrying value of BCF's assets and liabilities at fair values, categorised by the type of interest rate attached to the assets and liabilities, whether it be floating rate, fixed or non-interest bearing:

31 December 2023	Floating rate	Fixed rate	Non-interest bearing	Total
	€	€	€	€
Financial assets measured at fair value through profit or loss:				
- Investments in senior secured loans and bonds	3,594,392	887,752	–	4,482,144
- Investments in CLO Income Notes	512,220,406	-	–	512,220,406
- Investment in BGCM DAC	260,081,500	–	–	260,081,500
- Derivative financial assets	–		6,740,708	6,740,708
Receivable for investments sold	–	–	380,252,282	380,252,282
Other receivables	–	–	44,903,174	44,903,174
Cash and cash equivalents	121,919,901	–	–	121,919,901
Total assets	**897,816,199**	**887,752**	**431,896,164**	**1,330,600,115**
Financial liabilities measured at fair value through profit or loss:				
- PPNs	(874,833,126)	–	–	(874,833,126)
- Derivative financial liabilities	–		(90,493,578)	(90,493,578)
BCF Facility	(127,027,698)	–	–	(127,027,698)
Payable for investments purchased	–	–	(234,007,087)	(234,007,087)
Other payables and accrued expenses	–	–	(4,229,666)	(4,229,666)
Total liabilities	**(1,001,860,824)**	**–**	**(328,730,331)**	**(1,330,591,155)**
Total interest sensitivity gap	**(104,044,625)**	**887,752**		

Notes to the Financial Statements continued

31 December 2022	Floating rate	Fixed rate	Non-interest bearing	Total
	€	€	€	€
Financial assets measured at fair value through profit or loss:				
- Investments in senior secured loans and bonds	290,269,985	42,137,106	–	332,407,091
- Investments in CLO Income Notes	372,888,404	–	–	372,888,404
- Investment in BGCM DAC	286,471,835	–	–	286,471,835
Receivable for investments sold	–	–	227,275,216	227,275,216
Other receivables	–	–	37,133,162	37,133,162
Cash and cash equivalents	125,321,711	–	–	125,321,711
Total assets	**1,074,951,935**	**42,137,106**	**264,408,378**	**1,381,497,419**
Financial liabilities measured at fair value through profit or loss:				
- PPNs	(863,646,976)	–	–	(863,646,976)
- Derivative financial liabilities	–	–	(80,505,196)	(80,505,196)
BCF Facility	(272,926,363)	–	–	(272,926,363)
Payable for investments purchased	–	–	(159,427,500)	(159,427,500)
Other payables and accrued expenses	–	–	(4,983,324)	(4,983,324)
Total liabilities	**(1,136,573,339)**	**–**	**(244,916,020)**	**(1,381,489,359)**
Total interest sensitivity gap	**(61,621,404)**	**42,137,106**		

Sensitivity analysis
At 31 December 2023, had the base interest rates strengthened/weakened by 2% (2022: 2%) in relation to all holdings subject to interest with all other variables held constant, the finance income would increase/decrease by EUR 1,928,323 (2022: EUR 389,686) which would subsequently impact the amount available for distribution as finance expense. There would be no impact on the total comprehensive income of BCF. The interest rate sensitivity information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historical data. Future price movements and correlations between securities could vary significantly from those experienced in the current financial year.

(iii) Price risk
Price risk is the risk that the value of investments will fluctuate as a result of changes in market prices (other than those arising from currency risk and interest rate risk) whether caused by factors specific to an individual investment, its issuer or all factors affecting all investments traded in the market.

BCF attempts to mitigate asset pricing risk by using external pricing and valuation sources and by permitting the collateral manager, subject to certain requirements, to sell collateral obligations and reinvest the proceeds. The CLO manager actively monitors the assets within each CLO to ensure that they do not breach the collateral quality tests and portfolio profile tests.

Where possible, prices are received from brokers on a monthly basis. Broker prices for loans are sourced from Markit, a composite price provider and broker prices for bonds are sourced from IDC.

Credit risk
Credit risk is the current or prospective risk to earnings and capital arising from a counterparty's failure to meet the terms of any contract with BCF or otherwise fail to perform as agreed. The receipt of monies owed will be subject to and dependent on the counterparty's ability to pay such monies.

BCF is therefore open to risks relating to the creditworthiness of the counterparty. If the counterparty fails to make any cash payments required to settle an investment, BCF may lose principal as well as any anticipated benefit from the transaction.

Credit risk in financial instruments arises from cash and cash equivalents and investments in debt securities, as well as credit exposures of transactions with brokers related to transactions awaiting settlement (i.e. receivable for investment sold and other receivables).

BIL, through its investment strategy, will endeavour to avoid losses relating to defaults on the underlying assets. In-house credit research is used to identify asset allocation opportunities amongst potential borrowers and industry segments and to take advantage of episodes of market mis-pricing. Segments and themes that are likely to be profitable are subjected to rigorous analysis and risk is allocated to these opportunities consistent with investment objectives. All transactions involve credit research analysts with relevant industry sector experience.

