Blackstone / GSO Loan Financing Limited

Annual Report and Audited Financial Statements for Year Ended 31 December 2015

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Summary of Key Financial Information

NAV History

	Year Ended 31 December 2015	Period Ended 31 December 2014
Net Asset Value (“NAV”)	€325,970,360	€298,951,560
NAV per Euro share	€0.9839	€0.99
Euro share price (bid market)[1]	€0.9800	€1.01
Euro shares at period end	331,319,700	301,200,000
Value of investments	326,032,708	299,277,149

Dividend History

Whilst not forming part of the investment objective or policy of the Blackstone / GSO Loan Financing Limited (“the Company”), dividends will be payable in respect of each calendar quarter, two months after the end of such quarter. On the basis of current market conditions, the Company is targeting a dividend of 2% a quarter, equating to an 8% annualised return (based on a placing price of €1.00 per Euro share), with the expectation of progressive growth.

Dividends for the Period Ended 31 December 2014

Period in Respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Euro Share
				€
23 Jul 2014 to 31 Dec 2014	22 Jan 2015	29 Jan 2015	20 Feb 2015	0.0265

Dividends for the Year Ended 31 December 2015

Period in Respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Euro Share
				€
1 Jan 2015 to 31 Mar 2015	23 Apr 2015	30 Apr 2015	22 May 2015	0.0200
1 Apr 2015 to 30 Jun 2015	21 Jul 2015	30 Jul 2015	21 Aug 2015	0.0200
1 Jul 2015 to 30 Sep 2015	21 Oct 2015	29 Oct 2015	20 Nov 2015	0.0200
1 Oct 2015 to 31 Dec 2015	28 Jan 2016	4 Feb 2016	26 Feb 2016	0.0200

Dividends for the Period Ended 31 December 2016

Period in Respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Euro Share
				€
1 Jan 2016 to 31 Mar 2016	20 Apr 2016	28 Apr 2016	20 May 2016	0.0200

(1) Source: Bloomberg.

Premium / Discount

Period Highs and Lows	2015 High	2015 Low	2014 High	2014 Low
	€	€	€	€
Net asset value per Euro share	0.9953	0.9797	1.0239	0.9927
Euro share price (bid market)[2]	1.0125	0.9600	1.0200	1.0000

Schedule of Investments

As at 31 December 2015

	Nominal Holdings	Market Value of EUR	% of Net Asset Value
PPNs in BGCF due 1 June 2044	315,929,526	311,012,708	95.41
Investment in Blackstone / GSO Loan Financing (Luxembourg) S.a r.l.	20,000	20,000	0.01
Investment in Blackstone / GSO Corporate Funding Designated Activity Company ("BGCF")	15,000,000	15,000,000	4.60
Other Net Liabilities		(62,348)	(0.02)
Net Assets Attributable to Shareholders		**325,970,360**	**100.00**

(2) Source: Bloomberg.

CHAIR'S STATEMENT

Dear Shareholders,

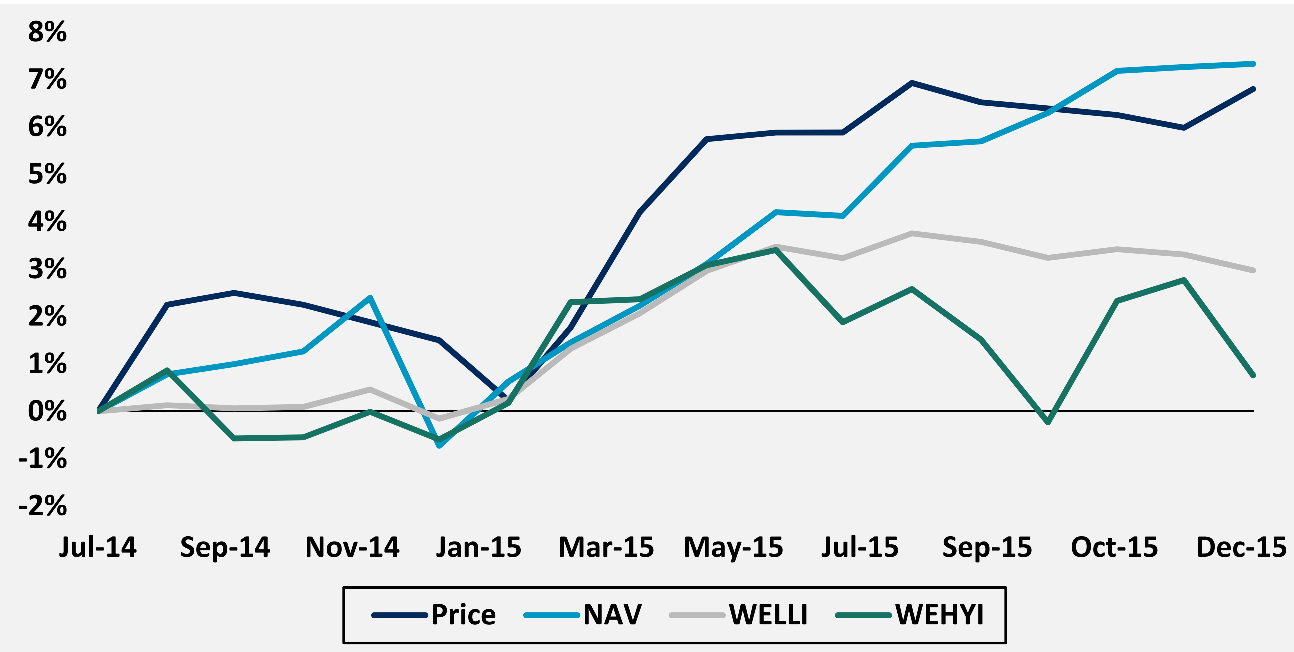
If there was a prize for the most important story of the year, it would go to the significant impact that crude oil prices had on financial market dynamics. Energy and materials stocks suffered double-digit drawdowns, whilst high-yield bond yields jumped as investors demanded more return for the risks they took and volatility in foreign exchange markets ensued.

Away from oil, monetary policy makers stirred the pot in their own right with the surprise move from the Swiss Central Bank to abandon the peg to the Euro followed by the surprise devaluing of the Yuan in August, amid slowing economic growth and worsening employment. The European Central Bank ("ECB") was also in the headlines, making large bond purchases during the year, pushing some European government bond yields into negative yield territory. Finally, the Federal Reserve seemed to be held hostage to the tumultuous world markets and held back on rate increases until the December 2015 rate rise.

The CLO market showed less issuing activity than initially expected for 2015 due to the ongoing regulatory changes and uncertainties. The Board is, however, pleased to say that this did not affect Blackstone / GSO Corporate Funding Designated Activity Company ("BGCF") from establishing four CLOs during the year.

Net Asset Value ("NAV")

The Company delivered a total NAV return per Euro share of 8.11% in 2015 finishing the year with a NAV per Euro share at €0.9839 and dividends totalling 8% (based on an issue price of €1.00 per Euro share).



At the start of the year, the Company declared and paid its maiden dividend of €0.0265 per Euro share in respect of the period from 23 July 2014 to 31 December 2014.

The Company has since paid four dividends in respect of the year ended 31 December 2015, equating to an 8% return (based on a placing price of €1.00). Details of all dividend payments can be found within the Summary of Key Financial Information section at the front of this Annual Report.

The Company will continue to target a 2% quarterly dividend, with the expectation of progressive growth in the dividend yield over time.

Discount Management

Whilst the Euro shares finished the year at a discount to NAV of 0.39%, which has widened after the year end to 14.89%, the Company traded at a premium most of the year. As a Board, we regularly weigh the balance between maintaining liquidity of the Euro shares, the stability of any discount and the desire of Shareholders to see the Euro shares trade as closely as possible to their intrinsic value.

Non-Mainstream Pooled Investment Status

On 17 April 2015, the Company's Euro shares were admitted to the Official List of the Channel Islands Securities Exchange Authority Limited. Following Admission the Euro shares will be able to be considered "excluded securities" by virtue of meeting the investment trust company exemption and, therefore, will not be not subject to the marketing restrictions of the Financial Conduct Authority relating to pooled investments. This is expected to assist with the plans for growing the Company further in due course.

During 2015, the Company successfully raised a further €30 million through a tap issue. Further details can be found on page 9.

On 14 December 2015, the Company announced that it was considering raising additional capital through an issue of shares, given its growth strategy and the continued attractive investment and funding environment. On 31 March 2016, the Company published a prospectus in connection with a 12-month placing programme. Any fundraise will be subject to market conditions.

Circular 2016

As Shareholders will be aware, in February 2016 the Company issued a Circular calling an Extraordinary General Meeting ("EGM") on 29 February 2016 and requesting Shareholder approval for a number of items, including an amendment to the Company's investment objective and investment policy. I am pleased to say that all the resolutions were passed by an overwhelming majority.

As a result of the amended investment objective and policy, the Company can now invest in a broader range of investments through BGCF.

BGCF has access to a variety of term, non-mark-to-market financing, either through its bespoke syndicated financing facility, or by retaining CLO Income Notes. This flexibility had been materially enhanced following recent Shareholder approval to include investments in CLO warehouses, financed CLO debt securities, and an investment in a new U.S. risk retention company, alongside Blackstone / GSO. BGCF is now uniquely positioned to invest in and finance loan portfolios both in the U.S. and Europe.

CLO Regulatory Changes 2015

On 30 September 2015, the European Commission published its proposal for simple and transparent securitisation, as part of the capital markets union project, which is intended to increase securitisation volumes across the European Union. These proposals include the anticipated anti-avoidance provisions, designed to restrict so-called “originator for a day” securitisations. The Company, BGCF and Blackstone / GSO Debt Funds Management Europe Limited (“the Adviser” or “DFME”) welcome the inclusion of these anti-avoidance provisions, in line with the European Banking Authority’s recommendations.

The Board

Good governance remains at the heart of our work as a Board and is taken very seriously. We believe that the Company maintains high standards of corporate governance. The Board was very active during the year convening a total of 14 Board meetings and 23 Committee meetings. In addition, as can be seen from the corporate activity during the year, the Board and its advisers have worked hard to ensure the continued success and growth of the Company in order to allow it to be in the best position to take advantage of all appropriate opportunities.

The work of the Board is assisted by the Audit Committee, Management Engagement Committee, the Remuneration and Nomination Committee and the Risk Committee. The joint work of the Risk and Audit committees has given valuable support to the longer-term viability considerations of the Board as described in the Executive Summary on page 20.

The Company is a member of the Association of Investment Companies (the “AIC”) and adheres to the AIC Code of Corporate Governance (the “AIC Code”) which is endorsed by the Financial Reporting Council (the “FRC”), and meets the Company’s obligations in relation to the UK Corporate Governance Code 2014 (the “UK Code”).

The Board works closely with its Adviser in monitoring BGCF to achieve a high standard of governance. In June 2015, the Board strengthened with the addition of two independent non-executive directors, Mr Aogan Foley and Mr Fergal O’Leary, whom we welcome. Members of the Board visited Dublin to meet key people and to discuss various aspects of operational risk and controls, the CLO market and the appropriate strategy in current and future market conditions.

The Board evaluates the service providers of the Company on a regular basis and as such, after a thorough selection process, chose to move the administration to BNP Paribas Securities Services S.C.A. (“BNPP”), effective 1 January 2016, and for legal advice in respect of Jersey Law to Carey Olsen, effective March 2015. We have been pleased with services received since the respective dates of appointment.

Shareholder Communications

During 2015, using our Adviser and Brokers, we have continued our programme of engagement with current and prospective Shareholders. I sincerely hope that you found the monthly factsheets and other information valuable. We are always pleased to have contact with Shareholders and we welcome any opportunity to meet with you and obtain your feedback.

Prospects and Opportunities in 2016

Looking towards 2016 there continues to be some macro themes that may affect the global credit markets. I consider Central Bank action being one of the significant factors driving markets, and any outsized change in major economy interest rates could trigger a ripple effect across asset prices.

The Board believes that senior secured loans in the U.S. and Europe still offer attractive risk adjusted yields. Over the last three years, senior secured loans have experienced lower volatility returns compared to High Yield Bonds, and have strong downside protection.(3)

The Board is pleased that the Company is well positioned to be exposed to loans and CLOs through its investment in BGCF, especially following the recent EGM where Shareholders approved a wider investment policy.

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

Charlotte Valeur
Chair
21 April 2016

(3) Source: CS Suisse Western European Leveraged – First Lien Loan Index, CS Leveraged Loan Index, CS Western European High Yield Index, CS U.S. High Yield Index as at 31 December 2015.

ADVISER'S REVIEW

Investment Adviser's Report for year ended 31 December 2015

We are pleased to present our review of 2015 and outlook for 2016.

During the year, the Company delivered a total NAV return per Euro share of 8.11%, met its annual target dividend of €0.08 per share and raised an additional €30.12 million – the maximum 'tap' issuance permitted under the Prospectus Rules.

In addition, BGCF mandated four CLO transactions and retained €95 million par value of CLO Income Notes of these transactions, bringing the total of the retained CLO Income Note portfolio to €199 million par value.

Bank Loan Market Overview(4)

Amongst very different backdrops, 2015 saw the performance in the European and U.S. loan markets diverge with Europe experiencing ongoing quantitative easing ("QE"), very low default rates and limited exposure to the oil and gas sector. The U.S. saw rising interest rates and default rates – the latter as a result of the challenges facing the oil and gas sector.

In contrast, global leveraged loan issuance totalled €442 billion, of which M&A activity accounted for 61% ($257 billion) in the U.S. and 62% (€40 billion) in Europe – both relatively unchanged from the previous year. Average total equity contributed by private equity sponsors during 2015 was 42% in the U.S. and 43% in Europe, both still well above pre-crisis levels and providing a significant cushion to secured lenders such as the Company.

Total debt leverage ratios were unchanged year-on-year and, on a rolling three month basis, year-end average clearing yields for institutional term loans were 6.57% in the U.S. and 5.77% in Europe, both up on 2014. New issuers in the market also found the ability to rebalance currencies to suit demand or flex the capital structure of a deal between loans and high yield increasingly important tools. Linking these two markets resulted in increased correlation between European and U.S. clearing yields and ensured support from relative-value players.

For the full year, cross-border loan volume in Europe amounted to €17.3 billion, representing 27% of the overall volume – a fall from €28.2 billion (36%) in 2014, yet still the second-highest recorded in the last ten years.

Despite the different influences currently at work in the two regions, as long as market conditions allow, there is still considerable appeal in accessing both markets to create price tension and access the deepest possible investor base.

CLO Market Overview(4)

2015 was another strong year for CLOs with Europe experiencing its second highest year of issuance since the crisis with 33 transactions totalling €13.6 billion pricing. This slight fall from 2014

(4) Source: S&P LCD.

