Blackstone / GSO Loan Financing Limited

2Q19 Report

Blackstone

Dear Investor,

We are pleased to provide you with the quarterly update letter for the Blackstone / GSO Loan Financing Limited[1] (the "**Fund**"), for the quarter ended 30 June 2019.

Capitalised terms used herein and not otherwise defined have the meaning assigned to such term in the Offering Document of the Fund.

I. Market Review

We are pleased to incorporate as a regular feature the following macro-economic market commentary from Blackstone investment strategist Joe Zidle.

European Macro-Economic Update

The second quarter of 2019 will be remembered for the European Central Bank (ECB) finally acknowledging the extent of Europe's economic problems. After nearly a year of trying to convince markets that it would exit the quantitative easing business, a different reality set in: declining global trade and scant fiscal policy overwhelmed any hopes of self-sustaining growth. This will force the ECB to pursue rate cuts and balance sheet expansion in the second half of 2019 to stave off a recession that threatens to spread from Europe's manufacturing centre in Germany.

And with that, the transition from last year's global coordinated tightening to today's easing is complete. Central banks in the U.S., Europe, Japan, China and elsewhere are preparing to flood the markets with liquidity again. But Europe suffers from negative secular and cyclical forces, making a return to growth less clear.

On a secular front, demographics and immigration policies are responsible for the sharp decline in the size of Europe's working age population. For the 19 countries comprising the euro area, this crucial subset of the population is at its lowest levels in 35 years; working age populations in Germany and France are at the lowest levels since the Gen X'ers were born. At the same time, productivity growth in the euro area is low by relative and absolute standards, and contracted on a year-over-year basis in the last two quarters.[2] Unfortunately for Europe, growth over the long term is nothing more than the combination of population and productivity, and the outlook is not bright. Euro area population is projected to grow at less than 0.2% per year between 2020 and 2030.[3] Labour productivity growth is projected to grow at less than 1% through 2021.[4]

Cyclically, Europe's problems are trade related. And when the canary in the coal mine dies, it is no longer the canary's problem. Singapore is Europe's canary. With an economy incredibly reliant on foreign trade (over 300% of its GDP), Singapore posted a massive -3.4% contraction in 2Q19. Policymakers in Europe should pay attention. Trade as a percent of GDP in Germany and the euro area is approximately 85%, compared to just 35% of GDP in China and even less in the U.S.

European market performance in the first half represented an overly-optimistic view that the U.S. and China will settle the trade dispute soon. In credit, EUR high yield funds have seen €3.9 billion of inflows year-to-date and have returned over 7.2%, the

[1] Blackstone / GSO Loan Financing Limited ("BGLF"), a closed-end investment company incorporated in Jersey, invests alongside Blackstone / GSO Corporate Funding EUR Fund ("BGCF EUR"), a sub-fund of Blackstone / GSO Investment Funds, which is constituted as an umbrella unit trust and authorised by the Central Bank of Ireland as a qualifying investor alternative investment fund pursuant to the Unit Trusts Act, 1990. BGLF share capital consists of Ordinary Shares and C Shares ("BGLC"), which were issued as a result of the Rollover offer previously described.

[2] Source: European Central Bank, as of 31 March 2019.

[3] Source: OECD Long-Term Baseline Projections No. 103, as of 7 June 2018.

[4] Source: European Central Bank, June 2019 Macroeconomic Projections.

strongest six-month return to start a year since 2012 for the asset class.[5] This follows negative EUR high yield fund flows in 2017 and 2018. EUR investment grade bonds have performed strongly as well, up over 5.4% year-to-date. But investors are yet to price in the Trump administration's ire over autos, which may soon manifest as tariffs levied on manufacturing economies in the euro area. The U.S. will likely raise this and other trade issues in the second half of 2019.

In our view, the risks for public market investors are to the downside. The ECB will do all it can to prevent a severe economic downturn, but poor long-term growth prospects for Europe combined with the risk of increasing trade tensions mean that public markets are at risk of contracting. Investors should be wary of allocating to European equities. On the other hand, capital is scarce in many European economies, creating significant opportunities in the private markets with longer-term time horizons.

U.S. Macro-Economic Update

Central banks completed the transition from tightening to easing in 2Q19. Central bankers in the U.S., Europe, Japan, China, and elsewhere reversed hawkish monetary policies from 2018 and bowed to pressure from investors who saw slowing growth in Europe and China and weak inflation in the U.S. as a threat to the global economy. Some policy responses were warranted but it seemed no central bank wanted to get caught on its heels. Markets now price in three interest rate cuts in the U.S. by year-end, a smaller rate cut and quantitative easing in Europe, and more of the same in other major economies.

The prospects of coordinated easing propelled risk assets to new highs in the first half, turning the relationship between markets and the Fed on its head—risk assets are supposed to rally after the Fed cuts, not before. Stocks and credit spreads typically anticipate economic weakness leading up to a Fed easing cycle and sell-off. Historically, equity returns are flat in the six months prior to a Fed cut. But year to date as of the end of June, the stock market is up over 20%.[6]

This leads us to think that a Fed cut won't be the shot in the arm for portfolios that it usually is. After all, markets have done the work for central banks already. The 10-year Treasury and fixed mortgage rates hit multi-year lows in yields. Expectations of dovish monetary policy caused corporate bond yields to tighten significantly. Spreads between high yield and investment grade bond yields and 10-year Treasury yields have tightened by 34% and 50%, respectively, this year as of 30 June 2019. In the past month alone, high yield and investment grade spreads have tightened 8% and 23%, respectively.[7]

Markets have a poor history of predicting the magnitude and timing of Fed actions. And, in our view, current conditions don't warrant as aggressive a rate path as markets currently price in. Notably, the U.S. doesn't have a growth problem and inflation may not be as weak as investors believe. Meanwhile, investors have jumped headfirst into longer duration bonds in hopes of lower rates for longer. In the first half of this year, intermediate bond funds had a whopping $111 billion of inflows, more than any other U.S. fund category; inflows totalled $60 billion in 2Q19 alone.[8] Investors are likely to get burned if they're wrong on the direction or magnitude of rate cuts.

Markets are priced, and investors are positioned, for perfection heading into 3Q19. They are ignoring the issues bubbling under the surface that make risk assets unlikely to make much progress and credit spreads likely to widen from here. Policy may disappoint, corporate profits are slowing and trade tensions are likely to resurface. The mismatch between expectations and reality may be a source of volatility for the remainder of 2019.

However, we remain bullish and do not expect this economic cycle to end any time soon. Pullbacks will be buying opportunities. Still, we urge investors to shake off complacency and stay clear-eyed to the risks.

II. European Credit Market

Performance Overview

The Credit Suisse Western European Leveraged Loan Index (Hedged to Euro) returned 1.07% in the second quarter of 2019, largely driven by a strong April during which the index posted a 0.98% return. Low issuance, coupled with strong CLO formation, resulted in increased demand for secondary loans and a subsequent increase in prices. Risk off sentiment in U.S. dollar denominated loans during May negatively impacted the USD component of the European index. The Credit Suisse

---

[5] Source: Morgan Stanley Research and GSO, as of 30 June 2019.

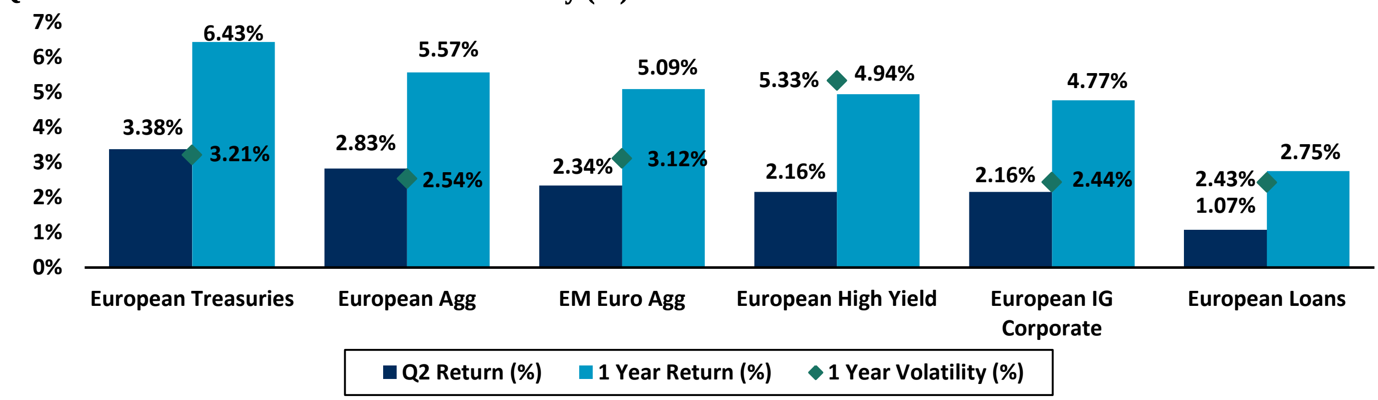
[6] Source: S&P 500, as of 30 June 2019.

[7] Source: Bloomberg Barclays High Yield Index, Bloomberg Barclays Investment Grade Corporate Index and U.S. Generic 10-Year Treasury Yields, as of 12 July 2019.

[8] Source: Morningstar Direct. Represents the following Morningstar categories: Intermediate Core Bond, Intermediate Core-Plus Bond and Intermediate Government Bond, as of June 2019. Includes U.S. open-end funds and ETFs.

Leveraged Loan Index returned -0.23% in May compared to the -0.04% return of the Credit Suisse Western European Leveraged Loan Index. European high yield investors experienced a more volatile quarter with strong returns either side of May during which a 2019 year low of -1.56% was recorded. The dovish tone struck by ECB President Mario Draghi extended a drop in high yield credit risk in June and both cash and synthetic spreads tightened into the close of 2Q19. European government debt was a strong performer in 2Q19, with Bunds, Spanish debt and Italian government bonds returning 2.0%, 5.5% and 3.7%, respectively.[9] With only one month of negative returns of greater than 1% in over 7 years, loans continue to demonstrate their defensive nature. In fact, over the past twelve months, European loans exhibited the lowest volatility across fixed income assets.

Q2/1 Year Fixed Income Returns & Volatility (%)[10]

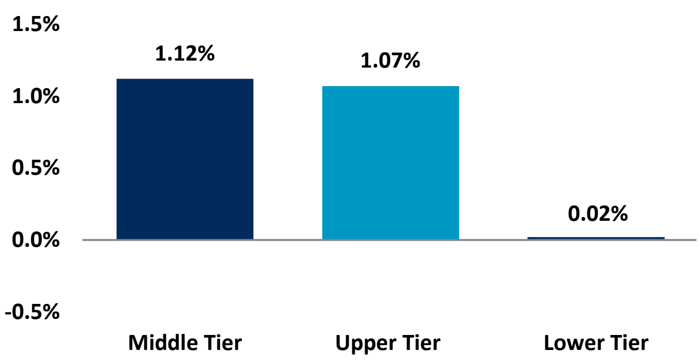


The divergence in performance between lower quality loans and higher quality loans was stark in the second quarter. The Upper Tier loans (Split BBB and BB) and Middle Tier loans (Split BB, B, and Split B) of the Credit Suisse Western European Leveraged Loan Index generated similar returns of 1.07% and 1.12%, respectively.

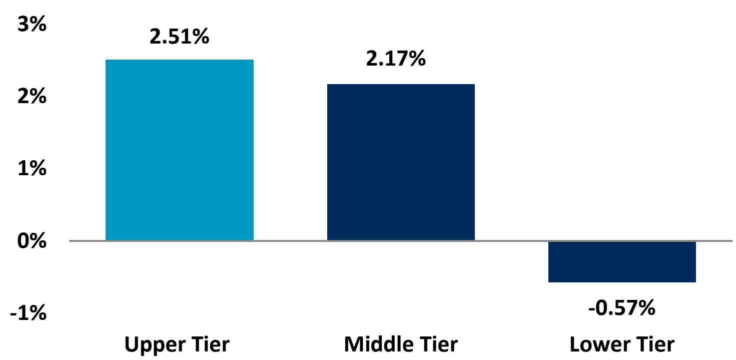
In contrast, the Lower Tier (CCC, Split CCC and Default) barely registered a positive return gaining just 0.02% for the quarter. Looking back a full twelve months, the same trend is evident with Upper Tier loans and Middle Tier loans returning 3.10% and 2.52% over the last twelve months ending 30th of June while Lower Tier loans returned -1.53%. The main driver of the underperformance being the CCC/Split CCC component, which experienced six down months out of the past twelve, compared to three months for BBs and Bs.[11]

In high yield, the divergence in performance by quality in the second quarter was even more pronounced. Lower Tier bonds (CCC, Split CCC and Default) of the Credit Suisse Western European High Yield Index again underperformed, returning -0.57% for the quarter compared to Middle Tier bonds (Split BB, B, and Split B) at 2.17% and Upper Tier bonds (Split BBB and BB) at 2.51%. Over the last twelve months ending 30th of June, Upper Tier bonds (Split BBB and BB) have returned 6.36%, Middle Tier bonds (Split BB, B, and Split B) returned 4.77% and Lower Tier bonds (CCC, Split CCC and Default) returned -5.63%.[12]

2019 Q2 European Loan Returns by Quality[13]



2019 Q2 European High Yield Returns by Quality



[9] Source: Deutsche Bank Research "June and 2Q19 Performance Review" as of 1 July 2019.

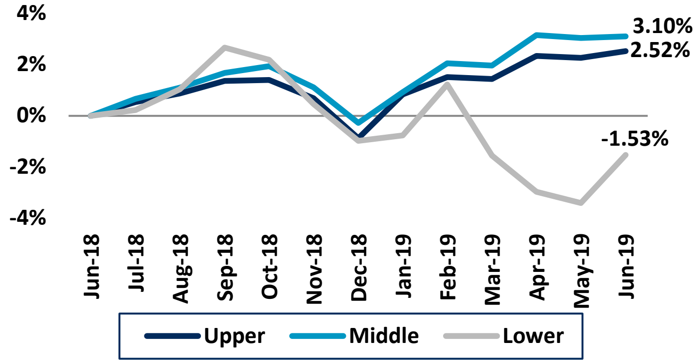
[10] Source: European Loans is represented by the CS WE Leveraged Loan Index, European High Yield is represented by the CS WE High Yield Index, European Treasuries is represented by BB European Aggregate Treasury Index, European Agg is represented by BB European Aggregate Index, European IG Corporate is represented by BB European Aggregate Corporate Investment Grade Index and EM Euro Agg is represented by EM Pan Euro Aggregate Index, all hedged to Euro.

[11] Source: Credit Suisse Western European Leveraged Loan Index, Credit Suisse Western European High Yield Index as of 28 June 2019.