The credit analysis performed involves developing a full understanding of the business and associated risk of the loan or bond issuer and a full analysis of the financial risk, which leads to an overall assessment of credit risk. BIL analyses credit concentration risk based on the counterparty, country and industry of the financial assets that BCF holds.

At the reporting date, BCF's financial assets exposed to credit risk are as follows:

	31 December 2023	31 December 2022
	€	€
Financial assets measured at fair value through profit or loss	776,784,050	991,767,330
Derivative financial assets	6,740,708	–
Receivables for investments sold	380,252,282	227,275,216
Other receivables	44,903,174	37,133,162
Cash at bank	121,919,901	125,321,711
Total	**1,330,600,115**	**1,381,497,419**

Amounts in the above tables are based on the carrying value of the financial assets as at the reporting date.

Financial assets measured at fair value through profit or loss

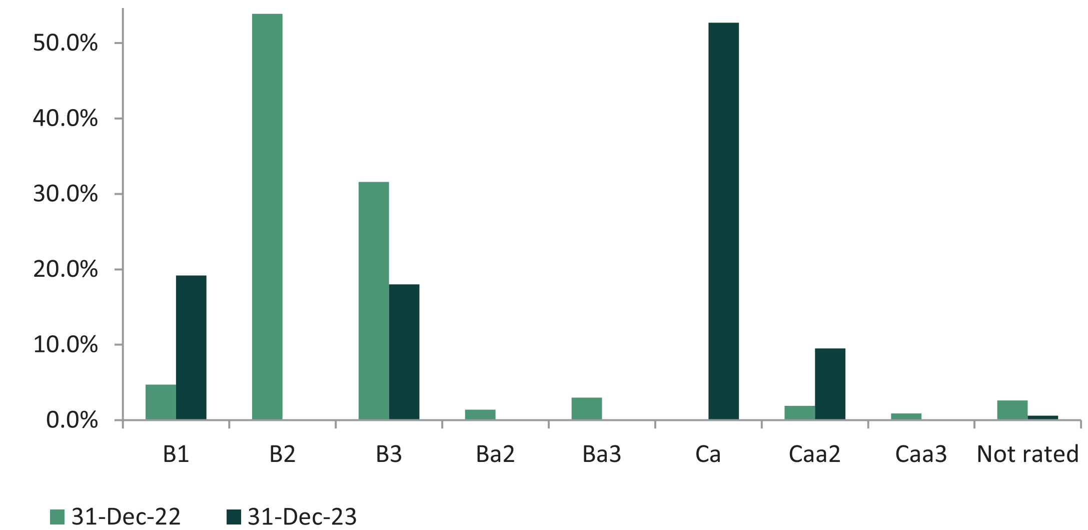
BCF's investment policy is to invest predominantly in:

(i) a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans);

(ii) CLO Income Notes issued by the Issuer CLOs whose investments will be focused predominantly in European and US senior secured loans; and

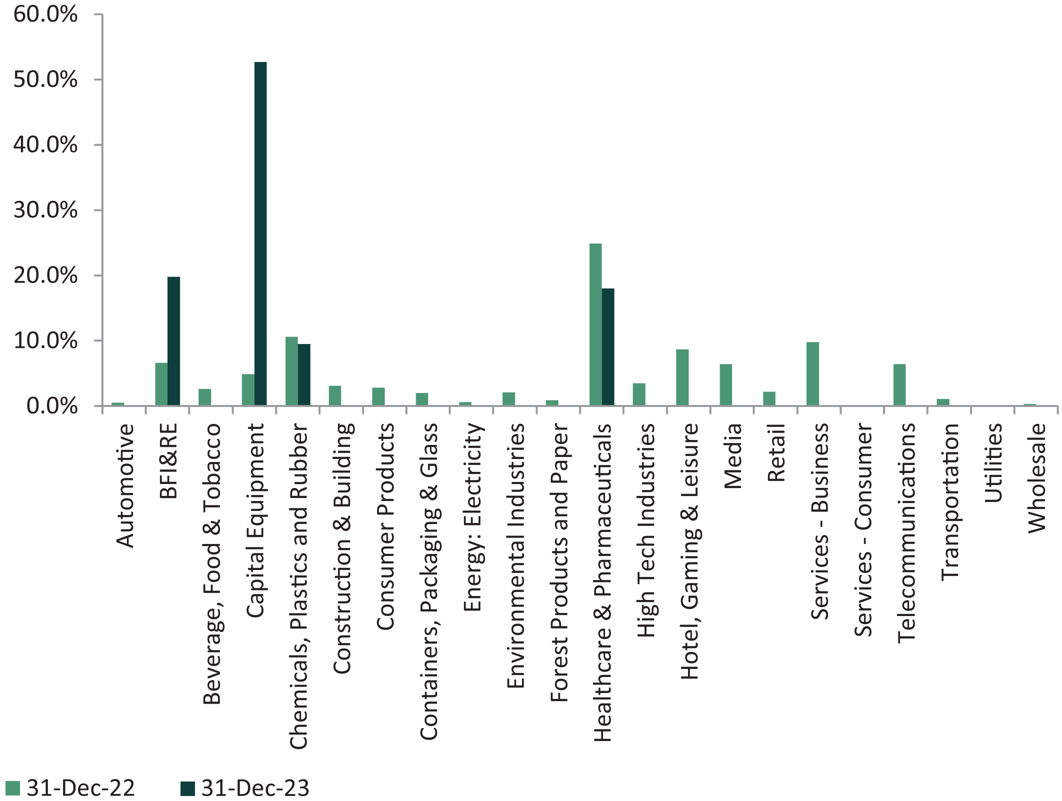
(iii) US CLO Income Notes (held directly or indirectly) whose investments are focused predominantly in US senior secured loans.