(35 transactions totalling €14.5 billion) was mainly attributable to regulatory headlines of the leaked draft European Commission risk retention proposal. However, the market slowly normalised once the final proposal had been released and digested by investors.

The U.S. market also saw the second highest issuance on record as CLO managers issued 188 transactions for $97.9 billion versus 2014 issuance of 235 transactions totalling $124.1 billion. However, the number of CLO managers issuing deals fell in 2015, as CLO equity investors became increasingly focused on risk-retention compliant vehicles and the sell-off in the secondary CLO market made the placing of CLO equity challenging.

Portfolio Update

Through its bespoke financing facility and retained CLO Income Notes, BGCF invested in €1.75 billion of loans and establish three European CLOs and one U.S. CLO in 2015, from which it retained a total €95 million par value of CLO Income Notes.

During the same period, the directly held loan portfolio generated income of approximately 13% whilst the average annualised distribution received on the CLO Income Note portfolio, totalling €199 million par value, was 19%. The portfolio began the year more heavily weighted to the directly held loan portfolio and increased its allocation to CLO Income Notes as the year progressed. The heavier weighting towards the lower yielding portfolio, combined with mark-to-market movements, financing costs, FX shifts and expenses, resulted in a full-year net portfolio return of 8.11%.

In addition to the greater weighting of CLO Income Notes, the recent increase in the weighted average spread on these CLOs is expected to begin flowing through to distributions over the coming months. Each of the CLOs that BGCF established is in compliance with all over-collateralisation and portfolio profile tests.[5]

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

	Phoenix Park	Sorrento Park	Castle Park	Dorchester Park	Dartry Park	Orwell Park	Tymon Park
Closing Date	Jul 14	Oct 14	Dec 14	Jan 15	Feb 15	May 15	Dec 15
Currency	EUR	EUR	EUR	USD	EUR	EUR	EUR
Deal Size	€413m	€517m	€415m	$509m	€411m	€415m	€414m
BGCF Position *(% of CLO Income Notes)*	51.4%	60.5%	100.0%	60.9%	51.1%	51.0%	51.0%
Last Distribution *(Annualised)*	17.8%	20.3%	14.6%	20.7%	19.1%	19.4%	n/a

(5) As at each CLO's respective reporting date in December 2015.

As at 31 December 2015, the portfolio was invested in line with BGCF's investment policy diversified across 35 issuers held through the direct loan portfolio, 339 issuers through the CLO portfolio, and across 17 countries and 28 different industries. No individual borrower represented more than 3% of the overall portfolio.

On 29 February 2016, the Company announced that the resolutions put forward earlier in the month were duly passed, thereby permitting investments in all debt tranches of CLOs and in loan warehouses and enabling the Company to invest by way of exposure to additional risk retention companies. The amendments will also enable the Company to invest, through BGCF, in a newly formed U.S. entity controlled by an affiliate of ours that may invest in loans and CLO Securities allowing for compliance with U.S. risk retention obligations.

We believe that these changes will allow investors an opportunity to partner with us in all aspects of our global CLO management and issuance activities and at the same time permit the Company the potential to acquire both U.S. and European assets that offer the best relative value opportunities and obtain the best arbitrage flexibility between assets and liabilities.

Key Portfolio Statistics[6]

	BGCF Direct Loan Portfolio	BGCF Indirect Loans / CLO Portfolio
BGCF Net Assets	€149.1m	€176.9m
% of the Company's NAV	45.74%	54.26%
Number of Issuers	35	339
Senior Secured Loans / Notes	97.6%	99.2%
Floating Rate	90.9%	98.4%
Weighted Average Spread (including impact of Floors)	5.05%	4.63%
Weighted Average Loan MTM	94.9%	98.14%

Top 10 Holdings[6]

Asset	% of Portfolio
Eircom	2.99
Telenet	1.86
Numericable Finance / Ypso	1.72
Capio Sanidad	1.69
Amaya	1.65
Ineos	1.55
Ziggo Finance BV	1.48
Verallia	1.48
Springer Science	1.35
Avago	1.26

(6) As at 31 December 2015.

Top 10 Industries(7)

Industries	% of Portfolio
Healthcare and Pharma	12.25
Business Services	9.32
Broadcast and Subscription	8.29
Hotel, Gaming and Leisure	7.05
Chemical, Plastic and Rubber	6.94
Telecommunications	6.74
Construction and Building	6.70
High Tech Industries	6.64
Containers and Packaging	6.20
Beverage, Food and Tobacco	4.82

Top 10 Countries(7)

Countries	% of Portfolio
U.S.	28.20
France	15.20
U.K.	11.54
Germany	9.77
Netherlands	8.22
Luxembourg	7.61
Spain	4.08
Ireland	4.02
Switzerland	2.77
Belgium	1.86

Outlook

We continue to believe that senior secured loans offer attractive risk-adjusted yields and have lower volatility of returns due to a stable investor base and strong downside protection from being at the top of the capital structure.

Combining these attributes with the improving macroeconomic picture in Europe, QE and the weak Euro, the outlook for European senior secured loans is positive with CLO issuance in 2016 projected to be in line with 2015 and the target of €15 billion benefitting from a benign credit environment and an accommodative ECB policy. The involvement of Asian investors in some of 2015's European CLOs also raises hopes for a more meaningful broadening of the investor base in 2016.

Given U.S. risk retention rule implementation and a general risk-off sentiment, strategists are anticipating a decline in U.S. CLO issuance in 2016 with the forecasted $60–70 billion, excluding

(7) As at 31 December 2015.

refinancing transactions, already reduced by some strategists to $45–60 billion due to the increase in volatility experienced so far in 2016.

However, U.S. loan market fundamentals should remain strong and we continue to believe that the market is in the middle of a correction as overhanging factors, such as weakening emerging market growth and an enduring commodity sell off, are unlikely to be resolved during the next two quarters.

In our view, distressed and commodity-related loans are most at risk of further weakness and high quality loans represent attractive relative value for which we expect continued stable and respectable returns in the current low-yield, high-volatility environment. We also believe that, apart from CCC downgrades potentially posing issues for some U.S. CLO over-collateralisation tests, defaults will not accelerate materially over the near term.

Despite the relatively benign credit environment, we consider active management and careful credit selection to be critical and the maintenance of a disciplined approach, whilst investing across the global leveraged finance space, of utmost importance.

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 market cycles and by making careful credit decisions while maintaining adequate diversification.

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

BGCF's base currency is denominated in Euro, though investments are also made and realised in other currencies. Changes in rates of exchange may have an adverse effect on the value, price or income of the investments of BGCF. BGCF 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 / GSO Debt Funds Management Europe Limited
21 April 2016

EXECUTIVE SUMMARY

Principal Activities

The Company was incorporated on 30 April 2014 as a closed-ended investment company limited by shares under the laws of Jersey and is authorised as a listed fund under the Collective Investment Funds (Jersey) Law 1988. The Company continues to be registered and domiciled in Jersey and the Company's Euro shares are quoted on the Specialist Fund Segment ("SFS") of the London Stock Exchange ("LSE") and from 17 April 2015 were listed on the Channel Islands Securities Exchange ("CISX").

The Company started the year with a wholly owned subsidiary, Blackstone / GSO Loan Financing 2 Limited (the "Subsidiary") a private Jersey limited liability company. The Subsidiary held 15 B2 non-voting shares in BGCF, a limited liability company incorporated in Ireland.

In July 2015, upon advice, the Company resolved to change its structure. Accordingly, on 23 July 2015, a wholly owned Luxemburg subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.a r.l. (the "Lux Subsidiary"), was incorporated with an issued share capital of 20,000 Class A shares held by the Company. Subsequently, the 15 B2 shares held in the Subsidiary were transferred to the Company and the Subsidiary was dissolved on 23 December 2015.

Since the 31 December 2015 year end and as detailed in the circular to Shareholders dated 5 February 2016, various changes have occurred including the finalisation of the Luxembourg structure and the adoption of a new investment objective and policy which became effective from 29 February 2016. These are described more fully in the Directors' Report in the section titled under "Events Since Year End". Details of the Company's investment objective and policy that was in place during the year under review are set out below.

Significant Events during the Year

Admission to Channel Islands Securities Exchange

On 17 April 2015, the Company's Euro shares were admitted to the Official List of the Channel Islands Securities Exchange Authority Limited. As a result the Company's Euro shares will be able to be considered "excluded securities" by virtue of meeting the investment trust company exception and, therefore, will not then be longer subject to the marketing restrictions of the Financial Conduct Authority's rules on the promotion of Non-Mainstream Pooled Investments.

Allotment of Shares

On 24 April 2015, the Company announced the successful placing of 30,119,700 Euro shares at an issue price of €1.02 per Euro share, raising gross proceeds of approximately €30.7 million. With effect from 29 April 2015, those Euro shares were admitted to the Official List of the Channel Islands Securities Exchange Authority Limited and to trading on the SFS of the LSE.

Change of Administrator

On 2 December 2015, the Board appointed BNP Paribas Securities Services S.C.A. as the new Administrator, Company Secretary and Custodian to the Company. The appointment became effective on 1 January 2016 when BNPP replaced State Street Fund Services (Jersey) Limited as the Administrator / Company Secretary and State Street Custodial Services (Jersey) Limited as the Custodian.

A detailed review of the business of the Company is included in the Adviser's review.

Investment Objective

The Company's investment objective is to provide Shareholders with stable and growing income returns, and to grow the capital value of the investment portfolio by exposure predominantly to floating rate senior secured loans directly and indirectly through CLO Income Notes. The Company seeks to achieve its investment objective solely through exposure to BGCF.

Investment Policy

Overview

The Company's investment policy is to invest predominantly in a diverse portfolio of senior secured loans and in CLO Income Notes, and generate attractive risk-adjusted returns from such portfolios. The Company pursues its investment policy by investing the Net Placing Proceeds in Profit Participating Notes issued by BGCF and the acquisition of 15 Class B2 shares in BGCF (which are non-voting, and which were held by the Subsidiary prior to being transferred to the Company).

BGCF uses the proceeds from the issue of the Profit Participating Notes and the equity investment to initially invest predominantly in senior secured loans. On the availability of appropriate market opportunities, BGCF also invests in CLO Income Notes issued by Originator CLOs. BGCF's investments will be focused predominantly in European senior secured loans, but BGCF may also invest in U.S. senior secured loans. As such, there is no limit on the maximum U.S. or European exposure. BGCF does not intend to invest directly in senior secured loans domiciled outside North America or Western Europe.

Investment Limits and Risk Diversification

The Company's investment strategy is to implement its investment policy by investing, through BGCF, in a portfolio of predominantly senior secured loans. It is intended that BGCF will periodically securitise these loans into Originator CLOs managed by DFME (or any affiliate) in its capacity as the CLO Manager. BGCF will retain CLO Income Notes equal to between 51% and 100% of the CLO Income Notes in BGCF CLOs. It is anticipated that once substantially invested, BGCF will retain CLO Income Notes in no less than four CLOs, and will also continue to directly hold floating rate senior secured loans. It is further intended that the value of the CLO Income Notes retained by BGCF in any Originator CLO will not exceed 25% of BGCF's NAV at the time of investment.

For the purposes of these Eligibility Criteria, 'gross asset value' shall mean gross assets including any investments in CLO Income Notes and any undrawn commitment amount of any gearing under any term of the Revolving Credit 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 BGCF).

In addition, each CLO in which BGCF holds CLO Income Notes has its own eligibility criteria and portfolio limits. These limits are designed to ensure the portfolio of assets within the CLO meets a prescribed level of diversity and quality as set by the relevant agencies rating securities issued by such CLO. The CLO Manager seeks to identify and actively manage assets which meet those criteria and limits within each CLO. The eligibility criteria and portfolio limits within a CLO 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 BGCF may hold CLO Income Notes also have certain other criteria and limits, including:

- 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 and the inclusion or exclusion of such limits and their absolute levels is subject to change depending on market conditions. Any such limits applied shall be measured at the time of investment in each CLO.

Company Borrowing Limit

The Company does not utilise borrowings for investment purposes. However, the Directors are permitted to borrow up to 10% of the NAV for day to day administration and cash management purposes.

The Company may use hedging or derivatives (both long and short) for the purposes of efficient portfolio management.

Investment Strategy

Whether the senior secured loans or other assets are held directly by BGCF or via CLO Income Notes, it is BGCF's intention that, in both cases, the portfolios will be actively managed (by BGCF or the CLO Manager, as the case may be) to minimise default risk and potential loss through comprehensive credit analysis performed by BGCF (including via the service support provided to it under the Portfolio Service Support Agreement) or the CLO Manager (as applicable).

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

Principal Risks and Uncertainties

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

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

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

i. Medium- or long-term unfavourable changes to the credit markets resulting in materially worsened risk reward characteristics for structuring CLOs

The Board is provided with regular updates from the Adviser on the developments and overall health of the loan and CLO market. The Board takes comfort that a sufficient number of CLOs have been created, the income from which will enable the Company to cover its running costs and dividend policy for the foreseeable future. This provides comfort that if unfavourable changes to the credit market did occur such that the risk reward characteristics for structuring CLOs materially worsened, the Board and the Adviser would have time to formulate and propose to Shareholders a new investment policy whilst still maintaining the viability of the Company.

ii. Unfavourable changes or interpretation of retention, tax, regulation or accounting rules and or poor implementation and execution of those rules

The Board retains the services of the Adviser and other legal, accounting and tax advisers and receives regular updates from them as to potential changes or reinterpretation of retention, tax, regulation or accounting rules and the accurate implementation of those rules.

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

iii. Failure to deliver targeted returns over a sustained period

The Board closely monitors the Company's and BGCF's adherence to the investment guidelines, BGCF's portfolio and the returns it generates. The Board believes that it has sufficient visibility on the returns generated by the portfolio so that if market conditions dictated a downward revision of the targeted returns, this could be clearly communicated to Shareholders in a timely manner.

iv. Loss of key personnel at DFME

The Adviser has a widely experienced team who could step in if any key personnel left. The Board takes comfort that due to Blackstone/GSO's reputation and position within the market, they would be able to recruit staff of suitable calibre and experience to fill any key personnel vacancies that may arise.

Key Performance Indicators

The Directors consider the key performance indicators for the Company to be:

i. Net asset value, NAV per Euro share and NAV total return per Euro share

Each month the NAV Review Committee reviews and compares the performance of the portfolio and the subsequent total net assets of the Company, NAV per Euro share and NAV total return per Euro share.

The Company is targeting a mid-teen total return over the medium term which is intended to be delivered through a combination of dividend payments and capital appreciation.