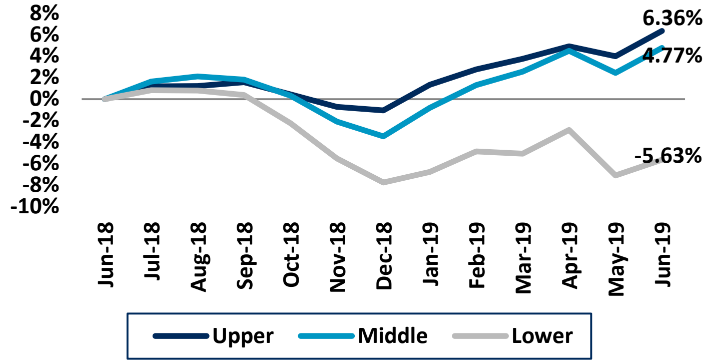
[12] Source: Credit Suisse Western European Leveraged Loan Index, Credit Suisse Western European High Yield Index as of 28 June 2019.

[13] Source: European Loans is represented by the CS WE Leveraged Loan Index, European High Yield is represented by the CS WE High Yield Index, Upper Tier represents Split BBB/BB, Middle Tier represents Split BB, B, Split B, Lower Tier represents CCC, Split CCC and defaulted assets.

LTM European Loan Returns by Quality



LTM European High Yield Returns by Quality

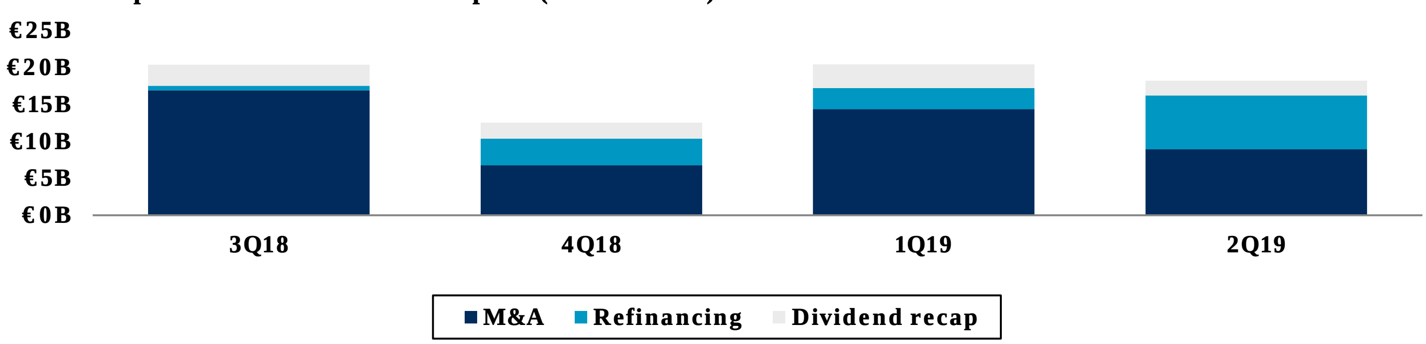


Technicals

Gross issuance of European loans in 2Q19 totalled €18.8 billion, down slightly from €19.8 billion in 1Q19. Lower than expected issuance has caused market analysts to scale back full year guidance for 2019 from €80 billion to €70 billion.[14] Refinancings returned to the loan market in the second quarter, accounting for over €7.3 billion, or 40%, of issuance proceeds. Cross-border deals now total €25.2 billion year-to-date, down significantly from the €55.9 billion of issuance recorded over the same period in 2018. This dynamic reflects weaker levels of big-ticket M&A deals in Europe as well as a robust U.S. dollar market with plentiful liquidity, even for lower-margin names. For example, strength in the bid for cross border issuer Berry Global allowed the upsize of the dollar component of the recently launched transaction to price tighter than guided at L+250 with a 0% floor at $99.75, at the expense of its euro-denominated loan tranche which was downsized by €300 million and priced at €99.5.

Demand for loans in 2Q19 was largely fueled by strong issuance in the CLO market. This dynamic generally favoured loan issuers and resulted in the tightening of transaction terms for many European deals. There were some exceptions, however, and certain borrowers in more cyclical industries such as Madrid (Chemicals) and Areas (Food & Beverage) needed to make loan documentation more lender-friendly and/or widen pricing in order for the transaction to clear in the market. New issue 3-month rolling average spreads for single-B loans were E+403 in 2Q19, down from E+415 at the end of 1Q19.[15]

LTM European Loan Issuance & Purpose (€ in billions)[16]



European CLO new issuance in 2Q19 totalled €7.4 billion bringing total year-to-date issuance to €14.3 billion, the highest issuance of the first two quarters of a year in the 2.0 era. In fact, this represents the largest volume for any half-year period since 2007, surpassing the €13.3 billion of issuance in 2H18 and is on track to surpass a €23 billion annual total by year-end, per Barclays. This is all the more impressive given challenging conditions for CLO arbitrage and the heightened regulatory scrutiny in Japan in early 2Q19 concerning the scale of purchases of AAA CLO tranches by Japanese investors. Japanese AAA CLO buyers began to decrease their pace of investment, which, among other catalysts triggered an increase in transactions issued with shorter reinvestment periods (four years or less) per S&P LCD. As the quarter progressed, new-issue European AAA CLO paper was more widely syndicated during placement with higher demand from investors seeking exposure to top-tier managers.

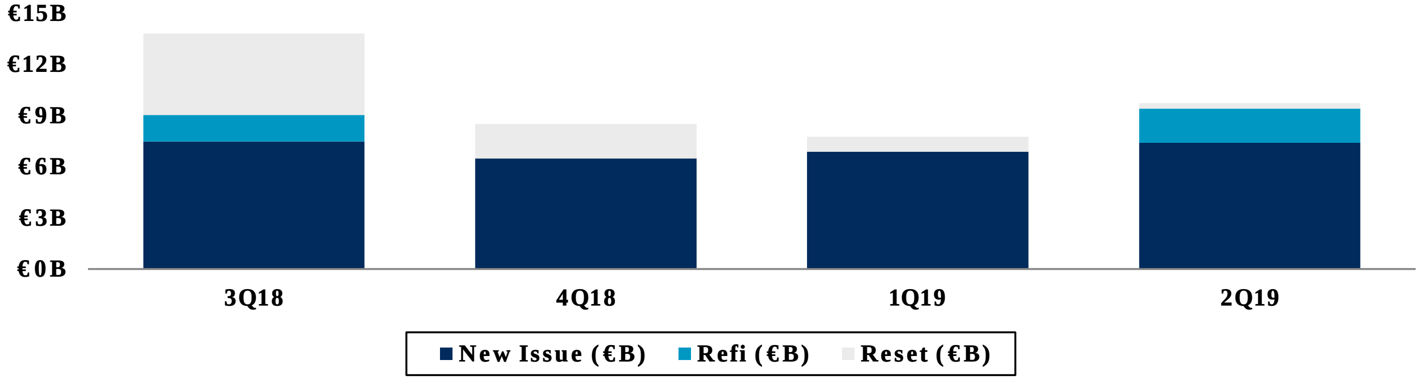
[14] Source: Barclays "Loan and CLO supply: one is not like the other", as of 28 June 2019.

[15] Source: LCD, an offering of S&P Global Market Intelligence, as of 30 June 2019.

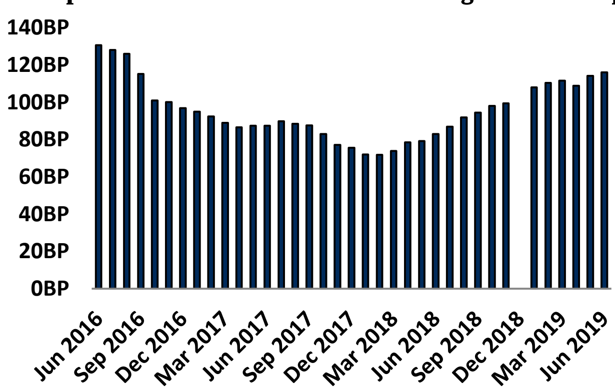
[16] Source: LCD, an offering of S&P Global Market Intelligence, as of 30 June 2019.

Primary European CLO liability spreads throughout the capital structure tightened on average by 9bp to E+162 in 2Q19 from E+171 in 1Q19. Still, primary European CLO liability spreads widened 33bp on average from June 2018 to June 2019. Average new issuance European CLO AAA spreads increased to E+116 at end of June, 33bp higher than one year ago. The explanation suggested by a recent S&P LCD article for the persistent issuance despite headwinds is attributable to the lag between loan issuance and CLO creation as a result of the warehousing process. Additionally, the proliferation of CLO equity capital vehicles, smaller management fees, lower equity purchase prices and private side rebate letters have compensated equity investors for some of the reduced net interest margin.

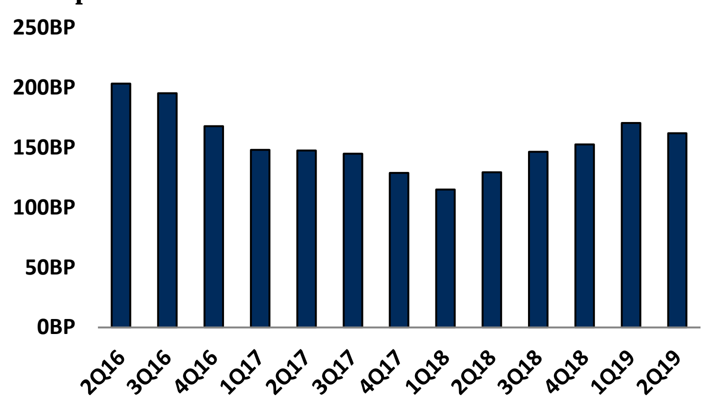
LTM European CLO Issuance (€ in billions)[16]



European New Issuance CLO Average AAA Coupon[17]



European New Issuance CLO WACC[18]



Valuations

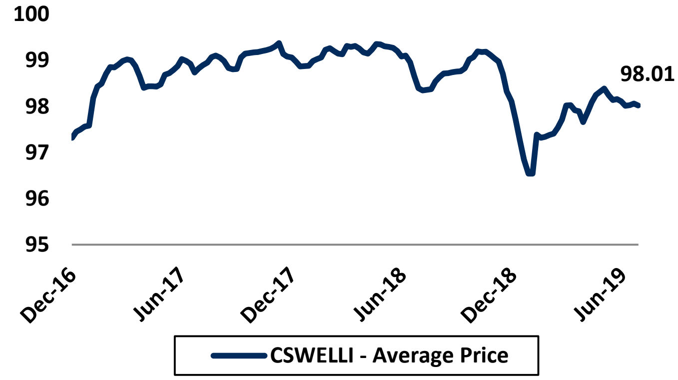
Loan prices improved in the second quarter and, despite paring back some of the year's gains in May, the Credit Suisse Western European Leveraged Loan Index closed the second quarter at a weighted average bid price of €98.01, up from €97.66 at the end of 1Q19. The GBP denominated component of the index was the strongest performing over the quarter, however, with the weighting to this sector falling by half to approximately 5% since the Brexit referendum, its ultimate impact on the overall performance of the index was marginal. BB and B-rated tranches, in contrast, account for a combined 76% of the index and, with returns for the quarter of 3.50% and 3.25%, respectively, were the main drivers of the increase in weighted average price over the quarter. Additionally, we believe there is still value in a number of sectors where 3-year Discount Margins (DMs) are close to a two year high, such as the services sector and the financial sector. Similar to loans, the weighted average bid price of the Credit Suisse Western European High Yield Index continued to increase in 2Q19 reaching an eleven month high of €98.69 in June. In tandem, the yield-to-worst fell from 4.61% to 4.16% over the quarter, while modified duration lengthened from 3.31 years to 3.33 years. The much expected resumption of European Central Bank asset purchasing is expected to continue to push high yield spreads tighter, with Morgan Stanley suggesting a reduction of 50-60bp, on top of the 24bp compression already experienced by the Credit Suisse Western European High Yield Index in 2Q19 from 447bp to 423bp.

---

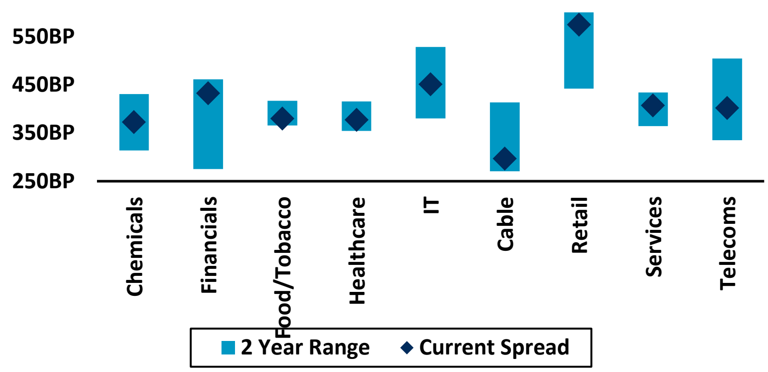
[17] Source: Bloomberg Leveraged Finance Chart Book Europe 2Q19.

[18] Source: Wells Fargo, as of 30 June 2019.

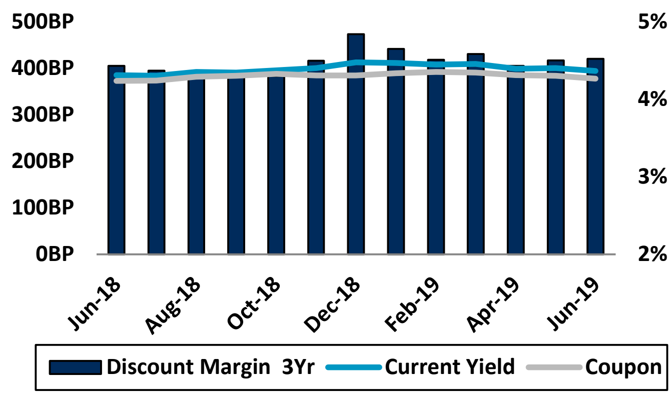
European Loans - Average Bid Price (€)[19]



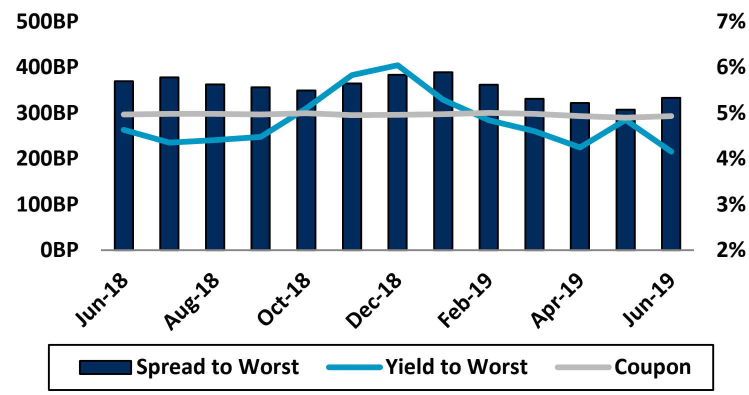
European Loans – Major Sector Spreads



European Loans Snapshot[20]



European High Yield Snapshot



Fundamentals

New issue average leverage through first-lien debt for loan issuers in Europe has been steadily increasing over the past five years and, if this trend continues, first-lien leverage multiples for new issuance may surpass 5x by year-end for the first time on record. As reported by S&P LCD, the number of new transactions coming to market with total debt/EBITDA multiples of more than 6x has also increased in 2019 to 37% of European deals as at 31 May 2019. Despite continued regulatory scrutiny of leveraged lending guidelines, increased competition from underwriters and lenders has resulted in leverage edging higher. Given suppressed levels of overall loan issuance in 2019, larger M&A deals, which have come to market in Europe in 2Q19 with average first-lien leverage multiples of 5.2x, have pulled the year-to-date overall new issuance leverage ratio higher. Additionally, discussions LCD undertook with sponsors outlined how many have become more transparent in their EBITDA forecasts at close as a result of investor pushback, leading to the disclosure of overall higher leverage ratios in recent transactions. Conversely, interest coverage, measured as EBITDA/cash interest for new issuance increased in 2Q19 to 4.3x, up from 4.2x in March 2019.