The investments in senior secured loans and bonds held directly by BCF had the following credit quality as rated by Moody's:



Notes to the Financial Statements continued

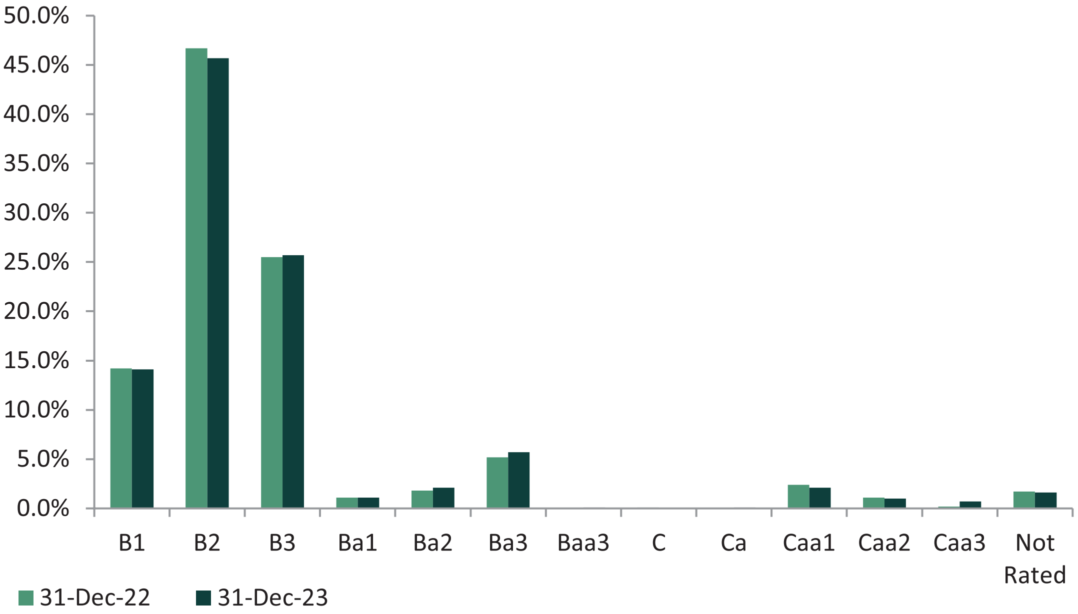
The senior secured loans and bonds held directly by BCF are concentrated in the following industries:



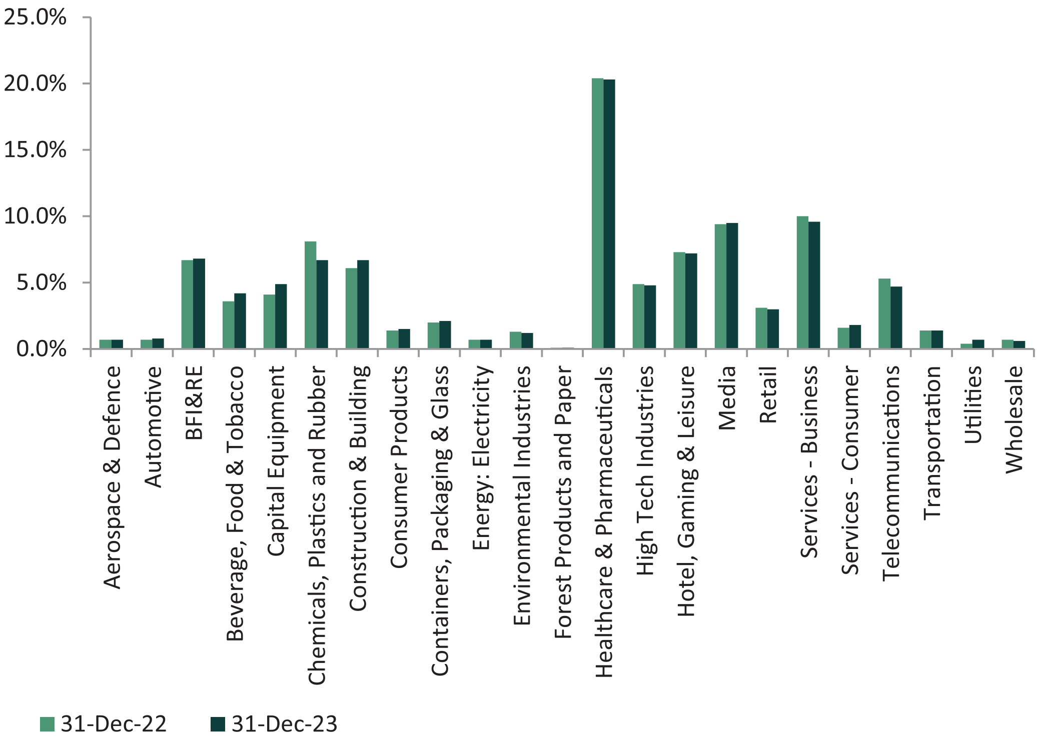
BFI&RE – Banking, Finance, Insurance and Real Estate