The Euro NAV total return per Euro share has increased by 7.33% since inception.

ii. Quarterly dividends

The Company targeted a dividend in respect of the period from 23 July 2014 to 31 December 2014 equating to a 6% annualised return and thereafter 2% a quarter equating to an 8% annualised return (in each case, based on a placing price of €1.00 per Euro share).

In respect of the period from 23 July 2014 to 31 December 2014 the Company paid a dividend of €0.0265 per Euro share (equivalent to 6% annualised return).

In respect of the period from 1 January 2015 to 31 December 2015 the Company paid a dividend of €0.02 per quarter (equivalent to an 8% annualised return).

iii. The premium/discount at which the Company's Euro shares trade

The Board monitors the share price of the Company's Euro shares and the prevailing premium or discount.

Further information on the above key performance indicators can be found on page 3 under Summary of Key Financial Information.

Future Developments

It is the Board's intention that the Company will pursue its investment objective and investment policy as adopted by Shareholders on 29 February 2016 and as detailed on pages 15 to 17. Further comments on the outlook for the Company for the coming 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 Adviser's Review.

Management Arrangements

The Company is a self-managed company. DFME acts as Adviser to the Company and, pursuant to the Advisory Agreement, provides advice and assistance to the Company in connection with its subscriptions in the PPNs. From incorporation to 31 December 2015, State Street Fund Services (Jersey) Limited acted as Administrator and Company Secretary and State Street Custodial Services (Jersey) Limited acted as Custodian to the Company. With effect from 1 January 2016, BNPP acts as Administrator, Company Secretary and Custodian to the Company.

The Board and Employees

The Board currently comprises two male and two female Directors. The Company has no employees and 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 33.

Environmental, Employee, Social, Community and Human Rights Matters

The Company is a closed ended investment company, with no employees; therefore, its environmental impact is minimal. The Board notes that the companies in which BGCF invests may have a social, employee, community and human rights impact of which the Board has no visibility or control.

Going Concern

The Directors have considered the Company's investment objective, risk management and capital management policies, its assets and the expected income from its investments. The Directors are of the opinion that the Company is able to meet its liabilities and ongoing expenses as they fall due and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

Viability Statement

Under the AIC Code, the Directors have assessed the prospects of the Company over the four-year period to February 2020. As detailed below, in determining this period, the Directors have considered the impact that various severe scenarios might have on the Company's cash flow and its ability to meet its liabilities. The Directors have also considered the market conditions, the Company's current position, investment objective and strategy, the performance of the Adviser and the principal risks of the Company as detailed on page 18.

BGCF's portfolio currently comprises two categories of investments: (i) CLO Income Notes securitised by BGCF and (ii) a portfolio of predominantly senior secured loans. The investments within the CLOs currently have a reinvestment period of four years and cannot be redeemed until they expire.

In conjunction with the Adviser, the Directors considered the impact of extreme market scenarios on BGCF. The risk of a CLO default was considered and it was noted that, if this did occur, it would be very unlikely to be a sudden event and ordinarily sufficient forewarning would be provided through the downgrading of the CLO credit prior to it entering a default.

The Directors noted that, if in the extreme scenario BGCF held CLO Income Notes that ceased to make income payments, the income generated from the portfolio of senior secured loans held by BGCF should (correlations permitting) be sufficient to cover the Company’s working capital requirements.

The Directors also considered the other principal risks concerning unfavourable changes or interpretation of tax, regulation and accounting rules, failure to deliver targeted returns over a sustained period and loss of key personnel at the Adviser. Whilst each of these risks are a principal risk and could have an impact on the long term sustainability of the Company, the Directors concluded that each was sufficiently mitigated by the legal and professional advice taken and would therefore not impact the viability of the Company over a four-year period.

On the basis of the above, and absent 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 four-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 four-year period.

Director Biographies

All the Directors are non-executive. The Directors appointed to the Board as at the date of this Annual Report and Financial Statement are:

Charlotte Valeur

Position: Chair of the Board and of the Nomination and Remuneration Committee
Date of appointment: 13 June 2014

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

She currently serves as a non-executive director on the boards of listed and unlisted companies including chair of Kennedy Wilson Europe Real Estate Plc, a London-listed FTSE250 REIT, and of DW Catalyst Ltd, a LSE-listed investment company; a non-executive director of JP Morgan Convertible Bond Income Fund, a LSE-listed investment company; and a non-executive director of NTR Plc, a renewable energy company.

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

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

Philip Austin MBE
Position: Director
Date of appointment: 13 June 2014

Philip Austin spent most of his career in banking with HSBC and worked at a senior level in retail, commercial, corporate, credit and head office. In 1993 he moved to Jersey where, from 1997 to 2001, he was deputy chief executive of the bank’s business in the offshore islands – Jersey, Guernsey and the Isle of Man.

In 2001, Mr Austin became the founding CEO of Jersey Finance Ltd, the body set up as a joint venture between the government of Jersey and its finance industry, to represent and promote the industry at home and abroad. In 2006, Mr Austin joined Equity Trust as CEO of its businesses in Jersey and Guernsey. Mr Austin left Equity Trust in 2009 to set up a portfolio of non-executive directorships. These positions currently include 3i Infrastructure Plc (senior independent director), City Merchants High Yield Trust Ltd and Royal London Asset Management (CI) Ltd. His first-hand experience of running financial services businesses and his tenure of a number of non-executive directorships of listed companies has provided him with a strong understanding of regulatory and governance requirements.

Mr Austin is a Fellow of the Chartered Institute of Bankers and a Fellow of the Chartered Management Institute. In January 2016 he was awarded an MBE in the Queen’s New Year’s Honours list.

Gary Clark, ACA

Position: Chair of the Audit Committee and NAV Review Committee
Date of appointment: 13 June 2014

Gary Clark acts as an independent non-executive director for a number of boards, including Emirates NBD Fund Managers (Jersey) Limited and Emirates Portfolio Management PCC. Until 1 March 2011 he was a managing director at State Street and their head of Hedge Fund Services in the Channel Islands. Mr Clark, a Chartered Accountant, served as chairman of the Jersey Funds Association from 2004 to 2007 and was managing director at AIB Fund Administrators Limited when it was acquired by Mourant in 2006. This business was sold to State Street in 2010. Prior to this Mr Clark was managing director of the futures broker, GNI (Channel Islands) Limited in Jersey.

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

Joanna Dentskevich
Position: Chair of the Risk Committee
Date of appointment: 13 June 2014

Joanna Dentskevich has over 25 years of risk, finance and investment banking experience gained in leading global banks worldwide, alternative investments and the offshore fiduciary industry. Ms Dentskevich moved to Jersey in 2008 and as well as running her risk management advisory company sits on the boards of a number of other investment and financial services companies.

Previously, Ms Dentskevich has been a director of risk at Morgan Stanley and Deutsche Bank and chief risk officer at a London-based hedge fund.

Ms Dentskevich has a BSc Hons in Maths & Accounting and is a Chartered Member of the Chartered Institute of Securities & Investment.

The Directors present the annual report and audited financial statements for the Company for the year ended 31 December 2015.

Directors

The names of the persons who were Directors at any time during the year are set out in the "Director Biographies" section of this annual report. Details of Director's interests in shares can be found on page 42 in the Directors' Remuneration Report.

The Board comprises four Directors, all of whom are non-executive. The Board regards all of the Directors to be independent. However, Mr Austin is also a Director of Blackstone / GSO Debt Funds Europe Limited, which is an affiliate of the Adviser and, as such, he is deemed not to be independent under the UKLA Listing Rules.

Share Capital

The Company's share capital consists of an unlimited number of Ordinary shares. As at 31 December 2015 the Company's issued share capital consisted of 331,319,700 Euro shares.

Share Buybacks

At the 2015 Annual General Meeting ("AGM"), held on 18 June 2015, the Directors were granted authority to repurchase 49,664,823 Euro shares (being equal to 14.99% of the aggregate number of Euro shares in issue at the date of the AGM) for cancellation or to be held as treasury shares.

This authority, which has not been used, will expire at the upcoming AGM. The Directors intend to seek annual renewal of this authority from Shareholders.

Shareholders' Interests

As at 31 December 2015, the Company had been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules (which covers the acquisition and disposal of major shareholdings and voting rights), of the following Shareholders that had an interest of greater than 5% in the Company's issued share capital.

	% of Voting Rights
Blackstone Treasury Asia Pte Ltd	15.09
BlackRock Inc	14.25
Henderson Global Investors	12.44
CCLA Investment Management Ltd	5.00

Between 31 December 2015 and 21 April 2016, the following notifications were received:

	% of Voting Rights
BlackRock Inc	16.89
FIL Limited	7.01

Statement of Disclosure of Information to the Auditor

The Directors who held office 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 auditors are 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 auditors are aware of that information.

Greenhouse Gas Emissions

Please refer to the paragraph titled "Environmental, Employee, Social, Community and Human Rights Matters" within the Strategic Report on page 20.

Events since Year End

Dividends

On 28 January 2016, the Company declared a dividend of €0.02 per Euro share in respect of the period from 1 October 2015 to 31 December 2015. This dividend was paid on 26 February 2016 to Shareholders on the register as at the close of business on 5 February 2016. On 20 April 2016, the Company declared a dividend of €0.02 per Euro share in respect of the period from 1 January 2016 to 31 March 2016. This dividend will be paid on 20 May 2016 to Shareholders on the register as at the close of business on 29 April 2016.

Finalisation of the Luxembourg Restructure

On 3 February 2016, the Luxembourg restructuring took place. This comprised the Company transferring its entire holding of EU PPNs to the Luxembourg Subsidiary. The transfer was undertaken in two tranches:

i. In the first tranche the Company transferred EU PPNs with a principal amount of €2,011,299 (together with any accrued but unpaid interest) in consideration for 19,800,000 Class A shares and 1 Class B share in the Luxembourg Subsidiary;

ii. In the second tranche the Company transferred EU PPNs with a principal amount of €313,918,227 (together with any accrued but unpaid interest) in consideration for 309,033,367 B Warrants issued by the Luxembourg Subsidiary.

Extraordinary General Meeting ("EGM")

On 5 February 2016, the Company issued a circular which contained the notice of an EGM which was called to request Shareholder approval for: (i) changes to the Company's investment objective and investment policy; (ii) the disapplication of pre-emption rights and approval of the issue of shares; (iii) the adoption of new articles of association; and (iv) the potential subscription for shares by an entity in The Blackstone Group, each as set out below. These proposals were approved by the Shareholders and adopted by the Company with effect from 29 February 2016.

i. New investment objective and investment policy

The Company sought Shareholder approval to amend the existing investment objective and policy to provide the Company greater flexibility by:

i. Permitting investment in all debt tranches of CLOs and in Loan Warehouses (the previous investment objective and policy only permitted investment in CLO Income Notes); and

ii. Enabling the Company to invest by way of exposure (directly or indirectly) to one or more Risk Retention Companies.

Investment Objective

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

Investment Policy

Overview

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

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

Investment Limits and Risk Diversification

The Company's investment strategy is to implement its investment policy by investing, through the Risk Retention Companies, in a portfolio of predominantly senior secured loans or in Loan Warehouses containing predominantly senior secured loans and, in connection with such strategy, to own debt and equity tranches of CLOs and be the risk retention provider in each.

The Risk Retention Companies may periodically securitise a portion of the loans into CLOs which may be managed either by such Risk Retention Company itself or by DFME or GSO / Blackstone Debt Funds Management LLC ("DFM") (or one of their affiliates), in its capacity as the CLO Manager. The Risk Retention 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 U.S. 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 U.S. risk retention rules, the retention by a Risk Retention Company may be structured as a combination of horizontal strip and vertical strip.

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

Further, to the extent attributable to the Company, the aggregate value of investments made by Risk Retention Companies in vertical strips of CLOs (net of any directly attributable financing) will not exceed 15% of the NAV of the Company at the time of investment. This limitation shall apply to Risk Retention Companies in aggregate and not to Risk Retention Companies individually.

Loan Warehouses may eventually be securitised into CLOs managed either by a Risk Retention Company itself or by DFME or DFM (or one of their affiliates), in its capacity as the CLO Manager. To the extent attributable to the Company, the aggregate value of investments made by Risk Retention Companies in any single externally financed warehouse (net of any directly attributable financing) shall not exceed 20% of the 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 NAV of the Company at the time of investment. These limitations shall apply to Risk Retention Companies in aggregate and not to Risk Retention Companies individually.

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

Maximum Exposure	% of a Risk Retention 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 will be measured at the close of each Business Day on which a new investment is made, and there will be 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 a Risk Retention Company).

In addition, each CLO in which a Risk Retention Company holds CLO Securities and each Loan Warehouse in which a Risk Retention 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 rating 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 a Risk Retention Company may hold CLO Securities or Loan Warehouses in which a Risk Retention Company may invest are also expected to 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 is 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.

Company Borrowing Limit

The Company will not utilise borrowings for investment purposes. However, the Directors will be permitted to borrow up to 10% of the 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 Risk Retention Companies.

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 non-Euro assets will be hedged, subject to suitable hedging contracts being available at appropriate times and on acceptable terms.

Changes to Investment Policy

Any material change to the investment policy of the Company would be made only with the approval of Shareholders.

It is intended that the investment policy of each Substantial Risk Retention Company will mirror the Company's investment policy, subject to such additional restrictions as may be adopted by a Substantial Risk Retention Company from time to time. The Company will receive periodic reports from each Substantial Risk Retention Company in relation to the implementation of such Substantial Risk Retention Company's investment policy to enable the Company to have oversight of its activities. If a Substantial Risk Retention Company proposes to make any changes (material or otherwise) to its investment policy, the Directors will seek Shareholder approval of any changes which are either material in their own right or, when viewed as a whole together with previous non-material changes, constitute a material change from the published investment policy of the Company. If Shareholders do not approve the change in investment policy of the Company such that it is once again materially consistent with that of such Substantial Risk Retention Company, the Directors will redeem the Company's investment in such Substantial Risk Retention Company (either directly or, if the Company's investment in a subsidiary is invested by such subsidiary in such Substantial Risk Retention Company (either directly or through one or more other Risk Retention Companies), by redeeming the securities held by the Company in such subsidiary and procuring that the subsidiary redeems its investment in such Substantial Risk Retention Company (either directly or through one or more other Risk Retention Companies)), as soon as reasonably practicable but at all times subject to the relevant legal, regulatory and contractual obligations.

ii. Disapplication of pre-emption rights and approval of the issue of shares

Further to the announcement made by the Company on 14 December 2015, in which the Company stated that it was considering raising additional capital through an issue of new shares, Directors sought and were granted Shareholder approval for the disapplication of pre-emption rights, and approval of the issue of, up to 500 million shares (which may be issued as either Euro Shares or U.S. Dollar Shares).

iii. Adoption of new Articles of Association

New Articles of Association were adopted which, along with minor amendments to reflect recent legislative amendments to the Companies (Jersey) Law 1991 (as amended) ("the Companies Law"), permit the Directors (at their discretion) to determine that the annual report and half yearly report of the Company shall be published on the Company's website rather than sent by post.

iv. Subscription for shares by an entity in The Blackstone Group

In the event that a fundraising was undertaken, Shareholder approval was sought, and granted, that an entity in The Blackstone Group, a related party of the Company under the UK Listing Rules, could subscribe for shares under such a fundraising.