1Q19 financial results for the European issuers in GSO's Liquid Credit Strategies portfolios show that, on average, quarterly revenue growth slowed year-over-year while quarterly EBITDA growth accelerated. 1Q19 year-over-year revenue grew by 3.7%, down from 4.9% in 4Q18 and despite the slowing of top line revenue growth, year-over-year EBITDA growth increased in 1Q19 to 6.4% from 5.8% in 4Q18. Quarterly year-over-year net total leverage increased to 5.2x from 5.0x through 1Q19 and interest coverage decreased from 5.3x to 4.9x over the same time period.[21]

Our outlook for 2Q19 reporting remains positive for the majority of industries, with the exception of Retail, Chemicals, Autos, Paper & Packaging (plastic packagers only) and Building & Materials, in line with our outlook last quarter. A common theme across all sectors remains the impact of uncertainty regarding Brexit in the UK. Additionally, we expect European retail will continue to be impacted by a weaker consumer environment.

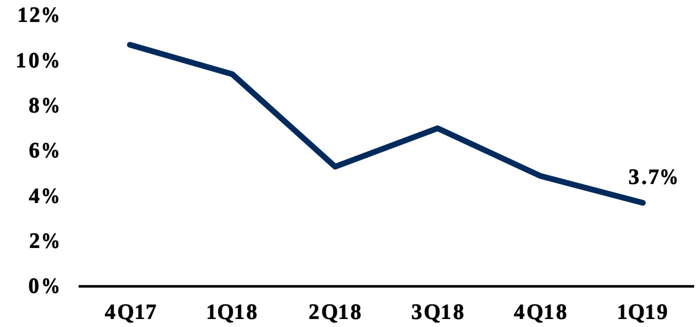
---

[19] Source: European Loans is represented by the CS WE Leveraged Loan Index, as of 30 June 2019. European Spreads are based on the 3 Year DM for the period between June 2017 and June 2019.

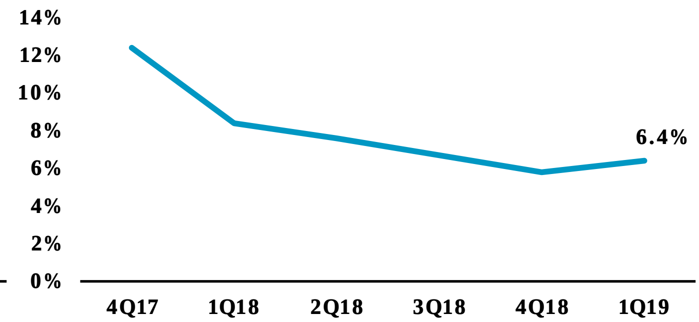
[20] Source: European Loans is represented by the CS WE Leveraged Loan Index, European High Yield is represented by the CS WE High Yield Index, as of 30 June 2019.

[21] Source: Axiom(GSO). Data based on 126 out of 222 European Issuers – some outliers have been intentionally excluded from the data set. Data may be restated for prior quarters as additional companied report quarterly financials.

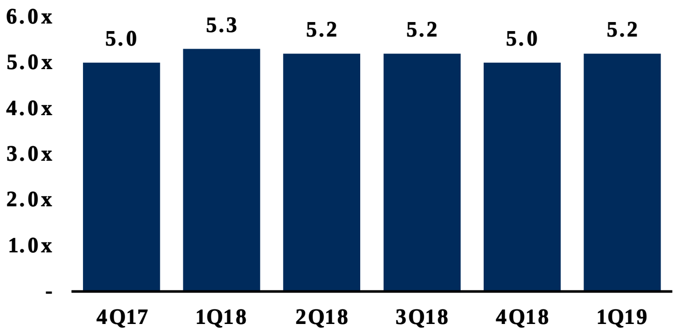
YoY Quarterly Loan Revenue Growth (%)[22]



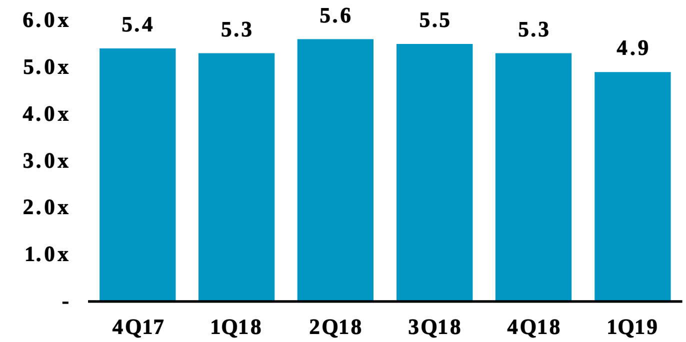
YoY Quarterly Loan EBITDA Growth (%)



Total Leverage (Existing Deals)

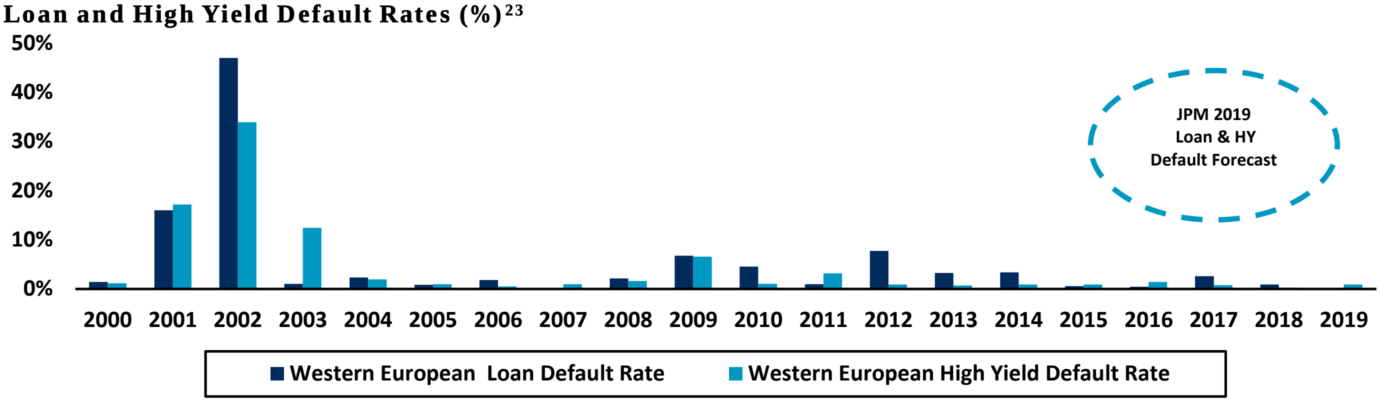


Interest Coverage



The benign default environment for European loans and high yield continued in 2Q19 and no new defaults have occurred in the Credit Suisse European loan universe since May 2018. As a result, the last twelve month trailing European loan default rate was 0.0%, as measured by the Credit Suisse Western European Loans 12-month par default rate. In European high yield, the retail sector experienced two additional defaults in the second quarter, namely Debenhams and Rallye, bringing the year-to-date number of defaults in this sector to three. This is unsurprising given the headwinds that brick and mortar retail stores have experienced in recent years. The additional high yield defaults in 2Q19 pushed the trailing 12-month par default rate of the Credit Suisse Western European High Yield Index up to 0.9% as of June 2019. Looking ahead, the full year 2019 forecasts for loan and high yield default rates remain subdued at 1.5% each, per JP Morgan.

Loan and High Yield Default Rates (%)[23]



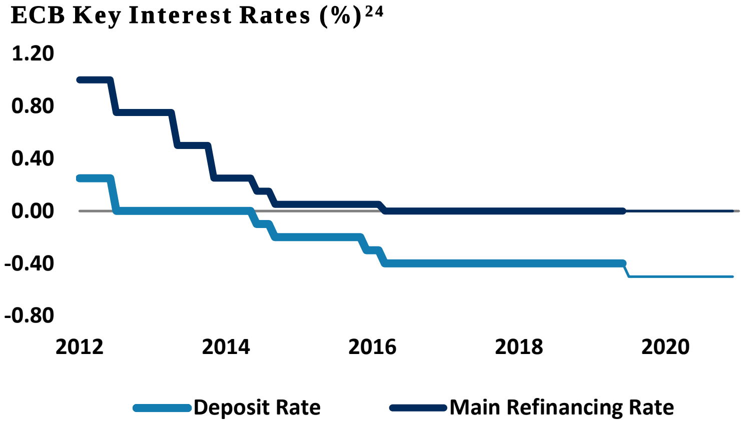
Outlook

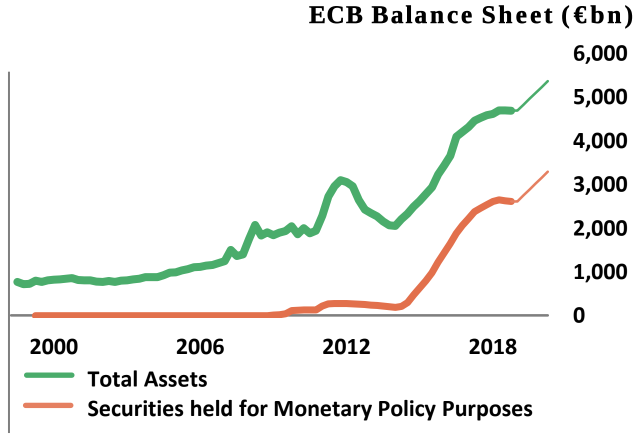
Subdued Eurozone growth, along with below-target inflation during June, suggested that the European Central Bank (ECB) may implement additional stimulus. Indeed, minutes from the policy meeting held on the 5th and 6th of June confirmed broad support within the ECB for an aggressive approach in light of heightened economic uncertainty including rate cuts and additional bond purchases. Market sentiment appears to indicate that the central bank will start buying €45 billion per month of assets as early as 4Q19 in addition to implementing a 10bp rate cut to -0.50% as soon as September. The change in forward guidance was confirmed at the 25th July policy meeting.

---

22 Source: Axiom (GSO). 1Q figures sourced from 126 out of 222 European issuers. Data may be restated for prior quarters as additional companies report quarterly financials.

23 Source: Credit Suisse Default Report, as of 30 June 2019. For 2019 Credit Suisse default data is presented as last twelve months rolling. Prior to 2019 the stats are annualised average figures.





With a potential new round of quantitative easing (QE) on the horizon, investors can again expect asset buy-backs to create liquidity allowing portfolios in receipt of new cash to rebalance. This should ultimately lead to an increase in demand over a broad range of assets, supporting prices in the near term and compressing yields. In this environment we would expect spread tightening in investment grade credit and high yield (Morgan Stanley estimates 15-20bp of tightening for investment grade and 50-60bp for high yield).[25] For floating rate loans, despite the potential of a small rate cut, we would expect built in Euribor floors to mitigate any impact to loan coupons and that heightened demand for credit assets relative to lower-yielding alternatives will help support prices. From a relative value basis, given recent price increases and potential impact of QE we favour loans over high yield.

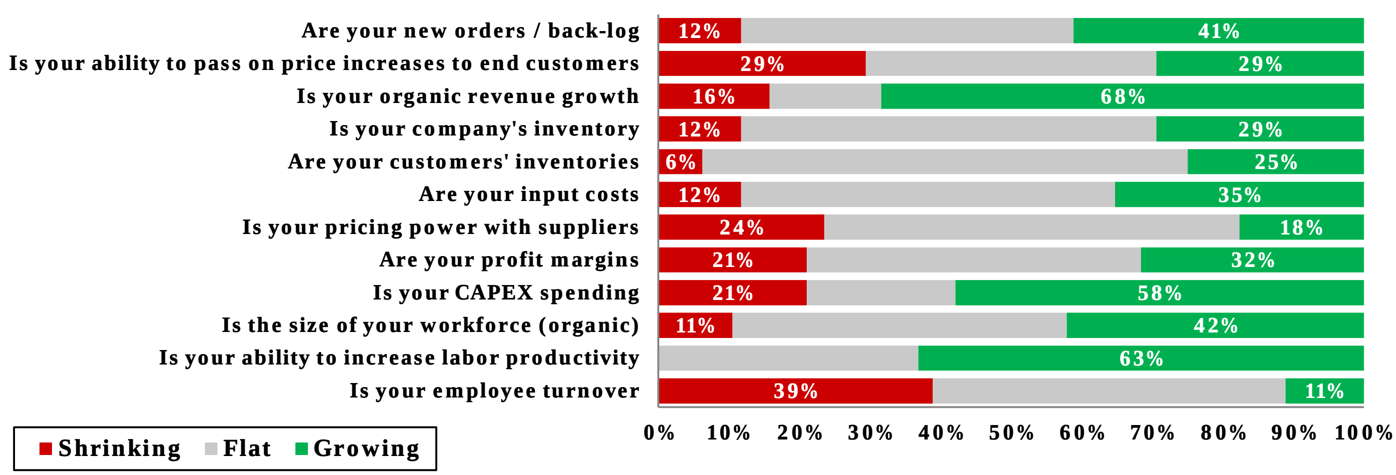
We remain constructive on credit in 2019 and continue to believe that floating rate senior loans offer a compelling risk-reward opportunity. This is further supported by our view that the seniority of loans in the corporate structure offers defensive positioning unique to the asset class and that loans remain a well suited component of portfolios in a late cycle environment.

III. U.S. Credit Market

CEO Sentiment Survey

Each quarter we conduct a survey of 19 CEOs of companies in which GSO opportunistic credit strategy funds and direct lending strategy funds have invested. These companies represent primarily U.S. businesses, from a variety of industries, with a range of annual EBITDA from $20MM to $268MM. 2Q19 survey results indicate that companies are generally trending towards continued growth with 68% of CEOs reporting growing revenue relative to last quarter. However, the majority of CEOs find it more challenging to hire qualified workers relative to 2018 (63%) and the majority also believe that wage pressures are affecting their companies (53%).

Relative to Last Quarter, Adjusting for Seasonality...



---

[24] Source: ECB, Morgan Stanley Research, ECB QE II – Braced for More Asset Buying as of, 2 July 2019. Note: Thin lines are Morgan Stanley Research forecasts.
25 Source: Morgan Stanley Research.