In addition to the senior secured loans and bonds held directly, BCF invests in CLO Income Notes issued by European and US CLO Issuers whose investments are focused predominantly in European and US senior secured loans. Each CLO's investment activities are restricted by its prospectus and the CLOs have narrow and well-defined objectives to provide investment opportunities to investors. In order to avoid excessive concentration of risk, the policies and procedures of each CLO include specific guidelines to focus on maintaining a diversified portfolio. As CLO Income Noteholder in the CLOs, BCF is exposed to the credit risk on the underlying senior secured loans and bonds held by the CLOs. In addition, the CLO Income Notes are limited recourse obligations of the CLOs which are payable solely out of amounts received by the CLO in respect of the financial assets held.

The underlying investments in senior secured loans and bonds recognised as financial assets of BCF's Direct CLO Subsidiaries had the following credit quality as rated by Moody's:



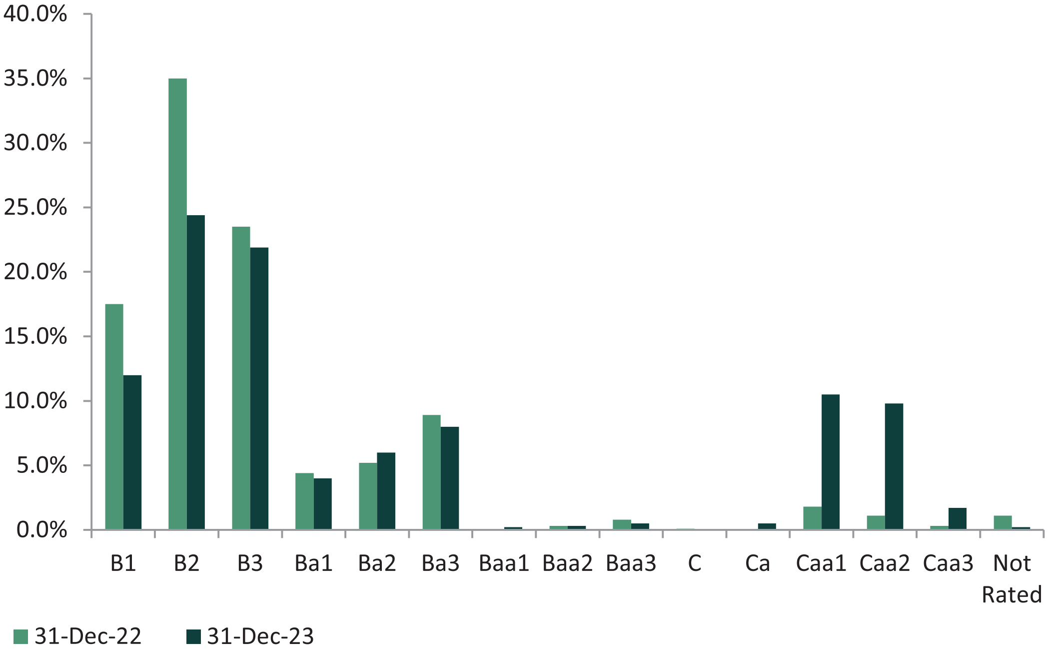
The senior secured loans and bonds held by the Direct CLO Subsidiaries of BCF are concentrated in the following industries