Publication of Prospectus

On 31 March 2016, the Company issued a prospectus in connection with a 12-month placing programme in respect of up to 500 million Placing Shares, which may be issued as either Euro Shares or U.S. Dollar Shares.

At an EGM held on 29 February 2016, Shareholders approved the disapplication of pre-emption rights for the issue of up to 500 million Shares by the Company.

Whilst there is no immediate intention to issue further Shares, Shareholders' approval was sought in order to enable the Directors to promptly respond to investor demand and conduct future fund raises in a cost efficient manner without needing to convene an additional extraordinary general meeting.

In conjunction with the disapplication of pre-emption rights, the Prospectus is now being published in order that Shares can be issued when demand arises which cannot be satisfied through the secondary market and to enable the Company to meet its growth strategy.

Statement of Compliance with Corporate Governance

The Company, being traded on the SFS rather than having a Premium Listing on the Official List of the UKLA, is not subject to Listing Rule 9.8.6 which requires companies to report against the UK Corporate Governance Code (the "UK Code").

However, recognising the importance of sound corporate governance, the Board has voluntarily committed to comply with both the UK Code and the AIC Code of Corporate Governance for Jersey-domiciled member companies as published by the Association of Investment Companies in February 2015 (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide").

Having considered the principles and recommendations of the AIC Code, the Board believes the AIC Code addresses all of the principles set out in the UK Code as well as additional principles and recommendations on issues that are of specific relevance to the Company and will provide better information to Shareholders.

The Board can therefore confirm that during the year ended 31 December 2015, the Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code as detailed below.

For the reasons set out in the AIC Guide and given the size and nature of operations of the Company, that it is a self-managed investment fund with no executive employees and that the providers of outsourced services have their own internal audit functions, the Board considers the below provisions of the UK Code not to be relevant and therefore has not reported further on them:

i. The role of the Chief Executive;

ii. Executive Directors' remuneration; and

iii. The need for an internal audit function.

The Company will provide details if it is going to consider them in the future.

Copies of the AIC Code, the AIC Guide and the UK Code can be found on the respective organisations' websites, www.theaic.co.uk and www.frc.org.uk.

The Board

The Board consists of four non-executive Directors, the biographies of whom can be found on pages 22 to 25.

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

Duties and Responsibilities

The Board has overall responsibility for maximising the Company's success by directing and supervising the affairs of the business 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:

i. Statutory obligations and public disclosure;

ii. Strategic matters and financial reporting;

iii. Risk assessment and management including reporting, compliance, governance, monitoring and control; and

iv. 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 the day to day operational activities of the Company to the Administrator and Company Secretary. The Board reserves the powers of decisions relating to the determination of investment policy, the approval of changes in strategy, capital structure, statutory obligations, 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 2015 as well as the number of attendances at each meeting.

Meeting	Total	Charlotte Valeur	Philip Austin	Gary Clark	Joanna Dentskevich
Quarterly Board	**4**	4	4	4	4
Ad-hoc Board	**10**	9	6	10	9
Audit Committee	**4**	4	n/a	4	4
Management Engagement Committee	**1**	1	1	1	1
NAV Review Committee	**12**	7	7	9	8
Remuneration and Nomination Committee	**2**	2	2	2	2
Risk Committee	**4**	4	4	4	4

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.

Board Independence

For the purposes of assessing compliance with principle 1 and 2 of the AIC Code, the Board considers all of the current Directors as independent. Mr Austin is a director of Blackstone / GSO Debt Funds Europe Limited, which is an affiliate of the Adviser, and, as such, is deemed not to be independent under the UKLA Listing Rules.

The Directors consider that there are no factors, as set out in principle 1 or 2 of the AIC Code, which compromise their independence, other than stated above, and that they all contribute to the affairs of the Company in an adequate manner. The Board reviews the independence of all Directors annually. The Company Secretary, through its representative, 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.

Committees of the Board

The Board has established five committees, an Audit Committee, a Management Engagement Committee, a NAV Review Committee, a Nomination and Remuneration Committee and a Risk Committee. Each committee has formally delegated duties and responsibilities within written terms of reference.

Audit Committee

The Audit Committee comprises all Directors, with the exception of Mr Austin, and is chaired by Mr Clark. Mr Austin has the right to attend all Audit Committee meetings. The terms of reference state that the Audit Committee will meet not less than three times a year and will meet Deloitte at least once a year. The report of the role and activities of this committee and its relationship with Deloitte is contained in the Audit Committee Report on pages 44 to 48.

Management Engagement Committee

The Management Engagement Committee comprises all Directors and is chaired by Ms Valeur.

The terms of reference state that the Management Engagement Committee shall meet not less than once a year and will have responsibility for monitoring and reviewing the Adviser’s performance and will recommend to the Board whether the continued appointment of the Adviser is in the best interests of the Company and Shareholders.

NAV Review Committee

The NAV Review Committee comprises all Directors and is chaired by Mr Clark.

The terms of reference state that the NAV Review Committee shall meet at least one a month to review and consider the Company’s NAV calculation, fact sheet and applicable stock exchange announcements.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises all Directors and is chaired by Ms Valeur.

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 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 on the Board, as well as identifying, nominating and recommending, for approval of the Board, candidates to fill Board vacancies as they arise.

Director Re-Election and Tenure

The Remuneration and Nomination Committee has considered the question of a policy on Board tenure. It is strongly committed to striking the correct balance between the benefits of continuity and those that come from the introduction of new perspectives to the Board. As provided for in the AIC Code and in order to phase future retirements and appointments, as all the Directors were appointed at the same time, the Board has not at this stage adopted any specific limits to terms, but expects to rotate Board members over the coming years. The Board has adopted a policy whereby all Directors will be put up for re-election every year; accordingly, all Directors will be put forward for re-election at the forthcoming AGM.

Risk Committee

The Risk Committee comprises all Directors and is chaired by Ms Dentskevich.

The terms of reference of state that the Risk Committee shall meet at least four times a year. The activities of this committee are outlined in the Risk Committee Report on page 38.

Board Diversity

The Board believes in and values the importance of a broad range of skills, experience and diversity, including gender, for the effective functioning of the Board, all of which are considered when determining the optimum composition of the Board.

Internal Controls

The Board has applied principle 15 of the AIC Code by establishing a continuous process for identifying, evaluating and managing the significant risks that the Company faces and as such regularly reviews the process put in place from the start of the financial period to the date of approval of this report. The Board is responsible for the Company’s system of internal control 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.

In compliance with principle 15 of the AIC Code, the Board regularly reviews the effectiveness of the Company's system of internal control. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from the Adviser and BGCF to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Board has also performed a specific assessment for the purpose of this report. This assessment considers all significant aspects of internal control arising during the period covered by the report. The Audit Committee assists the Board in discharging its review responsibilities.

During the course of its review of the system of internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore, a confirmation in respect of necessary actions has not been considered appropriate.

The Board is also responsible for setting the overall investment policy and monitors the services provided by the Adviser at regular Board meetings. The Board receives regular compliance reports from the Adviser, the Administrator and the Company Secretary.

Custody of assets was undertaken by State Street Custodial Services (Jersey) Limited (the "Custodian") up to 31 December 2015. As previously stated, on 1 January 2016, BNPP was appointed Custodian and the custody of assets was transferred to BNPP.

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. All of the Company's agents and advisers maintain their own systems of internal control on which they report to the Board. The 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 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 Management Engagement Committee has been appointed to consider the continuation of engagement of the relevant service providers. The Directors are satisfied that the continued appointment of the relevant service providers are 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 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 44 to 48.

The Company has appointed Fidante Partners Europe Limited and Nplus1 Singer Advisory LLP (the "Joint Bookrunners") as its corporate brokers. Together with these parties, the Adviser assists the Board in communicating with the Company's major Shareholders.

Risk Committee Report

Membership

The Risk Committee was established on 2 October 2014 and comprises Ms Dentskevich (Chair), Mr Austin, Mr Clark and Ms Valeur.

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 so as to minimise investment and other non-financial risks, such as operational risk.

Responsibilities

During 2015, the Risk Committee reviewed its effectiveness and further defined and clarified its mandate to ensure effective operation in conjunction with the Audit Committee, and as a result, its key responsibilities, amongst others, were identified as being:

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

Committee Meetings

The Committee meets at least four times a year and where appropriate will invite its advisers or other external experts to provide the Committee with input where deemed necessary.

Underlying Investments and Investment Monitoring

The Company's current investment policy is to invest in Profit Participating Notes issued by BGCF, the proceeds of which it uses to invest predominantly in North American and Western European domiciled senior secured loans and CLO Income Notes it has itself securitised.

At investment, DFME, in its capacity as CLO Manager to BGCF, through eligibility criteria, ensures the portfolio of assets meet a prescribed level of diversity and quality. In addition, the Company monitors issuer, country, sector and rating concentrations on a monthly basis, with any breach of investment policy, borrowing limits or operational breach being reported to the Board on occurrence.

Risk Register

During the year, a risk register was compiled which is considered by the Board to be a live working document of the Company to monitor any changes in identified risks and as a means in which any potential risks can be appropriately discussed and actioned. The risk register also acts as a tool to enable identification of the principal risks facing the Company.

In December 2015, the Risk Committee met to approve the register and agree its further development for 2016.

Conclusion

In these early stages of the Company's life, along with the post year end changes to the structure as detailed in the Directors' Report, the establishment of the Risk Committee has enabled the Board to effectively focus on potential risks as they manifest and when necessary put in place suitable mitigants.

The Risk Committee differentiates between principal risks which may impact the longer-term viability of the Company and shorter-term volatility which is a natural consequence of the markets.

The Risk Committee has been supported by both BGCF and its Adviser in the task and to date no significant issues have arisen.

Joanna Dentskevich
Risk Committee Chair
21 April 2016

Statement of Directors' Responsibility

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

The Companies Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the year and of the profit or loss of the Company for that year. Under the Companies Law the Directors have prepared the Company's financial statements in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union (the "EU").

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that its financial statements are prepared in accordance with applicable IFRS as adopted by the EU and comply with the Companies Law, as amended. They are also responsible for safeguarding the assets of the Company. They have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities.

Legislation in Jersey concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed on page 87, confirms that, to the best of that Director's knowledge and belief:

- The financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities and financial positions of the Company as at 31 December 2015, and its profits for the year then ended;
- The Strategic Report and the Directors' Report include a fair review of the information required by DTR 4.1.8 (indication of important events up to 31 December 2015 and a description of principal risks and uncertainties);
- The Strategic Report and the Directors' Report include a fair review of the information required by DTR 4.1.9 and 4.1.10 (analysis of the development and performance of the Company aided by the use of key performance indicators; and, where appropriate, information relating to environmental factors);

- The Strategic Report and the Directors' Report include a fair review of the information required by DTR 4.1.11 (disclosure of important events that have occurred after 31 December 2015; future developments; financial risk management objectives and policies and Company exposure to price, credit, liquidity and cash flow risk); and
- The annual report and financial statements, taken as a whole, provide the information necessary to assess the Company's performance, position, business model and strategy and are fair, balanced and understandable.

Charlotte Valeur
Chair

Gary Clark
Audit Committee Chair

21 April 2016

Dear Shareholder,

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

Directors' Remuneration

The Directors' remuneration for the year is as follows:

	Annual Fee	Additional Fee	Total Fee for the Year Ended 31 December 2015	Total Fee for the Period Ended 31 December 2014
	£	£	£	£
Ms Charlotte Valeur	50,000	–	50,000	27,671
Mr Philip Austin	35,000	–	35,000	19,370
Mr Gary Clark	35,000	5,000	40,000	22,137
Ms Joanna Dentskevich	35,000	5,000	40,000	22,137
Total Directors' Emoluments			**165,000**	**91,315**

Mr Clark and Ms Dentskevich receive an additional fee of £5,000 for the additional responsibilities and time commitment involved in chairing the Audit and Risk Committees respectively. Directors' remuneration is payable quarterly in Sterling.

No other remuneration or compensation was paid or is payable by the Company during the period to any of the Directors. There has been no change to the Company's remuneration policy as detailed below.

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.

Remuneration Policy

Directors' fees are determined by the Remuneration and Nomination Committee under the terms of the remuneration policy (the "Remuneration Policy") approved on 16 April 2015, as derived from the Company's Articles of Association.

No Director is involved in deciding their own remuneration and remuneration received reflects their duties, responsibilities and the value of the Directors' time. As such the Remuneration Policy allows for the Chairs of the Board, the Audit Committee and the Risk Committee to receive additional remuneration.

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 retirement from office. There is also no entitlement for an alternate Director to receive a fee from the Company. 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 up to £5,000 per Director per year for reasonable travelling, hotel and other expenses incurred 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 fee payable to the Directors is £300,000 per annum.

Directors' Interests

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

	Euro Shares of No Par Value
Charlotte Valeur	–
Philip Austin	–
Gary Clark	25,000
Joanna Dentskevich	–

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 one month's written notice with no compensation payable upon leaving office for whatever reason.

Ms Charlotte Valeur
On behalf of the Nomination and Remuneration Committee
21 April 2016

Audit Committee Report

The Board has appointed an Audit Committee which operates within clearly defined terms of reference.

The Audit Committee comprises all Directors, with the exception of Mr Austin, and the Chair of the Audit Committee has recent and relevant financial experience. The Audit Committee met four times during the year. Representatives of Deloitte, as the Company's Auditor, the Administrator and the Company's Compliance Officer were invited to the meetings as appropriate.

In addition to these formal meetings, the Chair of the Audit Committee has visited the offices of the Adviser to assess the operations and controls of the Adviser and to assess in particular what reliance the Audit Committee can place on the Adviser both directly and indirectly via BGCF. The Chair has also held a discussion with the valuers of the CLO equity to understand the process and the level of independence embedded therein.