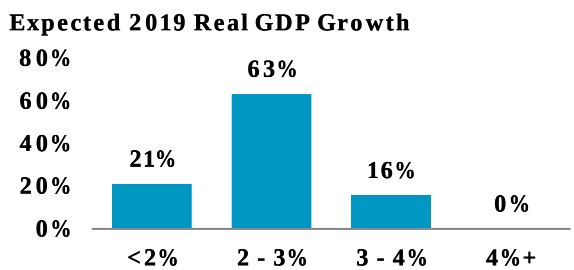
The majority of CEOs are also expecting an improvement in future credit fundamentals (68%), and labor productivity is seen as increasing for the eighth consecutive quarter (63%).

Expected Credit Fundamentals	Overall	Lower	Same	Higher
2019E Revenue Growth Rate vs. 2018	↑	32%	0%	**68%**
2019E EBITDA Growth Rate vs. 2018	↑	26%	5%	**68%**
2Q 2019E EBITDA YoY Growth vs. 1Q 2019	↑	26%	11%	**63%**
Expected EBITDA Margins Two Years from Now	↑	5%	32%	**63%**

Participating CEOs continue to expect most sectors to experience steady growth, with healthcare and technology trending towards accelerated growth while consumer/retail and financial services expected to see the most deceleration in growth. Participating CEOs also see technological change as an opportunity to their business with half believing these changes will allow them to increase pricing/market share or increase productivity/lower costs.

CEO expectations for global economic growth continue to be tempered for 2019, with views on the U.S. and Emerging Market trending towards flat growth and Europe and China trending towards lower growth. The majority of CEOs expect real GDP growth for full year 2019 to be between 2-3% in the U.S. (63%).

Economic Growth	Overall	Lower	Same	Higher
U.S.	-	11%	**63%**	21%
Europe	↓	**61%**	28%	0%
China	↓	**56%**	28%	6%
Emerging Markets	-	18%	**41%**	24%



Performance Overview

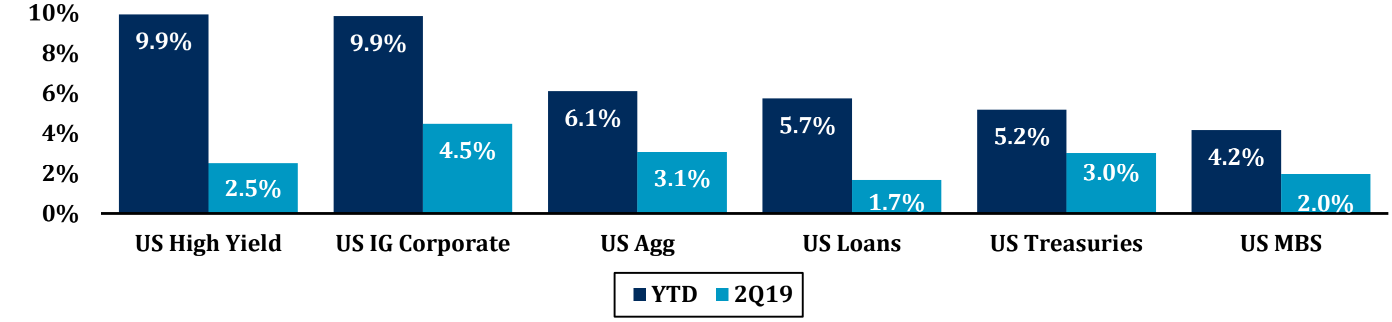
The snapback in the U.S. credit markets continued in the second quarter of 2019, albeit at a slower pace for loans as rate cut expectations offset the bullish sentiment in the credit markets. Loans returned 1.68% in 2Q19, bringing year-to-date performance to 5.74% as of 30 June 2019. This represents the best first half-year performance in 10 years, as lower levels of new issue loan supply offset the headwind of continued outflows from mutual funds and ETFs.[26]

The Bloomberg Barclays U.S. Corporate High Yield Index returned 2.5% in 2Q19, bringing year-to-date performance to 9.9% as of 30 June 2019 as the dovish tone from the Fed and the ECB, coupled with de-escalation of the U.S./China trade conflict, propelled relatively strong performance over the quarter. May represented the only negative returning month for high yield in 2019, with a return of -1.2% largely due to the broader risk-off sentiment as retail investors exited the asset class driving $6 billion of outflows. This sentiment quickly reversed in June following accommodative statements by Fed Chairman Powell which drove high yield fund inflows totalling $3.7 billion and a monthly return of 2.3%, the second highest returning month in 2019.[27] The Bloomberg Barclays U.S. Investment Grade Corporate Credit Index also performed well during the quarter, returning 4.5% in 2Q19 and outperforming most other U.S. fixed income categories.

[26] Source: S&P/LSTA Leveraged Loan Index, as of 30 June 2019.

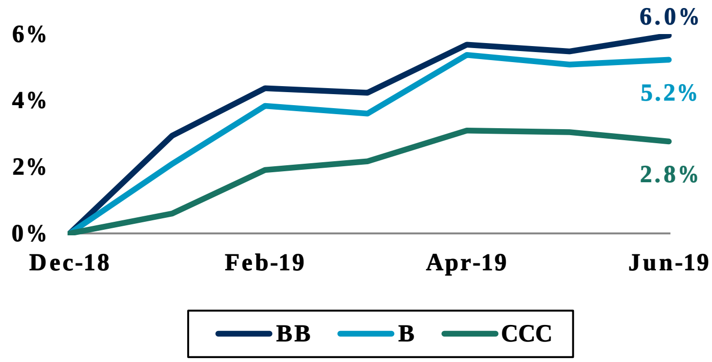
[27] Source: Lipper FMI; J.P. Morgan, as of 8 July 2019.

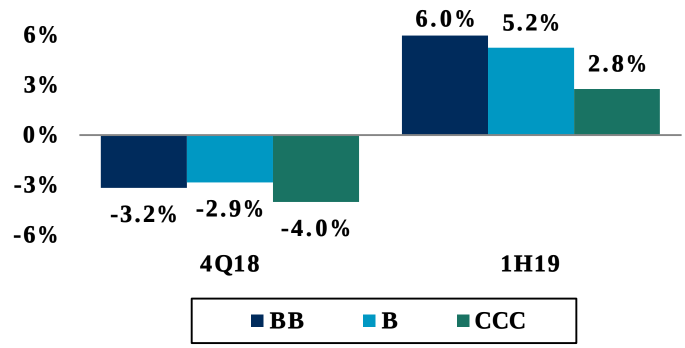
Year-to-Date 2019 Fixed Income Returns (%)[28]



Higher quality loans continued to outperform in 2Q19 with BB and B-rated loans returning 1.7% and 1.6%, respectively, compared to CCC-rated loans, which returned just 0.6%. This brings year-to-date outperformance of BB and B-rated loans compared to their lower quality CCC-rated cohort to 319bp and 246bp, respectively, as of 3o June 2019. BB and B-rated loans have now more than recuperated any losses suffered during the 4Q18 sell-off. CCC-rated loans, however, have returned -1.2% for the same period (01 October 2018 – 30 June 2019)[29].

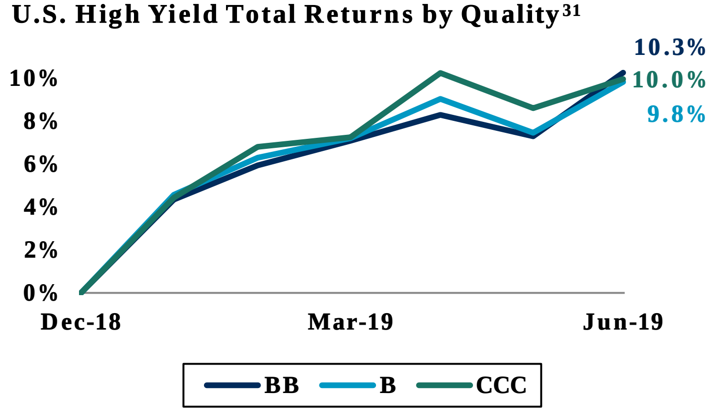
U.S. Loan Total Returns by Quality[30]

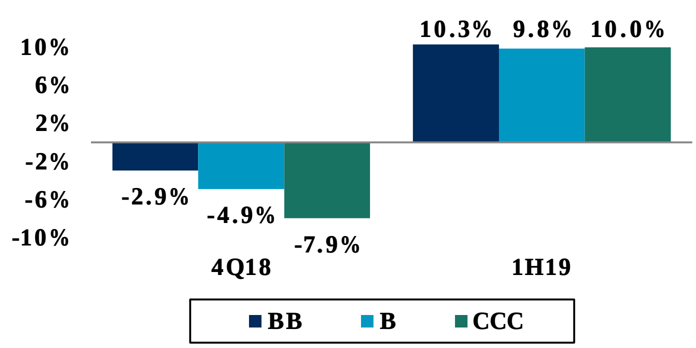




Similarly, 2Q19 high yield returns were primarily driven by the outperformance of higher quality bonds. BB-rated high yield bonds returned 3.0% during the second quarter, bringing year-to-date returns to 10.3% as of 30 June 2019. In comparison, B and CCC-rated bonds returned 2.5% each, bringing year-to-date performance to 9.8% and 10.8%, respectively. All three high yield rating cohorts have now recuperated losses from the fourth quarter sell-off in 2018, as investors flocked to longer duration assets in 2019.

U.S. High Yield Total Returns by Quality[31]





[28] Source: Bloomberg, S&P/LSTA, as of 30 June 2019. U.S. Loans is represented by the S&P/LSTA Leveraged Loan Index, U.S. High Yield is represented by the BB U.S. Corporate High Yield Index, U.S. MBS is represented by BB U.S. Mortgage Backed Securities Index, U.S. Treasuries is represented by BB U.S. Treasury Index, U.S. Aggregate is represented by BB U.S. Aggregate Bond Index, and U.S. IG Corporate is represented by BB U.S. Corporate Investment Grade Index.

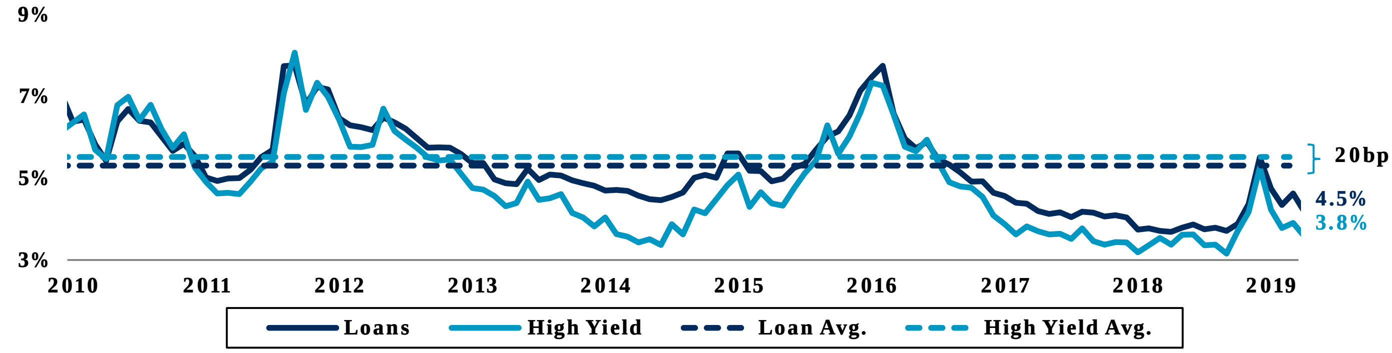
[29] Source: Credit Suisse Leveraged Loan Index, as of 30 June 2019.

[30] Source: Credit Suisse Leveraged Loan Index, as of June 30 2019.

[31] Source: Credit Suisse High Yield Index, as of 30 June 2019.

At the end of the second quarter, average loan spreads of 4.54% were 9bp below average high yield spreads of 4.63%, as of 30 June 2019. We continue to see deterioration in the rating composition of the leverage loan index while the rating composition of the high yield index continues to improve. This likely influenced the tightening spread differential between the two asset classes in 2Q19, as did investor expectations that the Fed would cut rates and that LIBOR would decrease in tandem.[32]

U.S. Loan and High Yield Spreads[33]

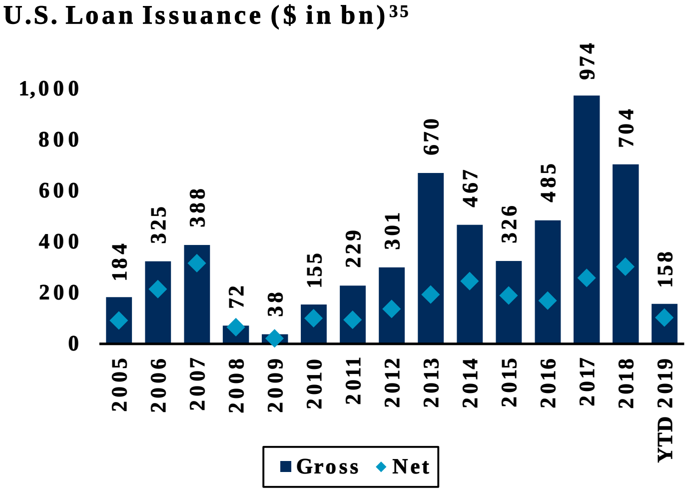


Technicals

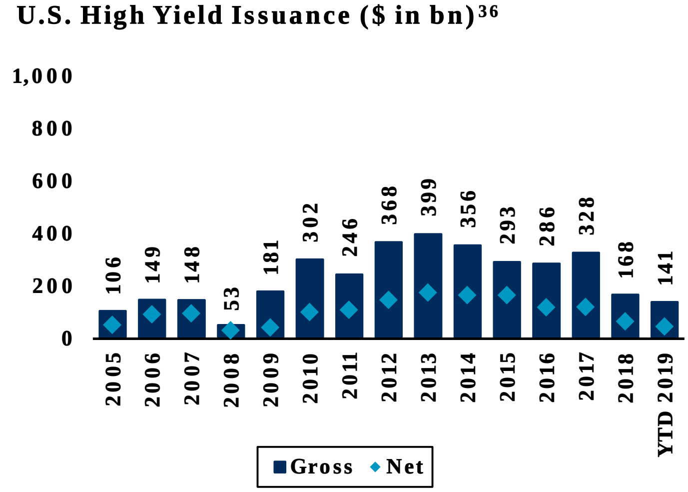
Loan new issue supply has remained subdued year-to-date as bond-for-loan refinancings increased while loan repricings decreased. Total gross loan issuance in the first half of 2019 totalled $158 billion, a 69% decrease compared to 1H18, which recorded gross issuance of over $500 billion (of which 67% was repricing and refinancing). Loan issuance net of refinancing and repricing activity has also slowed year-to-date with net loan issuance totalling just $103 billion for the quarter, a 38% decrease year-over-year. Loan issuance continues to be driven primarily by M&A activity, which has accounted for 53% of year-to-date gross total issuance. As an example, two large M&A deals dominated the 2Q19 new issue loan calendar. The Berry Global Group and Nexstar Broadcasting Group term loans launched at $4.3 billion and $3.0 billion financings, respectively, representing over 8% of total gross issuance in 2Q19. Additionally, the forward M&A calendar has steadily increased over the quarter, but issuance outside of M&A is expected to remain muted.