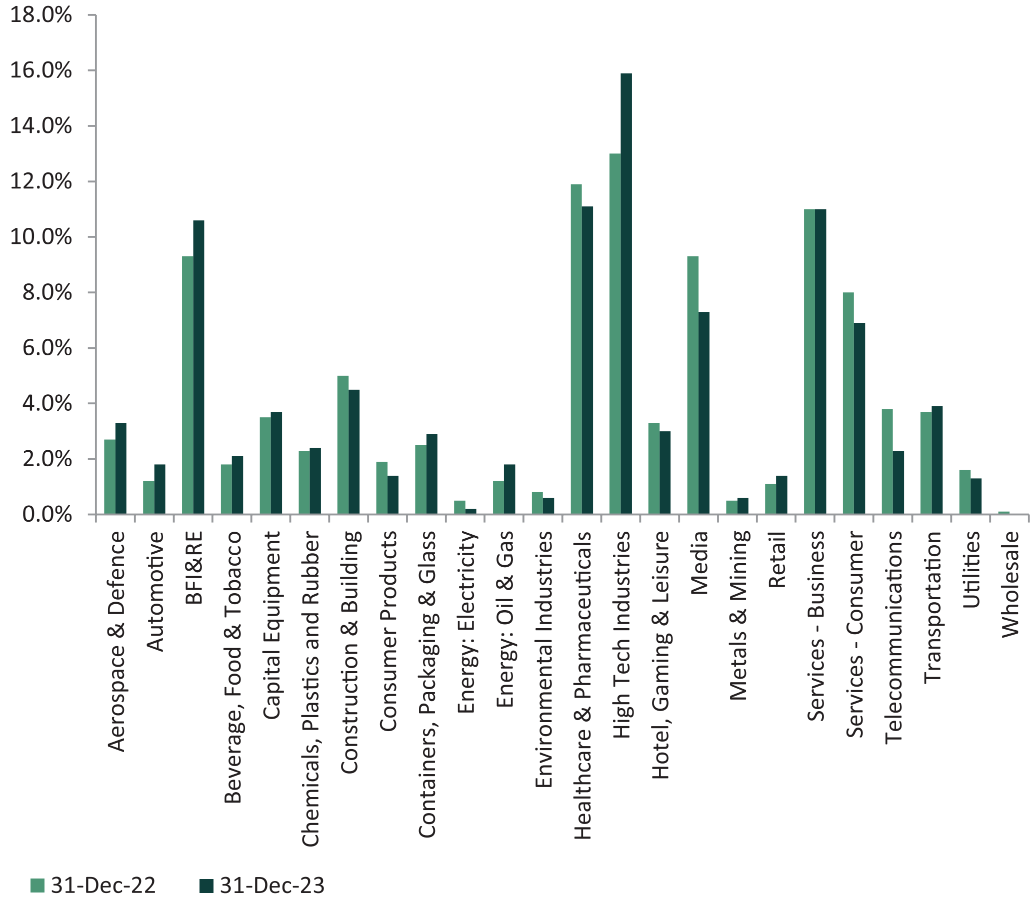
BFI&RE – Banking, Finance, Insurance and Real Estate

Notes to the Financial Statements continued

The underlying investments in senior secured loans and bonds recognised as financial assets of the Indirect CLO Subsidiaries of BCF had the following credit quality as rated by Moody's:



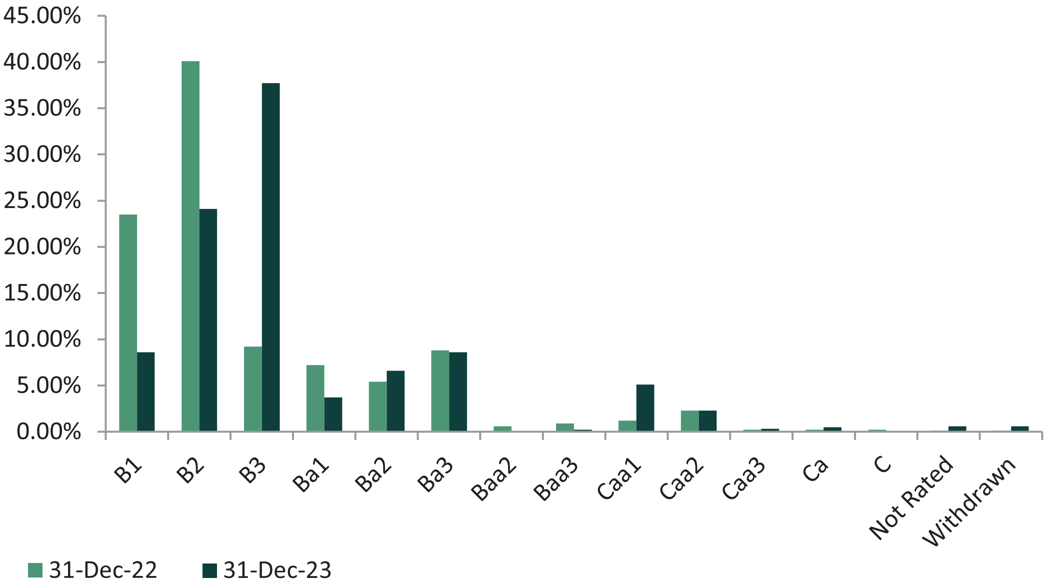
The senior secured loans and bonds held by the Indirect CLO Subsidiaries are concentrated in the following industries:



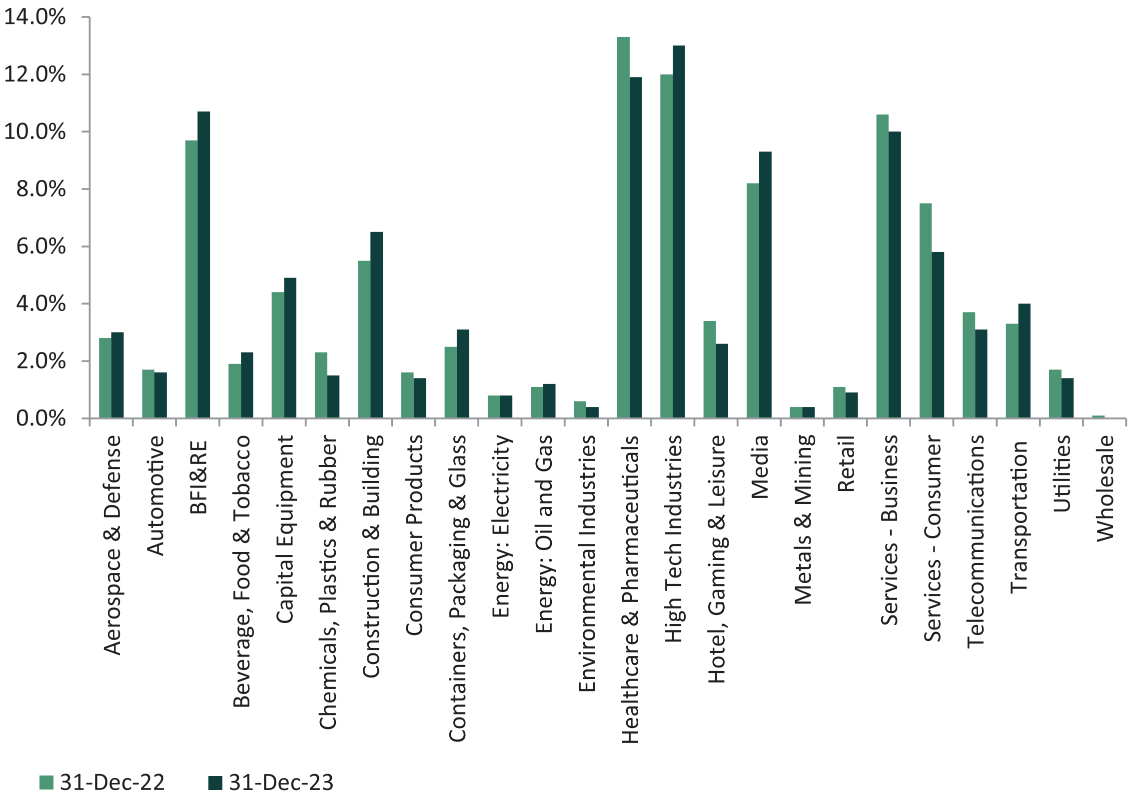
BFI&RE – Banking, Finance, Insurance and Real Estate

During the year, the Parent Company held (directly and indirectly through BCM LLC) CLO Income Notes in US CLOs which are not consolidated as subsidiaries. Accordingly, the Parent Company is exposed to the credit risk on the underlying US senior secured loans and bonds held by such US CLOs. In addition, the CLO Income Notes are limited recourse obligations of the US CLOs which are payable solely out of amounts received by the US CLO in respect of the financial assets held.

The underlying investments in senior secured loans and bonds recognised as financial assets of the US CLOs (whose Income Notes are held directly and indirectly by the Parent Company) had the following credit quality as rated by Moody's:



The underlying financial assets of the US CLOs (whose Income Notes are held directly and indirectly by BCF)) exposed to credit risk were concentrated in the following industries:



BFI&RE – Banking, Finance, Insurance and Real Estate

Notes to the Financial Statements continued

Liquidity risk

Liquidity is the risk that BCF may not be able to meet its financial obligations as they fall due. The ability of BCF to meet its obligations is dependent on the receipt of interest and principal from the underlying collateral portfolios. Obligations may arise from: financial liabilities at fair value, payable for investments purchased, BCF Facility, interest payable on CLO Income Notes, derivative financial liabilities, other payables and accrued expenses.

At the reporting date, the financial obligations exposed to liquidity risk are as follows:

Financial liabilities measured at fair value through profit or loss

Financial liabilities at fair value comprise PPNs issued by BCF.

All PPNs issued are limited recourse. The recourse of the noteholders, which includes BGLF through the Lux Subsidiary, is limited to the proceeds available to unsecured creditors at such time from the debt obligations, CLO Income Notes and other obligations which comply with the investment policy. Therefore, from the perspective of BCF, the associated liquidity risk of the PPNs is reduced.

12 Segmental reporting

As required by IFRS 8 Operating Segments, the information provided to the Board, who are the chief operating decision makers, can be classified into one segment for the years ended 31 December 2023 and 31 December 2022. The only share class in issue during the years ended 31 December 2023 and 31 December 2022 is the Euro redeemable share class. For the years ended 31 December 2023 and 31 December 2022, the Company's primary exposure was to the Lux Subsidiary in Europe. The Lux Subsidiary's primary exposure is to BCF, an Irish entity. BCF's primary exposure is to the US and Europe.

13 Basic and diluted earnings/(loss) per redeemable/ordinary share

	As at 31 December 2023	As at 31 December 2022
	€	€
Total comprehensive income/(loss) for the year	59,349,512	(72,329,588)
Weighted average number of shares during the year[44]	442,813,528	455,759,703
Basic and diluted earnings/(loss) per redeemable/ordinary share	**0.1340**	**(0.1587)**

14 NAV per redeemable/ordinary share

	As at 31 December 2023	As at 31 December 2022
	€	€
IFRS NAV	320,987,100	301,614,977
Number of redeemable/ordinary shares at year-end	442,738,903	444,578,522
IFRS NAV per redeemable/ordinary share	**0.7250**	**0.6784**

(44) Average number of shares weighted against the effect of ordinary shares buybacks during the year (refer to Note 8 for further details).