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:

i. Monitoring the integrity of the financial statements;

ii. Report to the Board on any significant financial reporting issues and judgements;

iii. Reviewing and monitoring the effectiveness of the Company's risk management and internal control arrangements;

iv. Monitoring the statutory audit of the annual accounts of the Company and its effectiveness;

v. Reviewing the external auditor's performance, independence and objectivity;

vi. Making recommendations to the Board in relation to the appointment, re-appointment and/or removal of the external auditor, the approval of the external auditor's remuneration and the terms of the engagement;

vii. Implementing policies surrounding the engagement of the external auditor to supply non-audit services, where appropriate;

viii. Reviewing and challenging where necessary significant accounting policies and practices; and

ix. Reporting to the Board on how it has discharged its responsibilities.

The Committee's terms of reference are published on the Company's website www.blackstone.com/bglf.

How the Audit Committee Has Discharged Its Responsibilities

In the year under review, the Audit Committee has held four meetings, attendance at which is set out on page 34. The Committee meetings focused on the following key areas:

Monitoring the Integrity of the Financial Statements Including Significant Judgements

i. We 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 we had further meetings; and

ii. We reviewed, prior to making any recommendations to the Board, the Annual Report and Audited Financial Statements for the year ended 31 December 2015. In undertaking this review, we discussed with our Service Providers and Deloitte the critical accounting policies and judgements that have been applied.

    Deloitte reported to the Committee on any misstatements that they had found during the course of their work and confirmed that under ISA (UK and Ireland) no material amounts remained unadjusted.

As requested by the Board, we also reviewed the Annual Report and were able to confirm to the Board that, in our view, the Annual Report, taken as a whole, was fair, balanced and understandable and provided the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Significant Accounting Matters

During the period the Committee considered key accounting issues, matters and judgements regarding the Company's financial statements and disclosures including those relating to:

Significant Area	How Addressed
Assessment of consolidation and related disclosure requirements	The Audit Committee has considered non-compliance of the accounting treatment of investments and the consolidation requirements for the Company and its investee entities and the related disclosures in accordance with the provisions of IFRS 10 and IFRS 12. The Audit Committee critically reviewed reports from the Adviser and Administrator, as well as evaluating and consulting with them and with the auditors, and have concluded that the Company is not required to consolidate BGCF as it does not have control of the entity either through the non-voting, non-profit participating B2 shares or the PPNs. Accordingly investments are recognised at fair value through profit or loss. Please see further details provided in note 2 to the financial statements. Consideration was also given to the disclosures provided with respect to BGCF including details of the underlying investments, leverage and financial instruments disclosures, including classification levels. Disclosures have been provided from the financial statements of BGCF to provide details of the activities and operations of BGCF as a non-consolidated entity.
Valuation of investments and recognition of gains and losses	Valuation of financial assets is considered a significant matter and is monitored by the Adviser, the Administrator, the Custodian, the Audit Committee and the Board. The Audit Committee receives and reviews reports on the processes for the valuation of assets. Following discussion, we were 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 13. Please see further details outlined in notes 2, 3 and 12 to the financial statements.
Revenue recognition / gains and losses on investments	There is limited additional management judgement exercised over this as the subjectivity is dealt with by agreeing the valuation methodology for investments (see above).

Assessment of Risks and Uncertainties

The risks associated with the Company's financial instruments, as disclosed in the financial statements, particularly in note 12, represent a key accounting disclosure. The Committee critically reviews, on the basis of input from the Service Providers, the process of ongoing identification and measurement of these risks disclosures.

Other Accounting Matters

During the year, the Committee received communications from the Service Providers and from Deloitte on other accounting matters including tax, audit fees, anti-money laundering procedures and a representation letter.

Risk Management and Internal Controls

The Board as a whole is responsible for the Company's system of internal controls; however, the Audit Committee and the Risk Committee assist the Board in meeting its obligations in this regard. The daily operational activities of the Company were delegated to the 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 applicable to the Service Providers as regulated entities. However, the Committee receives confirmations from the Service Providers that no material issues have arisen in respect of the system of internal controls and risk management operated within the Company's Service Providers. The Committee confirms that this is an ongoing process in order to manage the significant risks faced by the Company. We deem 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 Deloitte. The Audit Committee met with Deloitte to consider the audit strategy and plan for the audit. The audit plan for the period was reviewed, including consideration of the key financial statement and audit risks, to seek to ensure that the audit was appropriately focused.

Deloitte attends the Audit Committee meetings throughout the year, which allows the opportunity to discuss any matters the auditor may wish to raise without the Adviser or other Service Providers being present. Deloitte provides feedback at each Audit Committee meeting on topics such as the key accounting matters, mandatory communications and the control environment.

Deloitte was formally appointed as the Company's auditor for the 2014 period end audit following a competitive tender process during 2014. The lead audit partner is rotated every five years to ensure continued independence and objectivity.

The Audit Committee continues to be satisfied with the performance of Deloitte. We have therefore recommended to the Board that Deloitte, in accordance with agreed terms of engagement and remuneration, should continue as the Company's auditor at the forthcoming Annual General Meeting. Accordingly a resolution proposing the reappointment of Deloitte as the Company's auditor will be put to the Shareholders at the 2016 AGM.

In advance of the commencement of the annual audit, the Audit Committee reviewed a statement provided by Deloitte confirming their independence within the meaning of the regulations and professional standards. In addition, in order to satisfy itself as to Deloitte's independence, the Audit Committee undertook a review of the auditor compensation and the balance between audit and non-audit fees.

The Audit Committee has agreed the types of permitted and non-permitted ongoing non-audit services and those which require explicit prior approval. During the year, Deloitte were contracted to provide services related to the prospectus update and consideration of the Luxembourg subsidiary established. The value of non-audit services provided by Deloitte and charged in the period amounted to approximately €30,000. The overall quantum of non-audit services and the one-off fees incurred for this work in 2015 and the first quarter of 2016 in the role of reporting accountants and tax advisor related to the prospectus and subsidiary restructure is material to the overall audit fee. However, this has been considered, including the role of the respective engagement teams and the independence of individuals from the audit engagement team, and the Audit Committee are satisfied that the auditors have acted in an independent and professional manner and that so far they have been best placed to provide the reporting accountant and tax advisory work for the Company.

A member of the Audit Committee will be available to Shareholders at the forthcoming AGM of the Company to answer any questions relating to the role of the Audit Committee.

Yours sincerely,

Mr Gary Clark
On behalf of the Audit Committee
21 April 2016

Opinion on financial statements of Blackstone / GSO Loan Financing Limited

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of the Company's profit for the year then ended;
- Have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- Have been properly prepared in accordance with the Companies (Jersey) Law, 1991.

The financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flow and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Going concern

We have reviewed the Directors' statement on page 20 that the Company is a going concern. We confirm that:

- We have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- We have not identified any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Compliance with consolidation requirements Compliance of accounting treatment of investments relating to consolidation requirements for the Company and BGCF as its investee entity and related disclosures in accordance with the provisions of IFRS 10 *Consolidated Financial Statements* and IFRS 12 *Disclosure of Interests in Other Entities* is essential for the presentation of the financial statements to give a true and fair view of the financial position and results of the Company and management is required to make significant judgements in this area.	• We inquired of management on regulatory matters and reviewed the legal framework, contractual terms, transactions and overall relationship between the Company, either directly or indirectly through its subsidiary and BGCF. • We assessed the review performed by management on the ability of the Company or its subsidiary to control BGCF. This considered the legal agreements and the activities of the Company in the year. • We assessed the adequacy and quality of the IFRS 12 disclosures against best practice using our technical compliance tools and experience in other listed entities.
Valuation of investments and recognition of gains and losses Investments in BGCF 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 a key area of judgement and has a significant impact on the Net Assets Value which is the most significant Key Performance Indicator of the Company and has a direct effect on the recognition of gains and losses on investments**.**	• We assessed the valuation methodology for the financial instruments issued by BGCF against industry standards and IFRS 13. • As the financial information used to determine the fair value of the investments is that of BGCF, we have reviewed the 2015 audited financial statements of BGCF and related audit procedures performed by the auditor of BGCF. We instructed BGCF's auditor to report to us on a full audit scope after we reviewed their audit plan for the year ended 31 December 2015. We also physically met with BGCF's auditor to review and discuss their working papers. • We involved a member of our specialist complex financial instruments team to review the valuation of investments and related disclosures in the financial statements. • We tested the valuation by comparing information and assumptions used by management to information available from external independent sources such as Bloomberg or Intex. • We reviewed the calculation of the profit on investments for the period and recognition in profit or loss.

Risk	How the scope of our audit responded to the risk
	The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on pages 44 to 48. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.
Our application of 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. We determined materiality for the Company to be €6,500,000, which is 2% of net asset value. We agreed with the Audit Committee that we would report to that committee all audit differences in excess of €130,000 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.
An overview of the scope of our audit	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 directly by the audit engagement team.
Matters on which we are required to report by exception 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 by the Company; or • The financial statements are not in agreement with the accounting records and returns. We have nothing to report in respect of these matters.

Risk	How the scope of our audit responded to the risk
Our duty to read other information in the Annual Report	Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is: • Materially inconsistent with the information in the audited financial statements; or • Apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or • Otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.
Respective responsibilities of directors and auditor	As explained more fully in the Directors' Responsibility Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews. 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/or those further matters we have expressly

Risk	How the scope of our audit responded to the risk
	agreed to report to them on in our engagement letter 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.
Scope of the audit of the financial statements	An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Andrew Isham
for and on behalf of Deloitte LLP
Chartered Accountants and Recognized Auditor
St Helier, Jersey
Channel Islands
21 April 2016

Statement of Financial Position

As at 31 December 2015

	Notes	As at 31 December 2015 €	As at 31 December 2014[8] €
Assets			
Cash and cash equivalents	5 & 12	252,610	86,944
Other receivables		62,365	21,223
Financial assets at fair value through profit or loss	3 & 12	326,032,708	299,277,149
Total Assets		**326,347,683**	**299,385,316**
Liabilities			
Expenses payable	4	(377,323)	(433,756)
Total Liabilities		**(377,323)**	**(433,756)**
Net Assets Attributable to Equity Shareholders		**325,970,360**	**298,951,560**
Net Asset Value per Euro Share		**0.98**	**0.99**

These financial statements were authorised and approved for issue by the Directors on 21 April 2016 and signed on their behalf by:

Charlotte Valeur
Director

Gary Clark
Director

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

(8) For the period from 30 April 2014 (date of incorporation) to 31 December 2014.

Statement of Comprehensive Income

For Year End 31 December 2015

	Notes	For Year End 31 December 2015 €	For Period End 31 December 2014[9] €
Realised gain on foreign exchange		504	248
Income / expense from financial assets at fair value through profit or loss		26,220,359	(1,672,851)
Total Revenue / (Expense)		**26,220,863**	**(1,672,603)**
Administration fee	4	(260,006)	(109,841)
Directors' fees	4	(252,500)	(89,334)
Legal fees		(207,582)	(44,110)
Audit fee	4	(100,742)	(80,000)
Operating expenses		(624,047)	(252,552)
Total Operating Expenses		**(1,444,877)**	**(575,837)**
Interest Expense		(3,856)	–
Total Comprehensive Income / Loss for the Year All Attributable to Shareholders		**24,772,130**	**(2,248,440)**
Earnings / Loss per Share	13		
Earnings / Loss per Euro share		0.08	(0.01)

These financial statements were authorised and approved for issue by the Directors on 21 April 2016 and signed on their behalf by:

Charlotte Valeur
Director

Gary Clark
Director

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

(9) For the period from 30 April 2014 (date of incorporation) to 31 December 2014.

Statement of Changes in Equity

For Year End 31 December 2015

	Notes	€
At 31 December 2014		**298,951,560**
Transactions with Shareholders		
Issue of shares	7	30,107,652
Redemption of shares	7	–
Distribution to shareholders		(27,860,982)
Total Transactions with Shareholders		**2,246,670**
Profit for the year all attributable to shareholders		24,772,130
Total Comprehensive Income for the Year All Attributable to Shareholders		**24,772,130**
At 31 December 2015		**325,970,360**

For the Period Ended 31 December 2014

	Notes	€
At 30 April 2014		**–**
Transactions with Shareholders		
Issue of shares	7	301,200,000
Redemption of shares	7	–
Total Transactions with Shareholders		**301,200,000**
Loss for the period all attributable to shareholders		(2,248,440)
Total Comprehensive Loss for the Period All Attributable to Shareholders		**(2,248,440)**
At 31 December 2014[10]		**298,951,560**

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

(10) For the period from 30 April 2014 (date of incorporation) to 31 December 2014.

Statement of Cash Flows

For Year End 31 December 2015

	Year End 2015	Year End 2014[11]
	€	€
Statement of Cash Flows		
Total comprehensive income / loss attributable to shareholders before distributions	24,772,130	(2,248,440)
Adjustments for		
Movement in financial assets at fair value through profit or loss	3,243,967	1,672,851
Operating Cash Flows before Movements in Working Capital		
Movement in receivables	(41,142)	(21,223)
Movement in payables	(56,433)	433,756
Cash inflow from movements in working capital	(97,575)	412,533
Net Cash Generated from / Used in Operating Activities	**27,918,522**	**(163,056)**
Investing Activities		
Purchase of investments	(29,999,526)	(300,950,000)
Net Cash Used in Investing Activities	**(29,999,526)**	**(300,950,000)**
Financing Activities		
Proceeds from subscriptions	30,107,652	301,200,000
Distribution	(27,860,982)	–
Net Cash Generated by Financing Activities	**2,246,670**	**301,200,000**
Net Increase in Cash and Cash Equivalents	**165,666**	**86,944**
Cash and cash equivalents at the start of the year / period	86,944	–
Cash and Cash Equivalent at the End of the Year / Period	**252,610**	**86,944**
Interest received	29,464,326	–

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

(11) For the period from 30 April 2014 (date of incorporation) to 31 December 2014.

For year end 31 December 2015

1 General

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 Euro shares were admitted to the SFS of the LSE on 23 July 2014 and from 17 April 2015 the CISX.

For the year under review, the Company's investment objective is to provide Shareholders with stable and growing income returns, and to grow the capital value of the investment portfolio by exposure predominantly to floating rate senior secured loans directly and indirectly through CLO Income Notes. The Company seeks to achieve its investment objective solely through exposure to BGCF.

At 31 December 2015, all shares in issue were Euro shares. The Company may issue one or more additional classes of shares in accordance with the Articles of Association.

2 Significant Accounting Policies

2A Statement of Compliance

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and also in accordance with Jersey company law.

The Company qualifies as an investment entity under IFRS 10; therefore, it is not required to prepare consolidated financial statements. Instead, in accordance with IFRS 10, it prepares individual financial statements only with its investment in its Lux Subsidiary measured at fair value through profit or loss.

Further details of consolidation and non-consolidation judgements are provided in note 2L.

2B Basis of Preparation

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.