In comparison, high yield gross bond issuance continued at an accelerated pace in the second quarter of 2019, totalling $71 billion and bringing year-to-date issuance to $141 billion as of 30 June 2019. Net high yield issuance, excluding refinancing, is also up year-over-year totalling $47 billion. This represents a 3% increase compared to 1H18. Strong high yield issuance is expected to continue in 3Q19 with $20 billion of gross issuance in the current pipeline.[34]

U.S. Loan Issuance ($ in bn)[35]



U.S. High Yield Issuance ($ in bn)[36]



32 Source: Deutsche Bank Leveraged Capital Markets Update as of 30 June 2019.

33 Source: S&P/LSTA Leveraged Loan Index (Discount Margin: 3-Year Life) and Bloomberg Barclays High Yield Index (OAS), as of 30 June 2019.

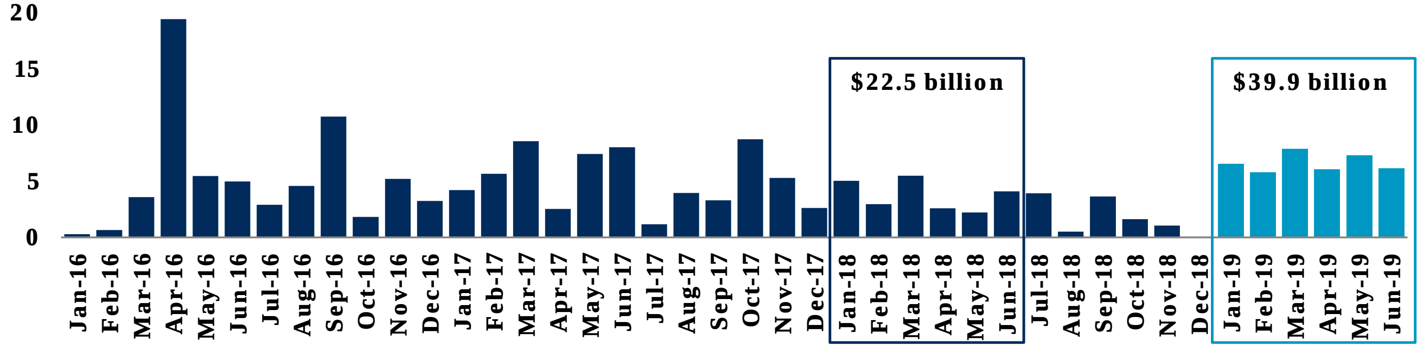
34 Source: Credit Suisse Credit Strategy, as 2 July 2019.

35 Source: J.P. Morgan High Yield and Leveraged Loan Monitor, as of 30 June 2019.

36 Source: J.P. Morgan High Yield and Leveraged Loan Monitor, as of 30 June 2019.

Dovish rhetoric from both the Fed and the ECB in 2Q19 fuelled investor demand for fixed rate, longer duration assets. As a result, the shift in issuance away from loans and towards high yield bonds has continued to proliferate in the credit markets. Year-to-date secured high yield bond issuance stands at almost $40 billion, which represents a 77% increase year-over-year.

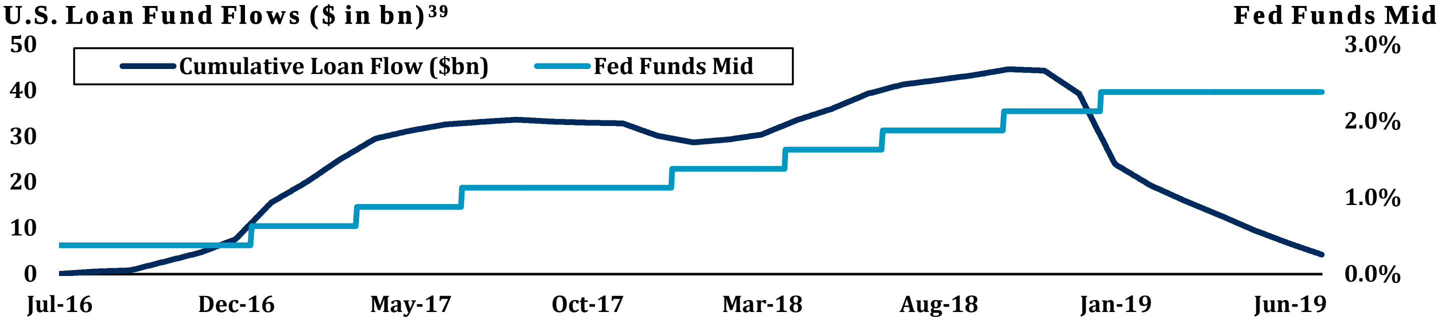
U.S. High Yield Secured Issuance ($ in bn)[37]



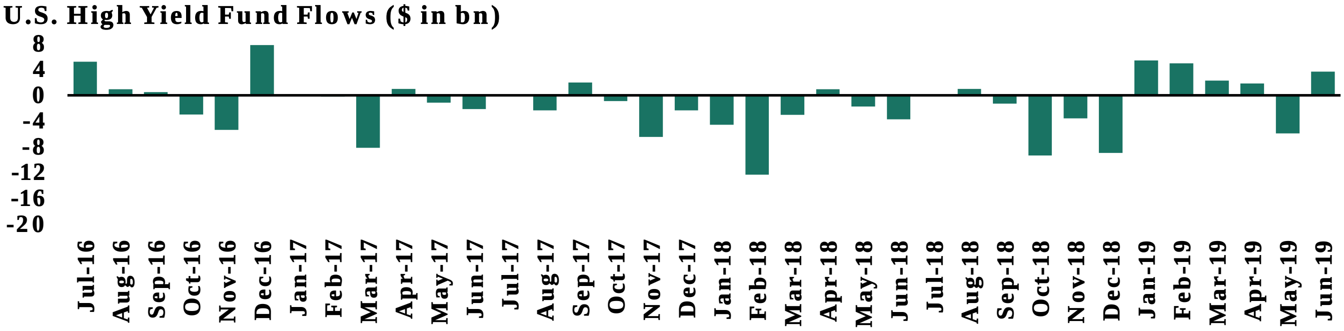
Loan mutual funds and ETFs have experienced a record 33 straight weeks of net outflows through 30 June 2019 as demand for loans from retail investors continues to be heavily predicated on expected movements in interest rates. From mid-July 2018 to October 2018, the asset class was flooded with almost $45 billion of net inflows into loan retail funds as interest rate increases were anticipated. However, as rate expectations shifted lower in October 2018, over 80% of the $45 billion has since exited the asset class. We expect outflows to continue at a moderate pace given the current rate outlook.[38]

Although high yield retail funds experienced a net monthly outflow during May, year-to-date net flows remain positive at $12.2 billion as of 30 June 2019. This has helped to fuel the recent high yield issuance surge as retail investors adjust their rate expectations and shift into fixed rate, longer duration assets.

U.S. Loan Fund Flows ($ in bn)[39] **Fed Funds Mid**



U.S. High Yield Fund Flows ($ in bn)



U.S. CLO issuance has increased 22% quarter-over-quarter to almost $36 billion, up from $29 billion in 1Q19 but continues to lag slightly year-over-year with $65 billion issued through 30 June 2019 compared to $67 billion over the same period last year. JP Morgan estimates that U.S. CLO issuance will total $115-$125 billion by year-end, which would represent a decline of approximately 8-12% year-over-year.

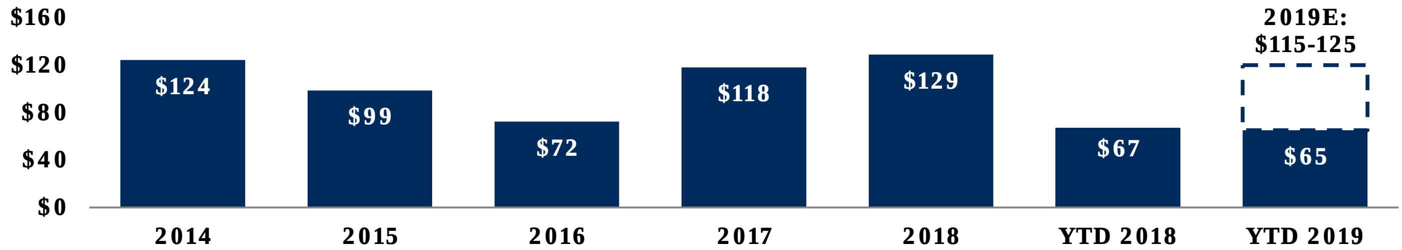
---

[37] Source: Credit Suisse Credit Strategy, as of 30 June 2019.

[38] Source: S&P/LSTA Leveraged Loan Index, as of 30 June 2019.

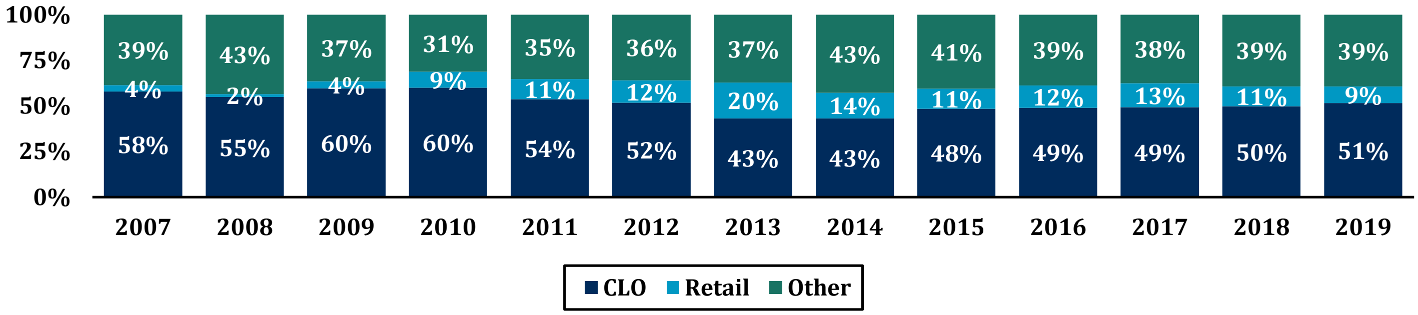
[39] Source: Lipper FMI; J.P. Morgan, as of 30 June 2019. S&P/LSTA Leveraged Loan Index, as of 30 June 2019. Credit Suisse High Yield Index, as of 30 June 2019.

New CLO Issuance ($ in bn)[40]



As of 2Q19, CLOs remain the majority investor for the loan asset class. Due to continued loan retail fund outflows, mutual funds and ETFs now represent just 9% of the asset class. We expect this to result in less future loan market volatility given the long term nature of CLO structures.

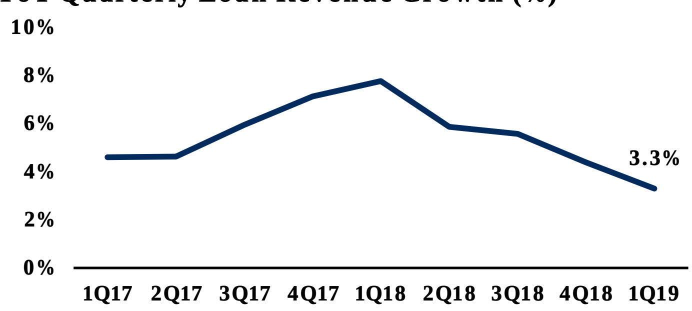
Loan Investor Base (% of Ownership)[41]



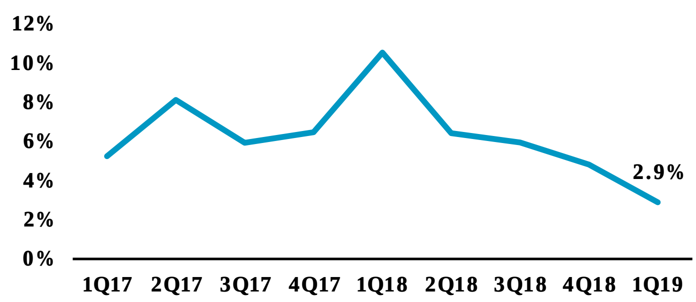
Fundamentals

1Q19 financial reporting for U.S. issuers in GSO's Liquid Credit Strategies portfolios show that, on average, quarterly revenue growth slowed year-over-year and continuing pricing pressure decelerated quarterly EBITDA growth, both metrics remain positive. 1Q19 year-over-year revenue grew by 3.3%, down from 4.4% in 4Q 2018, and quarterly EBITDA grew at a rate of 2.9% year-over-year as of 1Q19, down from 9.5% in 4Q18. Leverage remained stable quarter-over-quarter at 5.4x, the lowest level since 4Q17. Interest coverage, however, has decreased this quarter to 4.9x from 5.3x but remains higher than the market average of 4.7x. [42]

YoY Quarterly Loan Revenue Growth (%)[43]



YoY Quarterly Loan EBITDA Growth (%)[43]



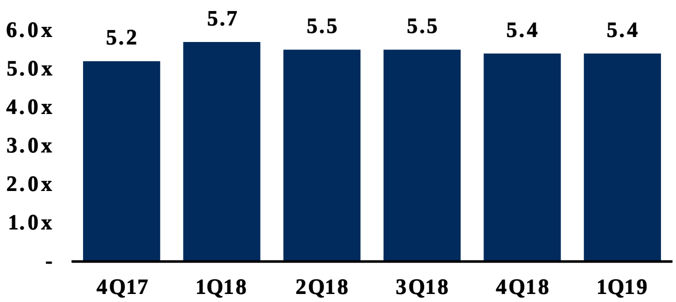
[40] Source: LCD for CLO issuance, as of 30 June 2019. Credit Suisse for 2019 CLO issuance estimate (new issuance only) as of 12 February 2019.

[41] Source: JP Morgan, as of 18 June 2019; "Other" component consists of institutional accounts (pension and insurance companies), hedge funds, banks, private wealth management, and high yield mutual funds.

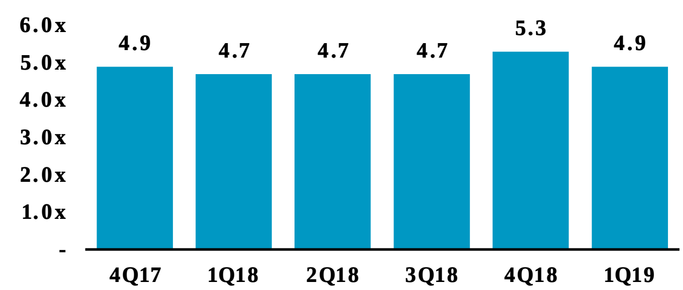
[42] Source: S&P/LSTA Leveraged Loan Index, as of 1Q19; represented by public issuers.

[43] Source: Axiom (GSO). 1Q figures sourced from 599 out of 798 U.S. issuers – some outliers have been intentionally excluded from the data set. Data may be restated for prior quarters as additional companies report quarterly financials.