15 Reconciliation of Published NAV to IFRS NAV per the financial statements

	As at 31 December 2023		As at 31 December 2022	
	NAV	NAV per redeemable share	NAV	NAV per ordinary share
	€	€	€	€
Published NAV attributable to Shareholders	402,792,551	0.9098	403,726,181	0.9081
Adjustment – valuation	(81,805,451)	(0.1848)	(102,111,204)	(0.2297)
IFRS NAV	**320,987,100**	**0.7250**	**301,614,977**	**0.6784**

As noted on page 5, there can be a difference between the Published NAV and the IFRS NAV per the financial statements, mainly because of the different bases of valuation. The above table reconciles the Published NAV to the IFRS NAV per the financial statements.

16 Reconciliation of liabilities arising from financing activities

	As at 31 December 2023	As at 31 December 2022
	€	€
Opening balance	1,694,077	1,246,249
Increase in intercompany loan	467,005	447,828
Closing balance	**2,161,082**	**1,694,077**

17 Dividends

The Company declared and paid the following dividends on ordinary shares during the year ended 31 December 2023:

Period in respect of	Date declared	Ex-dividend date	Payment date	Amount per ordinary share	Amount paid
				€	€
1 Oct 2022 to 31 Dec 2022	23 Jan 2023	2 Feb 2023	3 Mar 2023	0.0275	12,182,392
1 Jan 2023 to 31 Mar 2023	25 Apr 2023	4 May 2023	2 June 2023	0.0200	8,854,778
1 Apr 2023 to 30 Jun 2023	21 Jul 2023	3 Aug 2023	1 Sep 2023	0.0200	8,854,778
1 Jul 2023 to 30 Sept 2023	20 Oct 2023	2 Nov 2023	1 Dec 2023	0.0200	8,854,778
Total					**38,746,726**

The Company declared and paid the following dividends on ordinary shares during the year ended 31 December 2022:

Period in respect of	Date declared	Ex-dividend date	Payment date	Amount per ordinary share	Amount paid
				€	€
1 Oct 2021 to 31 Dec 2021	24 Jan 2022	3 Feb 2022	4 Mar 2022	0.0275	12,658,930
1 Jan 2022 to 31 Mar 2022	25 Apr 2022	5 May 2022	9 Jun 2022	0.0175	8,038,182
1 Apr 2022 to 30 Jun 2022	21 Jul 2022	28 Jul 2022	26 Aug 2022	0.0175	7,983,136
1 Jul 2022 to 30 Sept 2022	21 Oct 2022	3 Nov 2022	2 Dec 2022	0.0175	7,872,743
Total					**36,552,991**

Notes to the Financial Statements continued

18 Related party transactions

All transactions between related parties were conducted on terms equivalent to those prevailing in an arm's length transaction. In accordance with IAS 24 Related Party Disclosures, the related parties and related party transactions during the year comprised:

Transactions with entities with significant influence

As at 31 December 2023, Blackstone Treasury Asia Pte held 43,000,000 redeemable shares in the Company (2022: 43,000,000).

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 31 December 2023, current employees of the Portfolio Adviser and its affiliates and accounts managed or advised by them, hold 41,380 redeemable shares (2022: 39,875) which represents 0.009% (2022: 0.009%) of the issued shares of the Company.

The Company has exposure to the CLOs originated by BCF, through its investment in the Lux Subsidiary. BIL is also appointed as a service support provider to BCF and as the collateral manager to the Direct CLO Subsidiaries. BLCS has been appointed as the collateral manager to BCM LLC, Dorchester Park CLO Designated Activity Company and the Indirect CLO Subsidiaries.

Transactions with Subsidiaries

The Company held 208,565,744 CSWs as at 31 December 2023 (2022: 239,550,782) following redemption of 30,985,038 CSWs by the Lux Subsidiary. Refer to Note 5 for further details.

As at 31 December 2023 and 31 December 2022, 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.

As at 31 December 2023, the Company held an intercompany loan payable to the Lux Subsidiary amounting to €2,161,082 (2022: €1,694,077). Refer to Note 6 for further details.

19 Controlling party

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

20 Events after the reporting period

The Board has evaluated subsequent events for the Company through to 26 April 2024, the date the 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 financial statements.

Dividends

On 23 January 2024, the Company declared a dividend of €0.03 per ordinary share in respect of the period from 1 October 2023 to 31 December 2023 with an ex-dividend date of 1 February 2024. A total payment of €13,282,167 was processed on 8 March 2024.

On 23 January 2024, the Board announced a total 2024 annual dividend target of at least €0.09 per redeemable share, which will consist of quarterly payments of €0.0225 per redeemable share.

On 22 April 2024, the Company declared a dividend of €0.0225 per redeemable share in respect of the period from 1 January 2024 to 31 March 2024 with an ex-dividend date of 2 May 2024.