The functional currency of the Company is Euro, as its financing and investment activities are primarily denominated in Euro. The presentation currency of the financial statements is also the Euro.

The financial statements comprise the Company's Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with the related notes.

The financial statements have been prepared on a going concern basis. The disclosures with respect to the Directors assessment on going concern are provided on page 20 in the Executive Summary.

2C Interest Income and Interest Expense on Cash and Cash Equivalents

Income receivable on cash and cash equivalents is recognised separately through profit or loss in the Statement of Comprehensive Income, on an effective interest rate yield basis.

2D 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.

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

2E Fees and Charges

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

2F 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, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes. Cash equivalents are revalued at period end 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 2015 or the period ended 31 December 2014.

2G Financial Instruments

i. Classification

The Company classifies its financial assets and financial liabilities into categories in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

The category of financial assets and financial liabilities at fair value through profit or loss comprises:

Financial assets at fair value through profit and loss

Financial assets classified in this category are designated by management on initial recognition as part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented investment strategy. The term "financial assets designated at fair value through profit or loss" includes investments in the Subsidiary, the Lux Subsidiary and in the PPNs. The Company's investment in its Subsidiary and Lux Subsidiary is presented on an aggregate basis in the financial statements with the "designated at fair value" financial assets, as all are managed together on a fair value basis.

The PPNs are listed on the Irish Stock Exchange ("ISE") and are recorded in the financial statements at fair value in accordance with IAS 39. The fair value of the PPNs is based on NAV of BGCF attributable to the PPNs.

Financial assets at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and they are carried at amortised cost. The Company includes in this category amounts receivable from brokers and other receivables. The amortised cost of a financial asset is the amount at which the instrument is measured at initial recognition, its fair value, adjusted for initial direct costs, minus principal repayments, plus or minus the cumulative amortisation, using effective interest rate method, of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Financial liabilities at amortised cost

The Company includes in this category expenses payable, borrowings and payable for investments purchased.

ii. Recognition and initial measurement

Financial assets and financial liabilities are measured initially at fair value, being the transaction price, including transaction costs for items that will subsequently be measured at amortised cost on the trade date. Transaction costs on financial assets at fair value through profit or loss are expensed immediately.

iii. Subsequent measurement

After initial measurement, the Company measures financial instruments classified at fair value through profit or loss at their fair values. Changes in fair value are recorded within "Unrealised gain on financial assets at fair value through profit or loss" in the Statement of Comprehensive Income.

The following sources have been used to obtain fair value for the financial assets and liabilities of the Company:

Level 3. If quoted prices are unavailable, the fair value of the financial asset is estimated using pricing models. These pricing models apply assumptions regarding asset-specific factors and economic conditions generally, including delinquency rates, prepayment rates, default rates, maturity profiles, interest rates and other factors that may be relevant to each financial asset. Where such pricing models are used, inputs are based on market-related measures at the year-end date.

There are no financial assets or liabilities at fair value through profit or loss using Level 1 or Level 2 sources.

iv. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously. For the year ended 31 December 2015 and the period ended 31 December 2014, there were no financial assets or liabilities subject to enforceable, master netting arrangements or similar agreements which require disclosure.

v. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39. The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

2H Foreign Currency

Transactions in foreign currencies are translated at the foreign currency exchange rate to the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Euro at the foreign currency closing exchange rate ruling at the Statement of Financial Position date. Foreign currency exchange differences relating to investments at fair value through profit or loss are included in "unrealised gain on financial assets at fair value through profit or loss" in the Statement of Comprehensive Income. All other foreign currency exchange differences relating to monetary items, including cash, are presented in "unrealised (loss) / gain foreign exchange" in the Statement of Comprehensive Income.

2I Taxation

Income tax expense is recognised through profit or loss in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

The Company is subject to Jersey tax at a rate of 0%.

2J Distributions

Distributions to the Shareholders are recorded through the statement of changes in equity when they are declared to Shareholders.

2K Operating Segments

The Company only engages in one business activity from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by the Company's chief operating decision-makers and for which discrete financial information is available. The chief operating decision-makers for the Company are the Directors and the only segment is the investment by the Company into BGCF.

2L Significant Accounting Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

i. Fair value

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

For year ended 31 December 2015, there were internal valuation techniques used. The investments are recorded at fair value and are designated as assets at fair value through profit or loss. The fair value of the investments is based on their cost plus or minus the profit or loss generated by BGCF, in accordance with the underlying NPA. Accordingly, the Directors have classified these securities as Level 3.

ii. Non-consolidation of BGCF

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

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

i. The investor has existing rights that give it the ability to direct the relevant activities that significantly affect the investee’s returns;

ii. The investor has exposure or rights to variable returns from its involvement with the investee; and

iii. The investor has the ability to use its power over the investee to affect the amount of the investor’s returns.

In the case of BGCF, the relevant activities are the investment decisions made by it. However, in the Company’s case, the power to influence or direct the relevant activities is not attributable to the Company. The Company does not have the ability to direct or stop investments by BGCF; therefore, it does not have the ability to control the variability of returns.

Accordingly, BGCF has been determined not to be a subsidiary undertaking as defined under IFRS 10 and the Company's investment in the PPNs issued by BGCF are accounted for at fair value through profit or loss. The Board has also considered the non-voting B2 shares held by its Subsidiary which also do not give that entity the right to control the operations and activities of BGCF.

iii. Non-consolidation of the Subsidiary undertaking

At 31 December 2014, the Company had one subsidiary undertaking as defined under IFRS 10, Blackstone / GSO Loan Financing 2 Limited (the "Subsidiary"). The Subsidiary was dissolved effective 23 December 2015.

At 31 December 2015, the Company had one subsidiary undertaking as defined under IFRS 10, Blackstone / GSO Loan Financing (Luxembourg) S.a r.l. (the "Lux Subsidiary").

In the case of the Lux Subsidiary, the relevant activities are the investment decisions which are made by it. Power over its relevant activities is attributed to the Company through its 100% ownership. The impact of this ownership is that it gives the Company the ability to direct or stop investments by the Lux Subsidiary and hence the decision-making power.

To adopt IFRS 10 and to be exempt from preparing consolidated financial statements, the Company must meet the definition of an investment entity. The Company is satisfied that it meets both the required criteria and typical characteristics of an investment entity:

i. It has met the required criteria as follows:

    i. It has obtained funds from one or more investors for the purpose of providing those investors with investment management services;

    ii. It has committed to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and

    iii. It measures and evaluates the performance of its investments on a fair value basis.

ii. In addition, the Company has concluded that it has all the following typical characteristics of an investment entity, namely:

    i. It has exposure to more than one investment;

    ii. It has multiple investors;

    iii. The majority of its investors are not related parties; and

    iv. It has ownership interests in the form of equity.

Accordingly, the Lux Subsidiary has not been consolidated under IFRS 10 and is accounted for at fair value through profit or loss. The Subsidiary was not consolidated as at 31 December 2014 for the same reasons as those outlined above.

2M New Standards and Interpretations Applicable to Future Reporting Periods

New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2015

There are no new standards, amendments or interpretations issued and effective for the financial year beginning 1 January 2015 that have a significant impact on the Company.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2015 and not early adopted

IFRS 9 "Financial Instruments" addressed the classification, measurement and recognition of financial assets and financial liabilities and will become effective for the periods beginning on or after 1 January 2018. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact.

IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements" amendments were issued in September 2014 and will become effective for the periods beginning on or after 1 January 2016. The amendments clarify the following: exemption from preparing consolidated financial statements; a subsidiary providing services that relate to the parent's investment activities; application of the equity method by a non-investment entity investor to an investment entity investee and disclosure requirements relating to an investment entity measuring all of its subsidiaries at fair value. These amendments are not expected to have any impact on the Company's financial position or performance but may result in extra disclosures.

IAS 1 "Presentation of Financial Statements" amendment was issued in December 2014 and will become effective for period beginning on or after 1 January 2016. The amendment introduces five narrow-focus improvements to the disclosure requirements that relate to materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendment is not expected to have any impact on the Company's financial position, performance but may result in a variation of disclosures in its financial statements.

3 Financial Instruments at Fair Value through Profit or Loss

As described in the accounting policies note, the Company has financial assets at fair value through profit or loss. The financial instruments recognised at fair value are analysed between those whose fair value is based on:

- Level 1: Quoted prices, unadjusted, in active markets for identical assets or liabilities;

- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly, as prices, or indirectly, derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For year ended 31 December 2015 and the period ended 31 December 2014 all financial instruments were classified as Level 3 within the fair value hierarchy.

For investments that have been categorised as Level 3, fair value of the PPNs is based on NAV of BGCF attributable to the PPNs. The fair value of the ordinary shares held in the Lux Subsidiary and in BGCF are deemed to approximate their cost.

The following table shows the movement in Level 3 of the fair value hierarchy for the year ended 31 December 2015:

	Financial Assets at Fair Value through Profit or Loss
	€
Opening balance	299,277,149
Purchases	29,999,526
Total unrealised gains or losses in comprehensive income	(3,243,967)
Closing Balance	**326,032,708**

The following table shows the movement in Level 3 of the fair value hierarchy for the period ended 31 December 2014:

	Financial Assets at Fair Value through Profit or Loss
	€
Opening balance	–
Purchases	300,950,000
Total unrealised gains or losses in comprehensive income	(1,672,851)
Closing Balance	**299,277,149**

For each class of assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed, the Company is required to disclose the level within the fair value hierarchy which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique.

For year ended 31 December 2015 and the period ended 31 December 2014 cash and cash equivalents, other receivable and expenses payable whose carrying amounts approximate to fair value, were classified as Level 2 within the fair value hierarchy.

Transfers between Level 1, 2 and 3

There were no transfers between Level 1, Level 2 and Level 3 during the year (2014: none).

To provide information to Shareholders the following is a summary of the inputs used as at 31 December 2015 in valuing the financial instruments carried at fair value by BGCF:

BGCF	Level 1	Level 2	Level 3	Total Fair Value
	€	€	€	€
Financial Assets at Fair Value through Profit or Loss:				
Designated at fair value through profit or loss:				
– Investments	–	137,816,910	185,090,584	322,907,494
Held for trading				
Derivative financial assets	–	–	–	–
Total Financial Assets	**–**	**137,816,910**	**185,090,584**	**322,907,494**
Financial Liabilities at Fair Value through Profit or Loss:				
Designated at fair value through profit or loss:				
PPNs	–	–	(311,012,708)	(311,012,708)
Held for trading				
Derivative financial liabilities	–	(939,403)	–	(939,403)
Total Financial Liabilities	**–**	**(939,403)**	**(311,012,708)**	**(311,952,111)**

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the year end.

To provide information to Shareholders the following is a summary of the inputs used as at 31 December 2014 in valuing the financial instruments carried at fair value by BGCF:

BGCF	Level 1	Level 2	Level 3	Total Fair Value
	€	€	€	€
Financial Assets at Fair Value through Profit or Loss:				
Designated at fair value through profit or loss:				
– Investments	–	451,627,773	135,541,185	587,168,958
Held for trading				
Derivative financial assets	–	33,785	–	33,785
Total Financial Assets	**–**	**451,661,558**	**135,541,185**	**587,202,743**
Financial Liabilities at Fair Value through Profit or Loss:				
Designated at fair value through profit or loss:				
PPNs	–	–	(284,277,149)	(284,277,149)
Held for trading				
Forward purchase agreements	–	(288,660)	–	(288,660)
Total Financial Liabilities	**–**	**(288,660)**	**(284,277,149)**	**(284,565,809)**

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period.

The following table shows the movement in Level 3 of BGCF's fair value hierarchy for year ended 31 December 2015:

BGCF	Financial Assets at Fair Value through Profit or Loss	Financial Liabilities at Fair Value through Profit or Loss
	€	€
Opening balance	135,541,185	(284,277,149)
Transfer in Level 3	8,601,799	–
Transfer out Level 3	(34,043,005)	–
Total unrealised gains or losses in comprehensive income	(13,678,417)	3,243,967
Purchases / Issuances	161,640,730	(29,979,526)
Sales	(72,758,928)	–
Realised loss	(212,780)	–
Closing Balance	**185,090,584**	**(311,012,708)**

The following table shows the movement in Level 3 of BGCF's fair value hierarchy for the period ended 31 December 2014:

BGCF	Financial Assets at Fair Value through Profit or Loss	Financial Liabilities at Fair Value through Profit or Loss
	€	€
Opening Balance	–	–
Total unrealised gains or losses in comprehensive income	(10,381,597)	1,672,851
Purchases/Issuances	193,911,717	(285,950,000)
Sales	(48,406,664)	–
Realised loss	417,729	–
Closing Balance	**135,541,185**	**(284,277,149)**

BGCF's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the last day of the accounting period.

The transfers out of Level 3 represent holdings that were priced by Markit as at 31 December 2014 with a single pricing source input resulting in a fair value hierarchy classification of Level 3. However, these same holdings were priced by Markit as at 31 December 2015 with more than one price input resulting in a fair value hierarchy classification of Level 2. The opposite movement in pricing sources resulted in the transfers into Level 3.

Sensitivity of Level 3 holdings to unobservable inputs

Sensitivity analysis of Level 3 assets is performed at BGCF's level since that has a direct impact on the valuation of the Company's Level 3 holdings.

A number of holdings in BGCF's portfolio as at 31 December 2015 were priced through Markit. Where the input into the Markit price was 1 or less prices, 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 priced by Thomson Reuters and were classified as Level 3 as this is a single pricing source.

The assets classified as Level 3 represented 57.32% (for the period ended 31 December 2014: 23.1%) of BGCF's 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 BGCF's financial assets of €9,254,529 (2.87% of the total financial assets) (31 December 2014: €6,777,059 (1.15% of the total financial assets)). There also would be an equal and opposite effect on the valuation of the PPNs and the debt issued by BGCF's subsidiaries (2.98%) (31 December 2014: (2.38%)).

The CLO Income Notes are valued by Thomson Reuters using discounted cash flow models. The key model input assumptions are the loan prepayment rates, loan default rates, loan recovery given default rates and reinvestment rates. These metrics are accumulated from various independent market sources. Additionally, Thomson Reuters review 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 financial liabilities of BGCF at fair value through profit or loss consist of the PPNs. In the financial statements of BGCF the PPNs are valued using a model based on the fair value of the underlying assets and liabilities. The amortised cost of the variable fund notes and cash and cash equivalents and 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 – as discussed in the previous paragraph.

If the valuation of the element of debt issued by the subsidiaries of BGCF and then purchased by BGCF had increased or decreased by 5% (31 December 2014: 5%) the value of the CLO Income Notes would move by €8,555,110 (for the period ended 31 December 2014: €4,743,259).