Total Leverage (Existing Deals)[43]

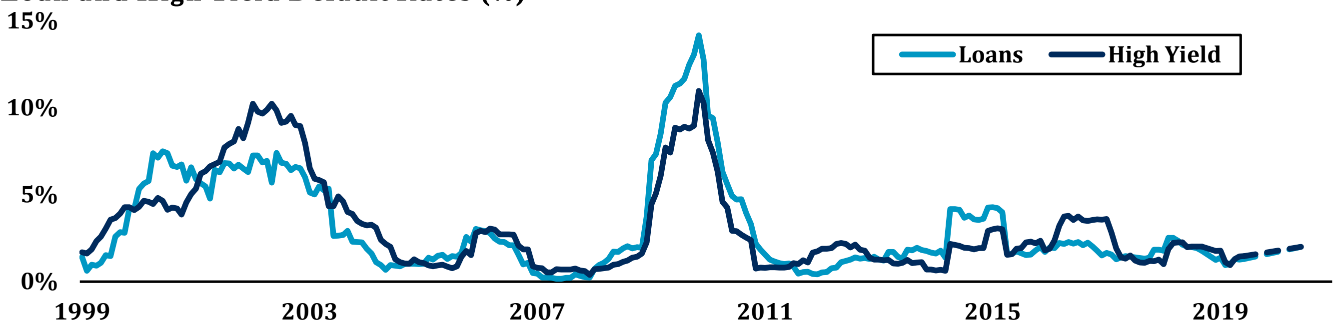


Interest Coverage[43]

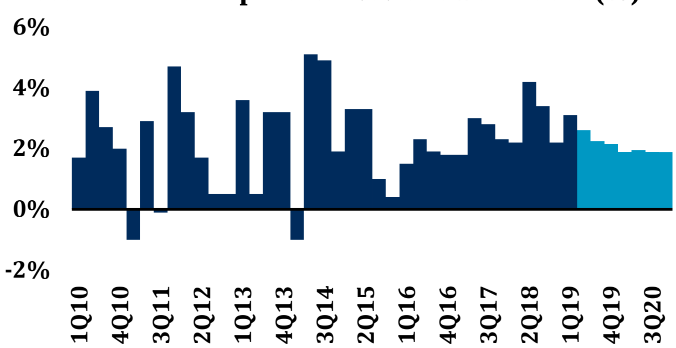


As of 2Q19 both the number and volume of defaults were at their lowest levels since January 2019 on an LTM basis. The par-weighted loan default rate ending 30 June 2019, per JP Morgan, was 1.30% which is down 42bp year-to-date and down 69bp year-over-year. The par-weighted LTM high yield default rate per JP Morgan was 1.46% at 30 June 2019, down 37bp year-to-date and down 52bp year-over-year. JP Morgan expects 2019 year-end default rates of just 1.75% and 2020 default rates of 2.75% for loans and high yield, both of which are below the long-term average. Lower default rate expectations are supported by robust interest coverage, expected continuance of U.S. GDP growth, and limited near term U.S. loan and high yield maturities.

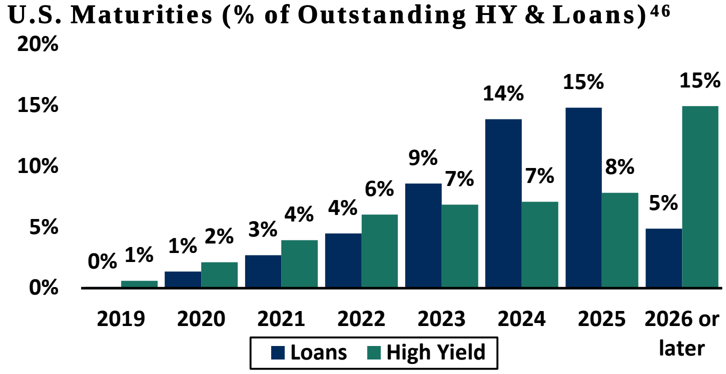
Loan and High Yield Default Rates (%)[44]



Historical and Expected U.S. Growth Rates (%)[45]



U.S. Maturities (% of Outstanding HY & Loans)[46]



CLO Market Update

U.S. CLO issuance year-to-date remains roughly in line with last year's record pace, despite some recent headwinds. Amid heightened regulatory scrutiny in Japan in early 2Q19, Japanese AAA CLO buyers began to decrease their pace of investment. The immediate market reaction to this and other catalysts in support of the pace of issuance was an increase in transactions issued with shorter reinvestment periods (four years or less).[47] As the quarter progressed, however, a wave of existing and new U.S. AAA buyers emerged and changed the CLO landscape to include more syndicated transactions

44 Source: JP Morgan, last twelve months par-weighted default rates, as of 30 June 2019.

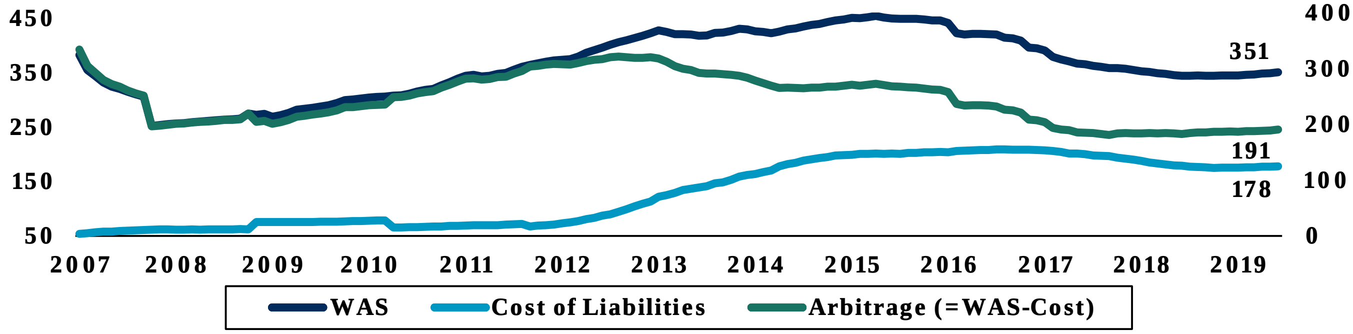
45 Source: Bloomberg, as of 14 June 2019.

46 Source: JP Morgan, as of 10 May 2019, for maturity schedule; $2.7 trillion loans and high yield bonds outstanding.

47 Source: LCD, as of 30 June 2019.

versus the traditional anchored deal approach. This demand caused the average spread on AAA rated CLO tranches sold by top-tier managers to contract to as low as 130bp over LIBOR in May and June, compared with 141bp at the end of last year, according to data compiled by Bloomberg. And while the weighted average cost of capital tightened, domestic CLO investors also allowed more leverage which caused the CLO equity arbitrage to improve.

U.S. CLO Weighted Average Spread, Cost of Liabilities, and Arbitrage[48]



LIBOR Replacement Update

The Secured Overnight Financing Rate ("SOFR") remains the likely benchmark interest rate to be used in place of USD LIBOR when LIBOR falls away in 2021. On 19 July 2019, the Alternative Reference Rates Committee ("ARRC") hosted a public roundtable during which the group of private-market participants convened by the Federal Reserve Board and Federal Reserve Bank of New York, among others, reported on its overall progress since it was reconstituted, and served as the starting point in the ARRC's public consultation and education process regarding contract robustness in instruments referencing LIBOR. The roundtable discussed various topics including LIBOR and its impact on financial stability, the recent movement in LIBOR and SOFR spreads, and noted that market participants should consider whether a rate such as LIBOR, with so few transactions underlying, was ever truly their best option.

The ARRC in July also released guiding principles for the development of fallback language to help address risks in loan contracts and to minimise disruptions associated with a possible end to LIBOR. There are two fallback approaches proposed for loans and CLOs: an amendment approach and hardwire approach. The amendment approach requiring the amendment of every credit agreement as SOFR adoption progressed may be difficult to implement in the event of an abrupt cessation of LIBOR. Therefore, the hardwired approach may be the most widely adopted for both loans and most other asset classes referencing LIBOR. The hardwire approach provides for a waterfall of rate fallback options following a trigger event (i.e. the cessation of LIBOR). This approach provides both optionality and the security of having predetermined terms upon a trigger event.

Interestingly, the ARRC has recently proposed SOFR as the replacement benchmark for the $1.2 trillion adjustable rate mortgage market and reported that Fannie Mae and Freddie Mac, the federal housing-finance giants, are planning to buy these new mortgages and package them as debt securities as soon as possible before the planned cessation of LIBOR at the end of 2021.

There remain two key differences between LIBOR and SOFR to be addressed; (i) SOFR is a risk-free overnight rate with no term structure and (ii) SOFR is historically more volatile than LIBOR. Although the Fed has already published an indicative SOFR term curve and will work toward developing a forward looking term SOFR benchmark, ARRC members have said that longer-term SOFR rates will likely not be ready until late 2021. Until then, the ARRC is encouraging companies to adopt the overnight rate in order to speed the process of adopting SOFR. Regarding the more volatile nature of SOFR, ISDA is developing a credit spread adjustment to compensate for the lack of credit risk in SOFR and the ARRC has said it will work on a credit spread adjustment for other legacy cash products. We are continuing to monitor these developments and are working closely with different working groups and trade associations to ensure we remain at the forefront of any required changes.

Outlook

Loans:

Demand: 1) CLOs (~51% of loan investor base): J.P. Morgan projects net demand for loans from CLOs (net CLO issuance) of approximately +$20 billion in the second half of 2019.[49] We note that the pace of CLO issuance tends to be

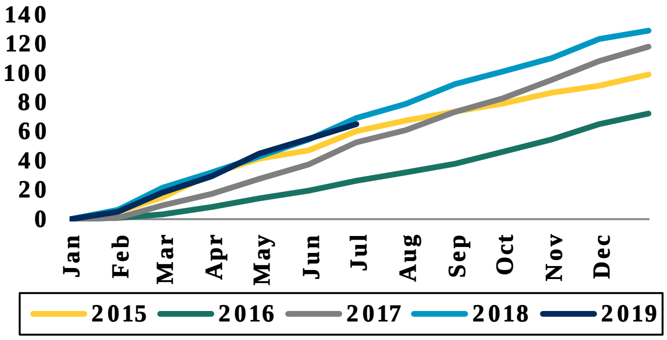
---

[48] Source: BAML U.S Securitized Products Research, as of 30 June 2019.

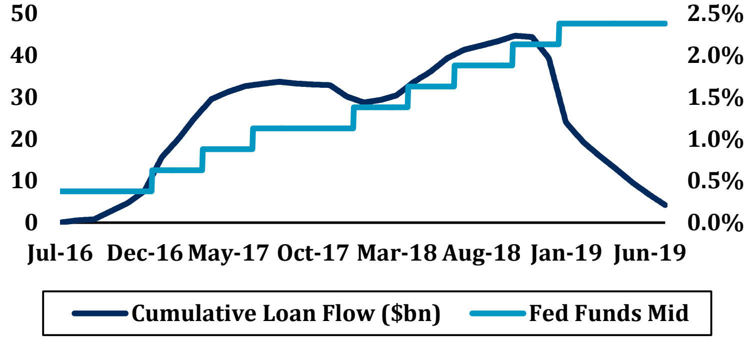
[49] Source: JPM Weekly Credit Update as of 17 July 2019.

fairly consistent throughout the year. We also expect CLO refinancings to remain well below the pace seen in prior years as most existing CLOs were completed in a tighter spread environment.

CLO New Issuance ($ in bn)[50]



Loan Retail Flows ($ in bn)[51]

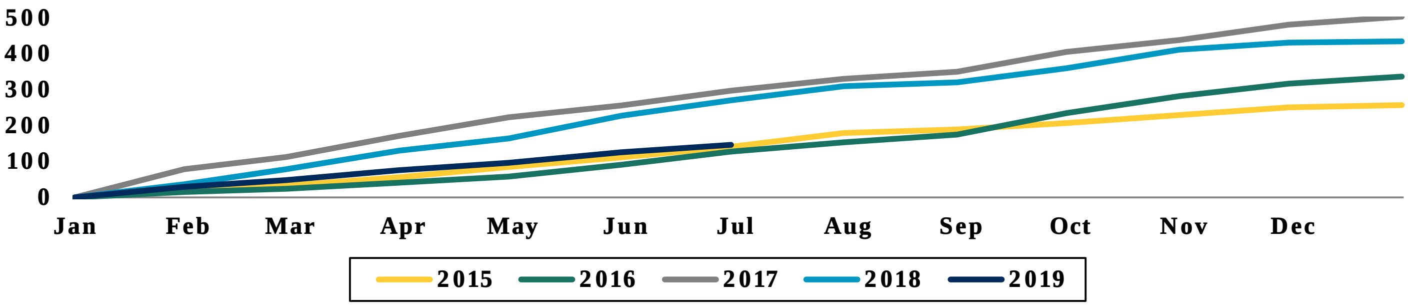


2) Retail Funds (~9% of loan investor base): Although challenging to forecast, we assume continued modest outflows from retail loan funds, which tend to be the most sensitive of the loan market's participants to change their outlook for interest rates. We note, however, that over 80% of the $45 billion of total net flows into loan mutual funds and ETFs between mid-2016 (six months before the Fed began a series of rate hikes) and September 2018 have already left the asset class with $40.5 billion of outflows from 4Q18 through 2Q19.[52] Also, although not our base case, we see a scenario in which inflation reasserts itself in late 2019 or early 2020, forcing the Fed to become more hawkish versus current market expectations and driving a reallocation back into loan mutual funds and ETFs amid significant volatility from duration-sensitive fixed income and equities (as seen in February and October of 2018).

3) Institutional and Other (~40% of loan investor base): Although third party data for the institutional and other investors is limited, we expect demand to be supportive based on indications from our clients.

Supply: Net new issue loan supply of $105 billion through 12 July 2019, is down approximately -38% compared to the comparable 2018 period[53] due in large part to the significant volatility in 4Q18. We expect the pace of new issuance to remain below the levels seen in 2017 and 2018 which, combined with the pace of loan repayments, could continue to provide a tailwind to loan secondary levels.

U.S. Institutional Loans Cumulative Issuance ($ in bn) [54]



Low Default Environment to Continue: We expect 2019 default rates in the broad loan market to remain well below their 20-year average and at a similar level to the 1.6% default rate for 2018, which was among the lowest in 25 years. Our outlook is based on an expectation for continued economic growth, limited near-term maturities (2.8%) of outstanding loans mature before 2021, and strong interest coverage.

---

[50] Source: LCD as of 30 June 2019. Note: USD new issuance volume excludes refinancing and resets.

[51] Source: JP Morgan, Lipper. Represent weighted average daily cumulative loan flow as of 30 June 2019. Bloomberg as of 31 March 2019 for Fed Funds Mid.

[52] Source: Lipper FMI as of 30 June 2019.