Additional Information

4.0

Company Information

Directors

Mr Steven Wilderspin (Chair)
Mr Mark Moffat
Mr Giles Adu
Ms Belinda Crosby
All c/o the Company's registered office

Portfolio Adviser

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Dublin 2
Ireland

Administrator / Company Secretary / Custodian / Depositary

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Channel Islands

Legal Adviser to the Company (as to Jersey Law)

Carey Olsen
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Joint Broker

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Registered Office

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St Helier
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Channel Islands

Registrar

Link Asset Services (Jersey) Limited
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Auditor

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United Kingdom

Joint Broker

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25 Dowgate Hill
London
EC4R 2GA
United Kingdom

Glossary

AGM	Annual General Meeting
AIC	The Association of Investment Companies, of which the Company is a member
AIC Code	AIC Code of Corporate Governance 2019
AIFMD	Alternative Investment Fund Managers' Directive
AIF	Alternative Investment Funds
APMs	Alternative Performance Measures
BA	Bachelor of Arts
BCF	Blackstone Corporate Funding Designated Activity Company
BCF Facility	BCF entered into a facility agreement dated 1 June 2017, as amended between (1) BCF (as borrower), (2) Citibank Europe plc, UK Branch (as administration agent), (3) Bank of America N.A. London Branch (as an initial lender), (4) BNP Paribas (as an initial lender), (5) Deutsche Bank AG, London Branch (as initial lender), (6) Citibank N.A. London Branch (as account bank, custodian and trustee) and (7) Virtus Group LP (as collateral administrator)
BCM LLC	Blackstone CLO Management LLC
BGCM DAC	BGCM Designated Activity Company
BGLF or the Company	Blackstone Loan Financing Limited
BGLP	Ticker for the Company's Sterling Quote
BIL or the Portfolio Adviser	Blackstone Ireland Limited
BLCS or the Portfolio Manager	Blackstone Liquid Credit Strategies LLC
Board	The Board of Directors of the Company
Bp	Basis points
Brokers	Singer Capital Markets and Winterflood Investment Trusts
BWIC	Bids Wanted In Competition
BXCI	Blackstone Alternative Credit Advisors LP , together with its corporate credit-focused affiliates in the credit and insurance asset management business unit of Blackstone Inc., as the context requires (but excluding, for the avoidance of doubt, any insurance-focused asset management affiliates)
CAIA	Chartered Alternative Investment Analyst
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Circular	The circular dated 25 August 2023 published for the Shareholders on the LSE, containing details of the proposals in respect of the managed wind-down. The Circular is also available on the Company's website.
CSWs	Cash Settlement Warrants
CLO	Collateralised Loan Obligation
Discount / Premium	Calculated as the NAV per redeemable share as at a particular date less BGLF's closing share price on the LSE, divided by the NAV per redeemable share as at that date
Dividend yield	Calculated as the last four quarterly dividends declared divided by the share price as at the relevant date
ECB	European Central Bank
EGM	Extraordinary General Meeting
ESG	Environmental, Social and Governance
EU	European Union
FAFVTPL	Financial assets at fair value through profit or loss

ADDITIONAL INFORMATION: GLOSSARY

FCA	Financial Conduct Authority (UK)
FCSI	Fellow of the Chartered Institute for Securities and Investments
Fed	Federal Reserve
FRC	Financial Reporting Council (UK)
GFC	Global Financial Crisis
IDC	International Data Corporation
IFRS	International Financial Reporting Standards
IFRS NAV	Gross assets less liabilities (including accrued but unpaid fees) determined in accordance with IFRS as adopted by the EU
IMC	Investment Management Certificate
IRR	Internal Rate of Return
JFSC	Jersey Financial Services Commission
LDI	Liability-driven investment
LIBOR	London Inter-Bank Offered Rate
Loan Warehouse	A special purpose vehicle incorporated for the purposes of warehousing US and/or European floating rate senior secured loans and bonds
LSE	London Stock Exchange
LTM	Last twelve months
Lux Subsidiary or LuxCo	Blackstone / GSO Loan Financing (Luxembourg) S.à r.l.
NAV	Net asset value
NAV total return per redeemable share	Calculated as the increase / decrease in the NAV per redeemable share plus the total dividends paid per redeemable share during the period, with such dividends paid being re-invested at NAV, as a percentage of the NAV per redeemable share LTM return is calculated over the year from 1 January 2023 to December 2023
NIM	Net interest margin
PPNs	Profit Participating Notes
PPNIPA	Profit Participating Note Issuing and Purchase Agreement
Published NAV	Gross assets less liabilities (including accrued but unpaid fees) determined in accordance with the section entitled "Net Asset Value" in Part I of the Company's Prospectus and published on a monthly basis
RTS	Regulatory technical standards
SFDR	Sustainable Finance Disclosure Regulation
SID	Senior Independent Director
SOFR	Secured Overnight Financing Rate
TCFD	Task Force on Climate-related Financial Disclosures
UBS	Union Bank of Switzerland
UK	United Kingdom
UK Code	UK Corporate Governance Code 2018
Underlying Company	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 of CLO securities BCF is the Underlying Company of the Company
US	United States
USD	United States Dollar
WA	Weighted Average