4 Fees

Adviser

Under the Advisory Agreement, the Adviser is entitled to receive out of pocket expenses, all reasonable third-party costs, and other expenses incurred in the performance of its obligations.

Administrator

State Street Fund Services (Jersey) Limited, as Administrator of the Company for the year ended 31 December 2015, was entitled to receive fees of up to 0.08% per annum of the NAV of the Company for the provision, respectively, of administration, accounting and trustee services to the Company. The overall charge for the above-mentioned fees for the Company for year ended 31 December 2015 was €260,006 (for the period ended 31 December 2014: €109,841) and the amount due at 31 December 2015 was €42,966 (for the period ended 31 December 2014: €109,841).

Directors' Fees

The Company's Directors are entitled to a fee in remuneration for their services as Directors at a rate to be determined from time to time by Remuneration Committee of the Board. During the year ended 31 December 2015, the Company paid Directors' fees of €252,500 (for the period ended 31 December 2014: €89,334) of which €51,048 (for the period ended 31 December 2014: €26,132) was outstanding at the year end.

Audit Fees

The Company incurred the following audit, assurance and tax fees during the year, of which €100,742 (for the period ended 31 December 2014: €80,000) was outstanding at the year end.

	Year Ended 31 December 2015	Period Ended 31 December 2014
	€	€
Audit of individual accounts	100,742	80,000
Non-audit services	30,000	8,000
	130,742	**88,000**

5 Cash and Cash Equivalents

Cash and cash equivalents balances are held with the Custodian.

6 Borrowing

The Company will not utilise borrowings for investment purposes. However, the Directors are permitted to borrow up to 10% of the NAV for day to day administration and cash management purposes. The Company did not borrow during the year ended 31 December 2015 or during the period ended 31 December 2014.

7 Shares

The maximum share capital of the Company is unlimited. As at 31 December 2015, the issued share capital consists of 331,319,700 Euro shares (for the period ended 31 December 2014: 301,200,000).

Voting Rights

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

Rights as to Capital

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

Issued Shares (No. of Shares)

	Euro Shares[12]
Opening balance	301,200,000
Issue during the year	30,119,700
Balance at 31 December 2015	**331,319,700**

	Euro Shares[13]
	€
Opening balance	–
Issue during the period	301,200,000
Balance at 31 December 2014	**301,200,000**

Equity

	Euro Shares[12]
	€
Opening balance	298,951,560
Income for the year all attributable to shareholders	24,772,130
Issue of shares	30,107,652
Distributions to shareholders	(27,860,982)
Balance at 31 December 2015	**325,970,360**

	Euro Shares[13]
	€
Opening balance	–
Loss for the period all attributable to shareholders	(2,248,440)
Issue of shares	301,200,000
Balance at 31 December 2014	**298,951,560**

Capital Management

The Company is closed-ended and has no externally imposed capital requirements.

The Company's objectives for managing capital are:

i. To invest the capital in investments meeting the description, risk exposure and expected return indicated in its Prospectus;

ii. To achieve consistent returns while safeguarding capital by investing in BGCF;

(12) 30,119,700 Euro shares were issued and admitted to the SFS and CISX on 29 April 2015.
(13) 260,500,000 Euro shares were issued and admitted to the SFS on 23 July 2014. A further 40,700,000 Euro shares were issued and admitted to the SFM on 28 August 2014.

iii. To maintain sufficient liquidity to meet the expenses of the Company and to meet distribution commitments; and

iv. To maintain sufficient size to make the operation of the Company cost efficient.

Please refer to note 12 (c) Liquidity Risk for further discussion on capital management, particularly on how the distribution policy is managed.

8 Soft Commissions

There are no agreements for the provision of any services by means of soft commission.

9 Interests in Other Entities

Interests in Unconsolidated Structured Entities

IFRS 12 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:

i. Restricted activities;

ii. A narrow and well-defined objective;

iii. Insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and

iv. Financing in the form of multiple contractually linked instruments that create concentrations of credit or other risks.

Involvement with Unconsolidated Structured Entities

The Company has concluded that the PPNs and non-voting shares of BGCF in which it invests, but that it does not consolidate, meet the definition of a structured entity.

Interests in Subsidiaries

As at 31 December 2015, the Company has a 100% notional holding of the entire outstanding notional balance of its Lux Subsidiary (20,000 Class A shares). As at 31 December 2014, the Company had a 100% notional holding of the entire outstanding notional balance of its Subsidiary which was subsequently dissolved on 23 December 2015.

The 15 Class B2 shares the Subsidiary held in BGCF were transferred in-specie to the Company. Each share had a nominal value of €1 and a share premium of €999,999, resulting in the in-specie transfer being valued at €15,000,000.

Other than the investments noted above the Company did not provide any financial support for the period ended 31 December 2014, nor had it any intention of providing financial or other support. It provided a loan of €30,000 to the Lux Subsidiary during the year ended 31 December 2015.

10 Related Party Transactions and Key Management Personnel

Transactions with Entities with Significant Influence

In accordance with IAS 24 "Related Party Disclosures" the related parties and related party transactions during the year comprised an affiliate of DFME. As at 31 December 2014 Blackstone Asia Treasury Pte held 50,000,000 shares in the Company and has entered into a Lock-Up Agreement with the Company and Joint Bookrunners pursuant to which Blackstone Asia Treasury Pte undertakes not to dispose of the placing shares it acquired in the Company pursuant to the placing for a period of 12 months from Admission. This agreement expired on 23 July 2015 and Blackstone Asia Treasury Pte continues to hold 50,000,000 shares as at 31 December 2015.

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 for the year ended 31 December 2015 and the period ended 31 December 2014.

During the year ended 31 December 2015, the Company incurred Directors' fees for services as Directors and out-of-pocket expenses of €252,500 (2014: €89,334), of which €51,048 (2014: €26,132) was outstanding at the year end. The names of the Directors are shown on page 87.

No Director, except Mr Clark, had any beneficial interest in the shares of the Company during the year ended 31 December 2015. Mr Clark purchased 25,000 Euro Shares in the Company pursuant to the Placing. Mr Clark did not sell any shares during the year and continues to hold 25,000 shares as at 31 December 2015. The Company Secretary had no beneficial interest in the shares of the Company during the year ended 31 December 2015.

Mr Austin is also a Director of Blackstone / GSO Debt Funds Europe Limited.

The following Directors' fees were paid during the year:

	Year Ended 31 December 2015	Period Ended 31 December 2014
	€	€
Ms Charlotte Valeur	76,515	27,070
Mr Philip Austin	53,561	18,950
Mr Garry Clark	61,212	21,657
Ms Joanna Dentskevich	61,212	21,657
	252,500	**89,334**

Transactions with Other Related Parties

At 31 December 2015, current employees of, and accounts managed or advised by the Adviser and its affiliates, hold 524,875 Euro shares (for the period ended 31 December 2014: 1,222,322) which represents approximately 0.16% (for the period ended 31 December 2014: 0.41%) of the issued shares of the Company. The reduction of 697,447 shares in this category during the year represented the re-classification of employees, not sales.

The Company invests in PPNs of BGCF. The Adviser is also appointed as a service support provider to BGCF and as the Collateral Manager to the CLOs originated by BGCF.

Transaction with Subsidiaries

During the year ended 31 December 2015, the Company had two subsidiaries for financial reporting purposes. The Subsidiary, Blackstone / GSO Loan Financing 2 Limited, was a private company incorporated in Jersey. The Company's investment in this private company vehicle is detailed in note 9.

During the year ended 31 December 2015, the Subsidiary transferred its investment in BGCF to the Company through the use of an in-specie transfer. The Subsidiary was dissolved on 23 December 2015. The value of the holdings by the Company in BGCF at 31 December 2015 was €15,000,000 (31 December 2014: Nil) and the value off the holding in the Subsidiary at 31 December 2015 was Nil (31 December 2014: €15,000,000).

The Lux Subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.a.r.l. was incorporated on 23 July 2015 with 20,000 Class A shares issued to the Company.

The value of the Lux Subsidiary holding at 31 December 2015 was €20,000 (2014: Nil).

11 Derivative Financial Instruments

The Company does not hold any derivative financial instruments. It has limited direct exposure to currency risk; therefore, it had no currency hedges in place at 31 December 2015 or 31 December 2014.

12 Risks Associated with Financial Instruments

The main risks arising from the Company's financial instruments are market risk, which comprises: interest rate risk, valuation risk and foreign currency risk, credit risk and liquidity risk.

12A Market Risk

Market risk is the risk that the Company's performance will be adversely affected by changes in the markets in which it invests. The Company holds three investments, one in the form of PPNs in BGCF which is the main driver of the Company's performance, the second is the investment in BGCF through its holding of Class B2 shares in BGCF and the third is the investment in the Lux Subsidiary through its holding of Class A shares in the Lux Subsidiary.

The performance of the PPNs is driven by the underlying portfolio of BGCF and therefore consideration of the market risks to which that company is exposed have also been made. BGCF invests predominantly in below investment grade senior secured loans domiciled in Western Europe or North America. As such, the Company and BGCF could be particularly exposed to any deterioration in the current European or American economic climate.

BGCF is subject to investment limits when it holds senior secured loans directly in its portfolio. BGCF also invests in CLOs with each CLO being subject to investment limits. These investment limits amongst others relate to the number of positions held by obligor, industry sector, credit rating and weighted average life and rating of the portfolio.

Financial market disruptions may have a negative effect on the valuations of BGCF's investments and, by extension, on the NAV and/or the market price of the Company's ordinary shares, and on liquidity events involving BGCF's investments. Any non-performing assets in BGCF's portfolio may cause the value of BGCF's portfolio to decrease and, by extension, the NAV of the Company. Adverse economic conditions may also decrease the value of any security obtained in relation to any of BGCF's investments.

A sensitivity analysis is shown below disclosing the impact on the NAV of the Company, if the fair value of the Company's investment in BGCF at the period end increased or decreased by 5%:

Current Value	**Year Ended 31 December 2015 Total**	**Increase by 5%**	**Decrease by 5%**
	€	**€**	**€**
Investments Held at Fair Value through Profit or Loss:			
PPNs	311,012,708	326,563,343	295,462,073
Investment in BGCF	15,000,000	15,750,000	14,250,000
Investment in the Lux Subsidiary	20,000	21,000	19,000

Current Value	**Period Ended 31 December 2014 Total**	**Increase by 5%**	**Decrease by 5%**
	€	**€**	**€**
Investments Held at Fair Value through Profit or Loss:			
PPNs	284,277,149	298,491,006	270,063,292
Investment in the Subsidiary	15,000,000	15,750,000	14,250,000

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.

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 majority of the Company's interest rate exposure arises in the fair value of the underlying BGCF portfolio which is largely invested in below investment grade 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.

The following table details BGCF's direct exposure in all direct holdings to interest rate risk. It includes BGCF's assets and trading liabilities at fair values, categorised by whether the asset or liability has a floating rate or is non-interest bearing measured by the carrying value of the assets and liabilities at 31 December 2015:

BGCF	Floating Rate	Non-Interest Bearing	Total
	€	€	€
Financial Assets at Fair Value through Profit or Loss:			
Designated at air value through profit or loss:			
– Investments	322,907,494	–	322,907,494
Receivable for investments sold	–	163,280,093	163,280,093
Other receivables	–	1,836,439	1,836,439
Cash and cash equivalents	46,030,319	–	46,030,319
Total Assets	**368,937,813**	**165,116,532**	**534,054,345**
Financial Liabilities at Fair Value through Profit or Loss:			
Designated at fair value through profit or loss:			
– Notes and credit facilities	(371,201,885)	–	(371,201,885)
Held for trading			
– Derivative financial liability	–	(939,403)	(939,403)
Payable for investments purchased	–	(145,433,283)	(145,433,283)
Other payables and accrued expenses	–	(1,478,014)	(1,478,014)
Total Liabilities	**(371,201,885)**	**(147,850,700)**	**(519,052,585)**
Total Interest Sensitivity Gap	**(2,264,072)**		

The following table details BGCF's direct exposure in all direct holdings to interest rate risk. It includes BGCF's assets and trading liabilities at fair values, categorised by whether the asset or liability has a floating rate or is non-interest bearing measured by the carrying value of the assets and liabilities at 31 December 2014:

BGCF	Floating Rate	Non-Interest Bearing	Total
	€	€	€
Financial Assets at Fair Value through Profit or Loss:			
Designated at fair value through profit or loss:			
– Investments	587,168,958	–	587,168,958
Held for trading			
– Derivative financial asset		33,785	33,785
Receivable for investments sold	–	472,771,051	472,771,051
Other receivables	–	5,501,703	5,501,703
Cash and cash equivalents	91,601,158	–	91,601,158
Total Assets	**678,770,116**	**478,306,539**	**1,157,076,655**
Financial Liabilities at Fair Value through Profit or Loss:			
Designated at fair value through profit or loss:			
– Notes and credit facilities	(686,600,398)	–	(686,600,398)
Held for trading			
– Derivative financial liability	–	(288,660)	(288,660)
Payable for investments purchased	–	(447,523,872)	(447,523,872)
Other payables and accrued expenses	–	(7,662,865)	(7,662,865)
Total Liabilities	**(686,600,398)**	**(455,475,397)**	**(1,142,075,795)**
Total Interest Sensitivity Gap	**(7,830,282)**		

Sensitivity Analysis

At 31 December 2015, had the base interest rates strengthened / weakened by 2% (31 December 2014: 2%) in relation to all holdings subject to interest with all other variables held constant, this would increase / decrease BGCF's performance by €45,281 (31 December 2014: €156,606), which would subsequently impact the amount available for distribution to the Company. 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 historic data. Future price movements and correlations between securities and its NAV could vary significantly from those experienced in the current financial period.

The following tables detail the Company's interest rate risk as at 31 December 2015 and 31 December 2014:

31 December 2015	Floating Rate	Non-Interest Bearing	Total
	€	€	€
Assets			
Investments held at fair value through profit or loss	311,012,708	15,020,000	326,032,708
Cash and cash equivalents	252,610	–	252,610
Other receivables and prepayments	–	62,365	62,365
Total Assets	**311,265,318**	**15,082,365**	**326,347,683**
Liabilities			
Payables	–	(377,323)	(377,323)
Total Liabilities	**–**	**(377,323)**	**(377,323)**
Total Interest Sensitivity Gap	**311,265,318**		

31 December 2014	Floating Rate	Non-Interest Bearing	Total
	€	€	€
Assets			
Investments held at fair value through profit or loss	284,277,149	15,000,000	299,277,149
Cash and cash equivalents	86,944	–	86,944
Other receivables and prepayments	–	21,223	21,223
Total Assets	**284,364,093**	**15,021,223**	**299,385,316**
Liabilities			
Payables	–	(433,756)	(433,756)
Total Liabilities	**–**	**(433,756)**	**(433,756)**
Total Interest Sensitivity Gap	**284,364,093**		

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

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 BGCF is the Euro. Certain of BGCF's assets are typically invested in securities and other investments which are denominated in other currencies. Accordingly, BGCF is subject to foreign currency exchange risks and the value of its assets may be affected by fluctuations in foreign currency exchange rates. BGCF may utilise financial instruments to hedge against declines in the value of such assets as a result of changes in currency exchange rates. As at 31 December 2015 BGCF held a foreign currency swap on its investment in Dorchester Park CLO Limited since it has a base currency of U.S. Dollars. The unrealised loss on the foreign currency swap as at 31 December 2015 was €939,403.