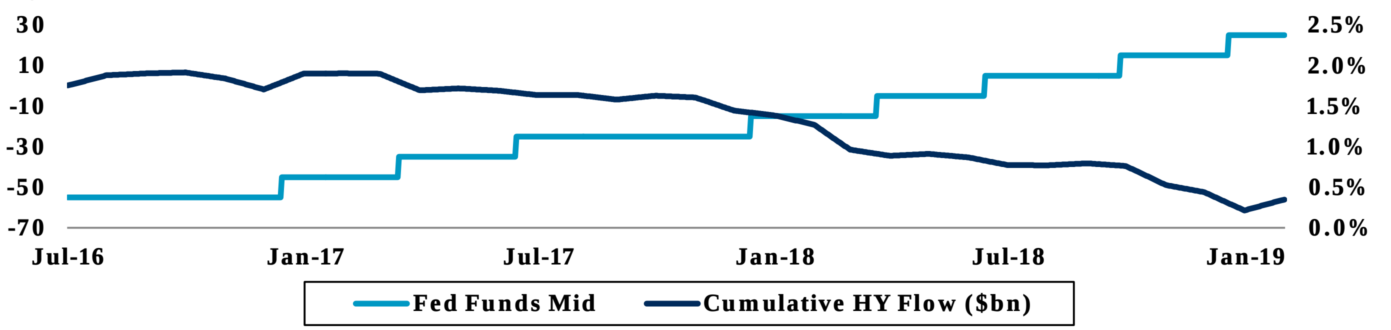
[53] Source: JPM as of 12 July 2019.

[54] Source: LCD as of 30 June 2019.

High Yield

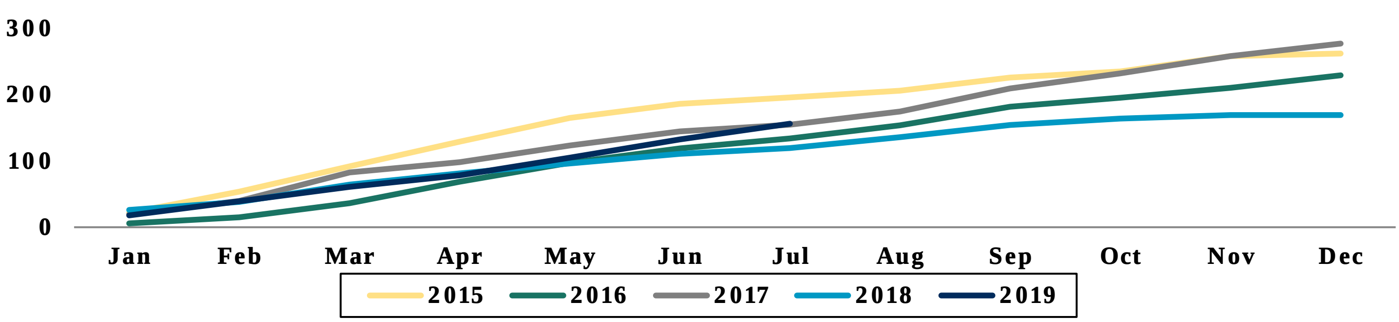
Demand: With U.S. interest rates having peaked in October 2018 and the Federal Reserve announcing in January 2019 that it would be pulling back from further rate hikes, many investors rotated from floating rate to fixed rate assets boosting demand for high yield bonds, which have seen $18.1 billion of total flows year-to-date. We believe this trend should continue throughout 2019 as the Fed now appears ready to cut rates as early as July 2019.

High Yield Retail Flows ($ in bn)[55]



Supply: Year-to-date supply of high yield bonds reached $150.8 billion as of July 2019 topping 2018's figure by 28.9%. Additionally much of the new supply has been used to refinance (67% of proceeds YTD) either existing bonds or term loans. Year-to-date approximately 20% of the new high yield issuance has been secured further improving the ratings quality distribution of the high yield market.

U.S. High Yield Cumulative Issuance ($ in bn) [56]



Low Default Environment to Continue: Similar to loans, we expect 2019 default rates in the broad high yield market to remain well below their long term average and at a similar level to the 1.8% default rate for 2018, which was below the 25 year average of 2.9%. Our outlook is based on an expectation for continued economic growth, limited near-term maturities (5.5%) of outstanding high yield bonds mature before 2021, and strong interest coverage.

---

[55] Source: Lipper FMI J.P. Morgan High Yield and Credit Suisse High Yield Index, as of 30 June 2019.

[56] Source: LCD as of 30 June 2019.

IV. Fund Performance and Commentary

Fund Returns

BGLF: The total net (NAV) return of BGLF's Ordinary Shares for 2Q19 was 3.56%. As of 30 June 2019, BGLF's NAV has returned 8.13% net year-to-date and 7.39% net annualised since its inception (27 July 2014). BGLF's share price return for 2Q19 was 1.51%

BGCF NAV Return Components	BGCF 2Q19 Return Component			BGCF 2019 YTD Return Component		
	MTM	Income	Total	MTM	Income	Total
EUR CLOs	0.05%	1.84%	1.89%	0.29%	3.68%	3.97%
U.S. CLOs	-0.10%	1.84%	1.74%	0.45%	4.07%	4.52%
U.S. CLO Warehouses	0.00%	0.12%	0.12%	0.00%	0.25%	0.25%
Directly Held Loans	0.26%	0.45%	0.71%	0.28%	0.91%	1.19%
Leverage	0.00%	-0.17%	-0.17%	0.00%	-0.34%	-0.34%
FX[57]	-0.41%	0.00%	-0.41%	-0.58%	0.00%	-0.58%
Net Cash Including Expenses	0.00%	-0.16%	-0.16%	0.00%	-0.32%	-0.32%
BGCF Total / Net Return	**-0.20%**	**3.92%**	**3.73%**	**0.43%**	**8.25%**	**8.68%**
BGLF Expenses			-0.17%			-0.55%
BGLF Net Return			**3.56%**			**8.13%**

	Cumulative				Annualised		
	2Q19	YTD	1 Year	Since Inception	2 Year	3 Year	Since Inception
BGLF € NAV	3.56%	8.13%	14.18%	42.23%	7.18%	7.14%	7.39%
BGLF € Share Price	1.51%	16.18%	5.11%	30.59%	0.05%	6.78%	5.55%
European Loans	1.07%	3.11%	2.75%	17.47%	2.29%	3.70%	3.31%
U.S. Loans	1.58%	5.42%	4.15%	20.86%	4.18%	5.43%	3.91%

BGLC: The total net (NAV) return of BGLF's C Shares for the 2Q19 was 3.02%. BGLC's share price return for the same period was 5.28% and has been 1.90% net year-to-date since the share class's inception or 7 January 2019.

[57] Please note: the -0.58% of FX year-to-date return contribution is composed of -0.49% attributed to U.S. CLOs, -0.10% attributed to U.S. CLO Warehouses, -0.04% attributed to Directly Held Loans, and +0.04% from Net Cash Including Expenses.

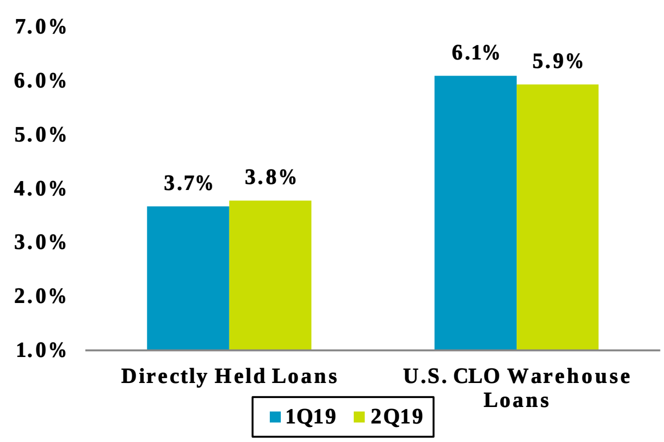
Performance Commentary

The Fund continues to generate positive cash flows from its CLO Income Note investments ("**CLO Income Notes**") and from its portfolio of directly held and warehoused loans. During the second quarter, CLO Income Notes produced a weighted average annualised distribution rate of 15.6%, which represents distributions from 28 of BGCF's CLO Income Notes and a slight decrease versus the 1Q19 weighted average annualised distribution rate of 15.9%.[58] Four CLOs in the portfolio have recently priced and, as of the end of June 2019, have not yet paid their first distribution.

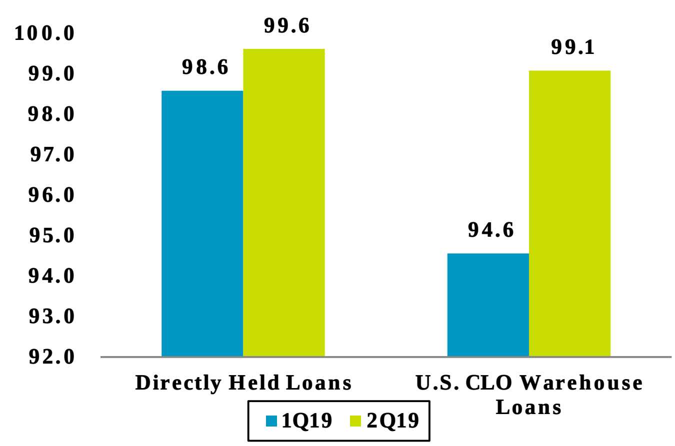
CLO Vintage	European CLO Income Notes				U.S. CLO Income Notes				Global	
	Par (€mm)	# of CLOs	2Q19 Annualised Distribution	Average Annualised Distribution	Par ($mm)	# of CLOs	2Q19 Annualised Distribution	Average Annualised Distribution	2Q19 Annualised Distribution	1Q19 Annualised Distribution
2014	89.8	3	14.2%	16.7%	-	-	-	-	14.2%	13.4%
2015	69.7	3	17.1%	15.8%	48.5	1	13.9%	16.6%	15.9%	15.4%
2016	84.0	3	11.4%	11.3%	-	-	-	-	11.4%	10.9%
2017	80.4	3	18.3%	15.8%	261.0	6	15.1%	17.4%	15.9%	15.5%
2018	119.9	4	18.5%	18.1%	351.1	6	15.4%	18.1%	16.4%	18.2%
2019	34.0	1	n/a	n/a	55.5	2	n/a	n/a	n/a	n/a
Total / Wtd Avg	**€ 477.7**	**17**	**16.0%**	**15.8%**	**$ 716.1**	**15**	**15.2%**	**17.7%**	**15.6%**	**15.9%**

During the second quarter, we took advantage of the continued market strength in order to further diversify and de-risk the portfolios underlying BGCF's investments. In Europe, we reduced our holdings in fixed rate bonds in order to crystallise unrealised gains and reduced certain overweight positions. In the U.S., we focused on improving our portfolio WARF with minimal loss by reducing risk positions in lower rated names that continued to trade higher following the volatility experienced during Q4 2018. As at 30 June, BGCF's par exposure was €578 million of directly held loans and $287 million of loans held in two external warehousing facilities, compared to €401 million of directly held loans and $155 million of loans held in warehouses at 31 March 2019. The weighted average all-in rate of the Fund's directly held loans increased during the quarter, from 3.67% to 3.78% in June 2019, largely as a result of primary loan market investments. The weighted average all-in rate of U.S. loans held within external warehouses decreased slightly from 6.09% to 5.93% over the quarter, primarily driven by the ramping of Beechwood Park CLO warehouse. During the early stages of a CLO warehouse, purchases may be focused on higher rated assets, which tend to have lower spreads.

Weighted Average All-In Rate



Weighted Average Purchase Price



58 Annualised quarterly cash distribution based on cost for those CLOs that have paid a distribution. Calculated using Intex data.

Over the course of the second quarter, the Fund held investments in two U.S. CLO warehouses. As at 30 June, BGCF held first loss investments in Beechwood Park and Southwick Park CLO warehouses, which, combined, supported $287 million of traded loans.[59] External warehouse investments are held at their cost (investment amount) until the warehouse is converted into a CLO, at which point net income earned, as well as net settled gains/losses on the warehouse assets, are realised by BGCF.

Investment Activity

During 2Q19, BGCF invested €21.0 million ($23.9 million) in the CLO Income Notes of Niagara Park CLO.

		Size (€/S)	Investing Entity	Closing Date	Reinvestment Period End	Non-Call Period	AAA Spread	Invested Capital (€/$)	Position as a % of Tranche	Expected % Ramp at Closing
1Q	**Crosthwaite Park**	€513.0m	BGCF	Feb-19	Sep-23	Mar-21	108bp	€27.7m	66.7%	80.0%
1Q	**Buckhorn Park**	$502.1m	BGCF	Mar-19	Apr-24	Jan-21	131bp	$25.2m	60.0%	95.0%
2Q	**Niagara Park**	$453.2m	BGCF	Jun-19	Jul-24	Jul-21	130bp	$23.9m	60.0%	90.0%

During the second quarter, there were no reset activities in BGCF's CLO portfolio. While we view the ability to extend the reinvestment periods of CLOs generally to be a benefit to the equity, we are finding the existing cost of capital for those CLOs eligible for refinancing to be generally lower than current pricing in the primary issue market, and therefore we continue to evaluate the cost/benefit trade-offs of the refinancing or resetting opportunities. In May, BGCF refinanced the liabilities of Clarinda Park CLO, which had a remaining reinvestment period of 1.6 years, and reduced the weighted average liability spread by approximately 22bp.

		Closing Date	Refinancing Closing Date	Reinvestment Period End	If Reset, Reinvestment Period Extension	Original AAA Spread	Refinanced / Reset AAA Spread	Position (€/$)
2Q	**Clarinda Park**	Nov-16	May-19	Nov-20	-	115bp	90bp	€23.1m

During 2Q19, BGCF originated approximately €607 million of senior secured loans and floating rate notes, and increased the size of its directly held portfolio.

	WA Spread	WA Moody's Facility Rating	WA Maturity	WA Par Exposure
Directly Held Loans	3.66%	B1	5.7 years	€578.3m

BGCF also invested an additional €29.0 million ($32.5 million) in two U.S. CLO warehouses, which owned $287 million of loans in aggregate at quarter-end.

	Initial Investment Date	Closing Date / [Expected Closing Date]	Investment ($)	Jun-19 Loan Exposure ($)[60]	Warehouse Return	WA Moody's Facility Rating	WA Maturity
Southwick Park	Dec-18	Aug-19	$40.0m	$239.3m	19.1%	B1/B2	5.8 years
Beechwood Park	Mar-19	[3Q19]	$10.0m	$47.7m	n/a	B1/B2	5.9 years

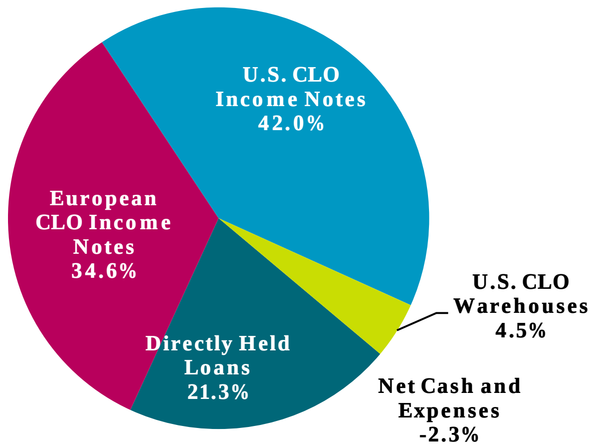
59 U.S. CLO Warehouses may have an additional third party first loss provider invested alongside of BGCF.