In addition, there can be no assurance that any attempt to hedge against a particular change or event would be successful, and any such hedging failure could materially and adversely affect the performance of BGCF and, by extension, the Company's business, financial condition, results of operations and NAV. BGCF manages its foreign currency exposure through utilising variable funding notes in the same currency as the holdings the notes are financing.

The Company is not subject to significant foreign currency risk since its investments are denominated in Euro and its share capital is also denominated in Euro.

iii. Other Price Risk

Other price risk is the risk that the valuation of the Company's investments in BGCF, and accordingly the periodic calculation of the NAV of the Company's ordinary shares, does not reflect the true value of BGCF's underlying investment portfolio.

BGCF'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 BGCF, 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 BGCF. Investments held by BGCF may trade with significant bid-ask spreads. BGCF is entitled to rely, without independent investigation, upon pricing information and valuations furnished to BGCF by third parties, including pricing services and valuation sources.

Absent bad faith or manifest error, valuation determinations in accordance with BGCF'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 BGCF holds such investments, could be paid an amount less than it would otherwise be paid if the actual value of BGCF's investment was higher than the value designated for that investment by BGCF. Similarly, there is a risk that a redeeming BGCF interest holder might, in effect, be overpaid at the time of the applicable redemption if the actual value of BGCF's investment was lower than the value designated for that investment by BGCF, in which case the value of BGCF interests to the remaining BGCF interest holders would be reduced.

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

12B 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 counterparty risk, which is reviewed on an ongoing basis.

The Company's credit risk is attributable to its investments at fair value through profit or loss, cash and cash equivalents and other receivables. 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.

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:

	2015	2014
	€	€
Investments at fair value through profit or loss	326,032,708	299,277,149
Cash and cash equivalents	252,610	86,944
Other receivables	62,365	21,223
Total Assets	**326,347,683**	**299,385,316**

The Company is exposed to a potential material singular credit risk in the event that it requests a repayment of the PPNs from BGCF and receives an acceptance of that repayment request. The Board is aware of this risk and the concentration risk to BGCF.

Leveraged loan sub-investment grade senior secured obligations held by BGCF are subject to unique risks, including the possible invalidation of an investment as a fraudulent conveyance under relevant creditors' rights laws. Further, where exposure to leveraged loans is gained by purchase of sub-participations there is the additional credit and bankruptcy risk of the direct participant and its failure for whatever reason to account to BGCF monies received in respect of leveraged loans directly held by it. In analysing each leveraged loan or sub-participation, the Adviser compares the relative significance of the risks against the expected benefits of the investment.

In purchasing sub-participations, BGCF generally will not have the right to enforce compliance by the obligor with the terms of the applicable debt agreement nor directly benefit from the supporting collateral for the debt in respect of which it has purchased a sub-participation. As a result, BGCF will assume the credit risk of both the obligor and the institution selling the sub-participation. There were no sub-participations in the portfolio as at 31 December 2015 (As at 31 December 2014: Nil).

BGCF's credit risk concentration is spread between a number of counterparties. The top ten largest holdings represented 65.65% (for the period ended 31 December 2014: 33.9%) of BGCF's assets.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the year-end date.

The Adviser, through its investment strategy for BGCF, endeavours to avoid losses relating to defaults on the underlying assets. In-house research is used to identify asset allocation opportunities amongst potential borrowers and industry segments and to take advantage of episodes of market mispricing. 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 analysis having relevant sector experience.

The analysis involves developing a full understanding of the business and associated risk of the issuer and a full analysis of the financial risk, which leads to an overall assessment of credit risk. The Adviser analyses credit concentration based on the counterparty and industry of the financial assets that BGCF holds.

During the year ended 31 December 2015 all cash was placed with the State Street Custodial Services (Jersey) Limited, as Custodian. The ultimate parent of State Street Custodial Services (Jersey) Limited is State Street Corporation which is publicly traded with a credit rating of A (as at 31 December 2014: A+) from Standard & Poor's.

The credit risk associated with debtors is limited to other receivables. Credit risk is mitigated by the Company's policy to only undertake significant transactions with leading commercial counterparties. It is the opinion of the Board that the carrying amounts of these financial assets represent the maximum credit risk exposure as at the reporting date.

The Board continues to monitor the Company's exposure to credit risk.

12C 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, BGCF is contractually obliged to ensure that its portfolio is managed in accordance with the Company's investment objective and policy. In the event that BGCF fails to comply with these contractual obligations, the Company could elect for the unsecured PPNs to become immediately due and repayable to it from BGCF, subject to any applicable legal, contractual and regulatory restrictions. Given the nature of the investments held by BGCF there is no guarantee and indeed, it is highly unlikely that the applicable legal, contractual and regulatory restrictions would permit BGCF 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, BGCF's failure to fully comply with its contractual obligations to do so or BGCF being restricted from doing so by law, regulation or contract could have a significant adverse effect on the Company's business, financial condition and results of operations and NAV.

The PPNs are unsecured obligations of BGCF and amounts payable on the PPNs will be made solely from amounts received in respect of the assets of BGCF available for distribution to its unsecured creditors. BGCF 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 BGCF. 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 BGCF and to dispose of or liquidate, on their own behalf or through a security trustee or receiver, the assets of BGCF 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 BGCF'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, results of operations and NAV.

Consequently, in the event of a materially adverse event occurring in relation to BGCF 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 in BGCF. This delay could materially affect the value of the PPNs and the timing of when BGCF is able to realise its investments, which may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the shares.

The liquidity risk of BGCF as at 31 December 2015 is as follows:

	Within 6 Months	Greater than 6 Months	Total
	€	€	€
Payable for investments purchased	(145,433,283)	–	(145,433,283)
Financial liabilities at fair value	–	(311,012,708)	(311,012,708)
Variable funding notes	–	(60,189,177)	(60,189,177)
Derivative financial liabilities	(939,403)	–	(939,403)
Other payables and accrued expenses	(1,478,014)	–	(1,478,014)
	(147,850,700)	**(371,201,885)**	**(519,052,585)**

The liquidity risk of BGCF as at 31 December 2014 is as follows:

	Within 6 Months	Greater than 6 Months	Total
	€	€	€
Payable for investments purchased	(447,523,872)	–	(447,523,872)
Financial liabilities at fair value	–	(284,277,149)	(284,277,149)
Variable funding notes	–	(402,323,249)	(402,323,249)
Derivative financial liabilities	(288,660)	–	(288,660)
Other payables and accrued expenses	(7,662,865)	–	(7,662,865)
	(455,475,397)	**(686,600,398)**	**(1,142,075,795)**

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

13 Earnings per Share

The earnings per share (the "EPS") is calculated by dividing the profit or loss for the year / period attributable to the participating Shareholders by the weighted average number of shares outstanding in the year.

Year Ended 31 December 2015	Euro Share Class
	€
Income for the year attributable to the shareholders	24,772,130
Number of ordinary shares on a weighted average basis	321,499,853
Earnings per Share	**0.08**

For year ended 31 December 2015, there are no potential ordinary shares in existence at the year end, hence no diluted EPS is shown.

Period Ended 31 December 2014	Euro Share Class
	€
Loss for the period attributable to the shareholders	(2,248,440)
Number of ordinary shares on a weighted average basis	292,155,556
Loss per Share	**(0.01)**

For the period ended 31 December 2014, there were no potential ordinary shares in existence at the period end, hence no diluted EPS is shown.

Please note that the earnings per share of €0.00 as disclosed in the half yearly financial report for the period ended 30 June 2015 was calculated net of the distributions to Shareholders. The earnings per share gross of distributions as at 30 June 2015 to Shareholders was €0.05.

14 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 year ended 31 December 2015 and the period ended 31 December 2014. The only share class in issue during year ended 31 December 2015 and the period ended 31 December 2014 is the Euro share class.

For the year ended 31 December 2015 and the period ended 31 December 2014, the Company's primary exposure was to Europe.

15 Taxation

The Company is subject to Jersey tax at a rate of 0%.

16 Distributions

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

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

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

The Directors may deduct from any dividend or other 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.

The Board declared the following distributions during the year:

On 22 January 2015, the Board declared a dividend of €0.0265 per Euro share in respect of the period from Admission to 31 December 2014 with an ex-dividend date of 29 January 2015. A total payment of €7,981,800 was processed on 20 February 2015.

On 23 April 2015, the Board declared a dividend of €0.02 per Euro share in respect of the year from 1 January 2015 to 31 March 2015 with an ex-dividend date of 30 April 2015. A total payment of €6,626,394 was processed on 22 May 2015.

On 21 July 2015, the Board declared a dividend of €0.02 per Euro share in respect of the year from 1 April 2015 to 30 June 2015 with an ex-dividend date of 30 July 2015. A total payment of €6,626,394 was processed on 21 August 2015.

On 21 October 2015, the Board declared a dividend of €0.02 per Euro share in respect of the year from 1 July 2015 to 30 September 2015 with an ex-dividend date of 29 October 2015. A total payment of €6,626,394 was processed on 20 November 2015.

Please refer to note 19 for distributions made after the period end.

17 Other Events of BGCF

BGCF entered into a Forward Purchase Agreement with Dorchester Park CLO Limited. This matured on 26 February 2015 when Dorchester Park CLO Limited closed and the Company purchased 60.95% of its Subordinated Notes in conjunction with the purchase of the underlying assets by Dorchester Park CLO Limited.

BGCF entered into a Forward Purchase Agreement with Dartry Park CLO Designated Activity Company. This matured on 16 March 2015 when Dartry Park CLO Designated Activity Company closed and the Company purchased 51.12% of its Subordinated Notes in conjunction with the purchase of the underlying assets by Dartry Park CLO Designated Activity Company.

BGCF entered into a Forward Purchase Agreement with Orwell Park CLO Designated Activity Company. This matured on 4 June 2015 when Orwell Park CLO Designated Activity Company closed and the Company purchased 51.00% of its Subordinated Notes in conjunction with the purchase of the underlying assets by Orwell Park CLO Designated Activity Company.

BGCF entered into a Forward Purchase Agreement with Tymon Park CLO Limited. This matured on 17 December 2015 when Tymon Park CLO Limited closed and the Company purchased 51.00% of its Subordinated Notes in conjunction with the purchase of the underlying assets by Tymon Park CLO Limited.

As at 31 December 2015 BGCF has majority ownership of the Subordinated Notes of seven CLO subsidiaries.

18 Significant Events of the Company during the Year

Please refer to the Executive Summary on page 14 for details of significant events of the Company during the year.

19 Subsequent Events

On 28 January 2016, the Board declared a dividend of €0.02 per Euro share in respect of the period from 1 October 2015 to 31 December 2015 with an ex-dividend date of 4 February 2016. A total payment of €6,626,394 was processed on 26 February 2016. On 20 April 2016, the Company declared a dividend of €0.02 per Euro share in respect of the period from 1 January 2016 to 31 March 2016. This dividend will be paid on 20 May 2016 to Shareholders on the register as at the close of business on 29 April 2016.

On 1 January 2016, BNPP replaced State Street Fund Services (Jersey) Limited as the Administrator / Company Secretary and State Street Custodial Services (Jersey) Limited as the Custodian.

The PPNs were transferred from the Company to the Lux Subsidiary on 3 February 2016 for the following consideration:

PPNs with a nominal value of €315,929,526 and market value of €311,012,708 were exchanged for 1,980,000 Class A shares, 1 Class B share and for 309,033,367 B Warrants (with a nominal value of €1 each).

The Company's investment objective was updated and approved by the Shareholders at an Extraordinary General Meeting held on 29 February 2016. The updated investment objective is as follows:

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

The amendments to the Company's investment objective and consequential updates to its investment policies enable the Company to invest in entities other than BGCF.

There were no other significant events affecting the Company since the year end which required adjustment to or disclosure in the financial statements.

20 Approval of the Financial Statements

The financial statements were approved and authorised for issue by the Directors on 21 April 2016.

Management and Administrators

Director[14]	Adviser
Ms Charlotte Valeur (Chair) Mr Philip Austin Mr Gary Clark Ms Joanna Dentskevich *All c/o the Company's registered office*	Blackstone / GSO Debt Funds Management Europe Limited 30 Herbert Street 2nd Floor Dublin 2, Ireland
Registered Office (to 31 December 2015)	**Registered Office (from 1 January 2016)**
Lime Grove House Green Street St Helier Jersey, JE1 2ST, Channel Islands	Liberté House 19-23 La Motte Street St Helier Jersey, JE4 5RL, Channel Islands
Administrator / Company Secretary (to 31 December 2015)	**Administrator / Company Secretary / Custodian (from 1 January 2016)**
State Street Fund Services (Jersey) Limited Lime Grove House Green Street St Helier Jersey, JE1 2ST, Channel Islands	BNP Paribas Securities Services S.C.A. Liberté House 19-23 La Motte Street St Helier Jersey, JE4 5RL, Channel Islands
Custodian (to 31 December 2015)	**Reporting Accountant and Auditor**
State Street Custodial Services (Jersey) Limited Lime Grove House Green Street St Helier Jersey, JE1 2ST, Channel Islands	Deloitte LLP PO Box 403 44 Esplanade St Helier Jersey, JE4 8WA, Channel Islands
Joint Financial Advisers, Bookrunners and Global Co-Ordinators	**Joint Financial Advisers, Bookrunners and Global Co-Ordinators**
Nplus1 Singer Advisory LLP 1 Bartholomew Lane London, EC2N 2AX, United Kingdom	Fidante Partners Europe Limited 1 Tudor Street London, EC4Y 0AH, United Kingdom

(14) All Directors of Blackstone / GSO Loan Financing Limited are Non-Executive Directors.

Management and Administrators

Legal Adviser to the Company (as to Jersey Law) until March 2015

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Legal Adviser to the Company (as to Jersey Law) from March 2015

Carey Olsen
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Legal Advisers to the Company (as to English Law)

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Legal Adviser to DFME (as to English and U.S. Law)

Weil, Gotshal & Manges LLP
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Registrar

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