60 Data for EUR and U.S. CLOs calculated based on data available on Intex as of 30 June 2019. Data for U.S. CLO Warehouses and Directly Held Loans calculated by GSO. Leverage is assumed to be 4:1 for U.S. CLO Warehouses and 2:1 for Directly Held Loans. Stewart Park CLO and Dorchester Park CLO excluded from U.S. CLO leverage calculation, where the resets required an additional issuance of equity and skew the leverage calculation.

Portfolio Positioning

The Fund's portfolio positioning between European and U.S. exposure remains largely unchanged versus the prior quarter. As at 30 June, 35% of BGCF's portfolio was composed of European CLO Income Notes and 42% was composed of U.S. CLO Income Notes. The Fund's U.S. CLO Warehouse allocation increased from 2% to 5% and its investment in directly held loans less borrowings increased from 18% to 21% during 2Q19.

BGCF Portfolio as % of NAV as at 30 June 2019



BGCF Portfolio Assets[61]	Current WA Asset Coupon	Current WA Liability Cost	Net Interest Margin ("NIM")	Quarterly Δ in NIM	WA Leverage	WA Remaining CLO Reinvestment Periods
EUR CLOs	3.71%	1.60%	2.11%	0.06%	8.5x	2.0 Years
U.S. CLOs	5.91%	4.16%	1.75%	0.08%	8.9x	3.4 Years
U.S. CLO Warehouses	5.93%	3.47%	2.46%	0.13%	4.0x	n/a
Directly Held Loans	3.78%	1.45%	2.33%	0.11%	2.5x	n/a
Total Portfolio	**4.73%**	**2.70%**	**2.02%**	**0.11%**	**7.2x**	**2.8 Years**

Portfolio vintage diversification is an important part of the Fund's strategy which provides for greater investment flexibility to participate in the primary loan market and the ability to take advantage of secondary loan market dislocations. While the portfolio's concentration in newer vintage CLOs with longer reinvestment periods has increased, it has been at a more measured pace. This is due to a less consistently favourable arbitrage in 2019 resulting in modestly sized 2019 vintage CLOs versus those of 2018 vintage.

Throughout 2019, the CLO creation strategy has been one of patience. BGCF's loan portfolios, held both directly on the Fund's balance sheet and indirectly through CLO warehouses, continue to ramp at a slow pace due to our current view on the CLO creation equity arbitrage. Within each warehouse, we remain focused on balancing a favourable return to BGCF as the warehouse first loss provider together with any potential credit risk introduced as the warehoused assets become more seasoned.

Blackstone / GSO Loan Financing C Share Update

In January 2019, in connection with the Rollover Opportunity whereby shareholders in Carador Income Fund plc were provided the opportunity to rollover their existing investment into an investment in newly issued C Shares of BGLF ("BGLC"), BGLF issued 133.5 million of such C shares. Following a broader recovery in loan and CLO prices, we resumed selling Rollover Assets and executed sales which represented €71.2 million of par at the end of July. As at 30 June 2019, 68% of the Rollover Assets had been sold. We plan to continue the liquidation of the remaining portfolio as quickly as possible, albeit selectively considering the softer tone of the current CLO equity market.

[61] Data for EUR and U.S. CLOs calculated based on data available on Intex as of 30 June 2019. Data for U.S. CLO Warehouses and Directly Held Loans calculated by GSO. Leverage is assumed to be 4:1 for U.S. CLO Warehouses and 2:1 for Directly Held Loans. Stewart Park CLO and Dorchester Park CLO excluded from U.S. CLO leverage calculation, where the resets required an additional issuance of equity and skew the leverage calculation.

V. FUND UPDATE

Capital Raising and Call Activity

During the quarter, Blackstone / GSO Corporate Funding EUR Fund ("**BGCF EUR**"), an investor in BGCF, received €15.4 million of net capital commitments, bringing total BGCF EUR capital commitments to €673 million. BGCF EUR called €31 million of capital over the same period, which was invested into BGCF by 1 May 2019. As of 30 June 2019, BGCF EUR had €51.5 million of undrawn capital remaining.

After quarter end, BGCF EUR received an additional capital commitment of €58.7 million and subsequently called another €25 million, which was invested into BGCF on 1 August 2019. Pro forma for the additional commitment and investment into BGCF, €85.1 million of BGCF EUR committed capital remains undrawn.

While market wide CLO issuance in 2019 has kept pace with 2018, the CLO equity arbitrage remains challenged with many new CLOs issued with various concessions effectively providing a subsidy to the equity returns. Thus, our own pace of CLO creation has been slower versus a year ago and much of the drawn capital continues to be used in support of CLO warehouses. While the quantum of capital underpinning a warehoused portfolio is greater than the quantum of capital underpinning a CLO, the cash flows on both investments are generally consistent.

As of 30 June 2019, BGCF's ownership was split 45.4% to BGLF, 4.6% BGLC, and 60.0% to BGCF EUR. BGCF's ownership of BGUCF was 86.0%.

Distributions

BGLF declared a dividend of €0.025 per Ordinary Share and €0.0214 per C Share in respect of the period from 1 April 2019 to 30 June 2019. These dividends are payable on 23 August 2019 to shareholders on the register as at the close of business on 26 July 2019, and the corresponding ex-dividend date is 25 July 2019.

BGCF EUR declared a distribution of 3.70% of net asset value in respect of the period from 1 April 2019 to 30 June 2019. This distribution is payable on 9 August 2019 to unitholders on the register as at the close of business as at 28 June 2019, which was also the corresponding ex-dividend date.

EU Risk Retention for U.S. CLOs

With the roll-back of certain requirements of the U.S. risk retention rules for open-market CLOs, fewer U.S. CLOs have been issued that also comply with the European risk retention regulation. As such, we believe that a European retention requirements-compliant U.S. CLO could be met with noticeable demand. In an effort to capture this potential opportunity in an efficient manner, we have established a new entity, Blackstone / GSO CLO Management LLC (the "NME" or "New Manager Entity"), which will serve as the manager-originator of all newly-issued U.S. CLOs and the manager of pre-CLO warehouses. The NME is an SEC relying adviser of GSO / Blackstone Debt Funds Management LLC, which manages the GSO U.S. CLOs. Each newly issued U.S. CLO managed by the NME is expected to seek compliance with the European risk retention requirements.

Important Disclosure Information

This quarterly update letter ("**Letter**") is being furnished to you on a confidential basis to provide preliminary summary information regarding an investment in the Fund, is for informational purposes only and it does not constitute an offer to sell, or a solicitation of an offer to buy, any investment in, or to participate in any trading strategy with Blackstone / GSO Debt Funds Management Europe Limited or Blackstone / GSO Debt Funds Management Europe II Limited (together, the "**Manager**") or its affiliates in the credit-focused business unit of The Blackstone Group Inc. ("**Blackstone**"), including without limitation, GSO Capital Partners LP (together with the Manager and their affiliates in the credit-focused business unit of Blackstone, "**GSO**"). The offering is made only to qualifying investors through a separate subscription agreement for the Fund and the governing and operating documents for the Fund (together as may be amended or supplemented from time to time, the "**Operative Documents**"). The Operative Documents contain material information (including a discussion of potential conflicts of interest) not contained in this document, and supersede and qualify in its entirety the information set forth herein. Any decision to invest in, or withdraw from, the Fund should be made after reviewing the appropriate Operative Documents, conducting such investigations as the investor deems necessary and consulting the investor's own legal, accounting, and tax advisors in order to make an independent determination of the suitability and consequences of the investment. Risks associated with investment in the Fund include, without limitation, illiquidity of an investment, risk of default of the underlying debt instrument, and risk of loss of principal.

Certain information contained herein has been obtained from published and non-published sources prepared by other parties, which in certain cases has not been updated through the date hereof. While such information is believed to be reliable for the purpose used herein, GSO does not assume any responsibility for the accuracy or completeness of such information and such information has not been independently verified by GSO. In particular, you should note that, since many of the investments described are unquoted, net asset value figures in relation to the Fund are based wholly or partly on estimates of the values of the Fund's investments provided by the originating banks of those underlying investments or other market counterparties, which estimates may themselves have been subject to no verification or auditing process or may relate to a valuation at a date before the date of the relevant net asset valuation for the Fund, or which have otherwise been estimated by GSO. In addition, certain performance related information contained in this Letter, including information sourced from third parties, may be based on data that was prepared and/or provided to the applicable sources by certain CLO market participants, and there can be no assurance that such data is inclusive or representative of comparable data for the entire CLO market. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs or losses costs by negligence) in connection with any use of their content, including ratings.

Any comparisons herein of investment performance to a benchmark or an index are qualified as follows: (i) the volatility of such benchmark or index may be materially different from that of the performance of the Fund; (ii) such benchmark or index will employ different investment guidelines and criteria than the Fund and, therefore, the holdings in the Fund may differ significantly from the securities that comprise the index; and (iii) the performance of such benchmark or index has not necessarily been selected to represent an appropriate benchmark to compare to the performance of the Fund, but rather is disclosed to allow for comparison of the Fund's performance (or the performance of assets held by the Fund) to that of a well-known benchmark or index. A summary of the investment guidelines for any such benchmark or index is available upon request.

Past performance is not necessarily indicative of future results, and there can be no assurance that the Fund will achieve results comparable to its earlier results or those of any of GSO's prior funds, special purpose investment vehicles, co-investment vehicles or non-fund relevant transactions, or that the Fund will be able to implement its investment strategy or achieve its investment objectives. Information contained herein which relates to the net asset value performance of the Fund may not be indicative of how the Fund's investments may perform in the future. Moreover the values of such investments may fluctuate considerably and the historic net asset values shown for such Fund take no account of the costs or practical difficulties of realising some or all of such investments. The value of investments mentioned herein may go down as well as up and investors may not get back the amount invested. No assurance can be given that the investment objective will be achieved. Information on past performance, where given, is not necessarily a guide to future performance. Changes in rates of exchange between currencies may cause the value of investments to decrease or increase. Investments mentioned herein may not be suitable for all recipients and in each case potential investors are advised not to take any investment decision unless they have taken independent advice from an appropriately authorised advisor.

Certain information contained in this document constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "target," "intend," "continue" or "believe," or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund described herein may differ materially from those reflected or contemplated in such forward-looking statements.

Any targets, forecasts, estimates, or similar returns set forth herein are based on GSO's belief about the returns that may be achievable on investments that the Fund intends to pursue. Targets, forecasts, and estimates are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the targets, forecasts, and estimates will not materialize or will vary significantly from actual results. Such returns are based on GSO's current view in relation to future events and financial performance of potential investments and various models, estimations and "base case" assumptions made by GSO, including estimations and assumptions about events that have not occurred. Among the assumptions to be made by GSO in performing its analysis are (i) the amount and frequency of current income from an investment, (ii) the holding period length, (iii) EBITDA growth and cost savings over time, (iv) the manner and timing of sale, (v) exit multiples reflecting long-term averages for the relevant asset type, (vi) customer growth and other business initiatives, (vii) availability of financing, (viii) potential investment opportunities GSO is currently or has recently reviewed and (ix) overall macroeconomic conditions such as GDP growth, unemployment and interest rate levels. While such "base case" assumptions are based on assumptions that GSO believes are reasonable under the circumstances, they are subject to uncertainties, and changes. Any such modification could be adverse to the actual overall returns. The inclusion of targets, forecasts and estimates herein should not be regarded as a representation or guarantee regarding the reliability, accuracy or completeness of the assumptions or information contained herein and neither GSO nor Blackstone is under any obligation to update or otherwise revise the target returns to reflect circumstances existing after the date when made to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the target returns are later shown to be incorrect. Actual events and conditions may differ materially from the assumptions used to establish returns and there is no guarantee that the assumptions will be applicable to the Fund's investments. None of GSO, Blackstone, its affiliates or any of the respective directors, officers, employees, partners, shareholders, advisers and agents of any of the foregoing makes any assurance, representation or warranty as to the accuracy of such assumptions.

Prospective investors should be aware that an investment in the Fund involves a high degree of risk. There may be occasions when the management company of the Fund, the principals, GSO, Blackstone and their affiliates will encounter potential conflicts of interest in connection with the Fund's activities including, without limitation, the allocation of investment opportunities, relationships with GSO's and/or Blackstone's other activities, and the diverse interests of the Fund's limited partner group. In addition, GSO, Blackstone, and their affiliates engage in a broad spectrum of activities, which may include activities where the interests of certain divisions of GSO, Blackstone and their affiliates or the interests of their clients may conflict with the interest of the partners in the Fund. Because GSO, Blackstone, and their affiliates have many different asset management, advisory and other businesses, they are subject to a number of actual and potential conflicts of interest, greater regulatory oversight, and more legal and contractual restrictions than that to which they would otherwise be subject if they had just one line of business. In addressing these conflicts and regulatory, legal, and contractual requirements across various businesses, GSO, Blackstone, and their affiliates have implemented certain policies and procedures (e.g., information walls) that may reduce the positive synergies that the Fund expects to utilise for purposes of finding attractive investments. As a consequence, that information, which could be of benefit to the Fund, might become restricted to those other businesses and otherwise be unavailable to the Fund, and could also restrict the Fund's activities. There can be no assurance that any conflict of interest will be resolved in the manner most favourable to the Fund or any investor therein.

The use of this Letter in certain jurisdictions may be restricted by law. The products mentioned in this document may not be eligible for sale in some states or countries, nor suitable for all types of investors; their value and the income they produce may fluctuate and/or be adversely affected by interest rates or other factors. Prospective investors should inform themselves as to the legal requirements and tax consequences of an investment in the Fund within the countries of their citizenship, residence, domicile, and place of business.

This Letter does not constitute a financial promotion, investment advice or an inducement or incitement to participate in any product, offering, or investment. It does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe or purchase any investment nor shall it or the fact of its distribution form the basis of, or be relied on in connection with, any contract. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this Letter by GSO, the Manager, Blackstone, the Fund, or any of their respective directors, officers, managers, shareholders, partners, members or employees and no liability is accepted by such persons for the accuracy or completeness of any such information or opinions.

Although the current portfolio reflected in this Letter (the "**Current Portfolio**") is consistent with the investment strategy of the Fund, there is no guarantee that the portfolio acquired will continue to be identical to the make-up of the Current Portfolio. Moreover, the future investments to be made by the Fund may differ substantially from the investments included in the Current Portfolio. Therefore, the Current Portfolio parameters, industry concentration, rating concentration, spread distribution and other factors related to the Current Portfolio could all be materially different than those of the future portfolio acquired by the Fund.

Blackstone / GSO Debt Funds Management Europe Limited and Blackstone / GSO Debt Funds Management Europe II Limited are authorised and regulated by the Central Bank of Ireland.

BGLF Portfolio Composition

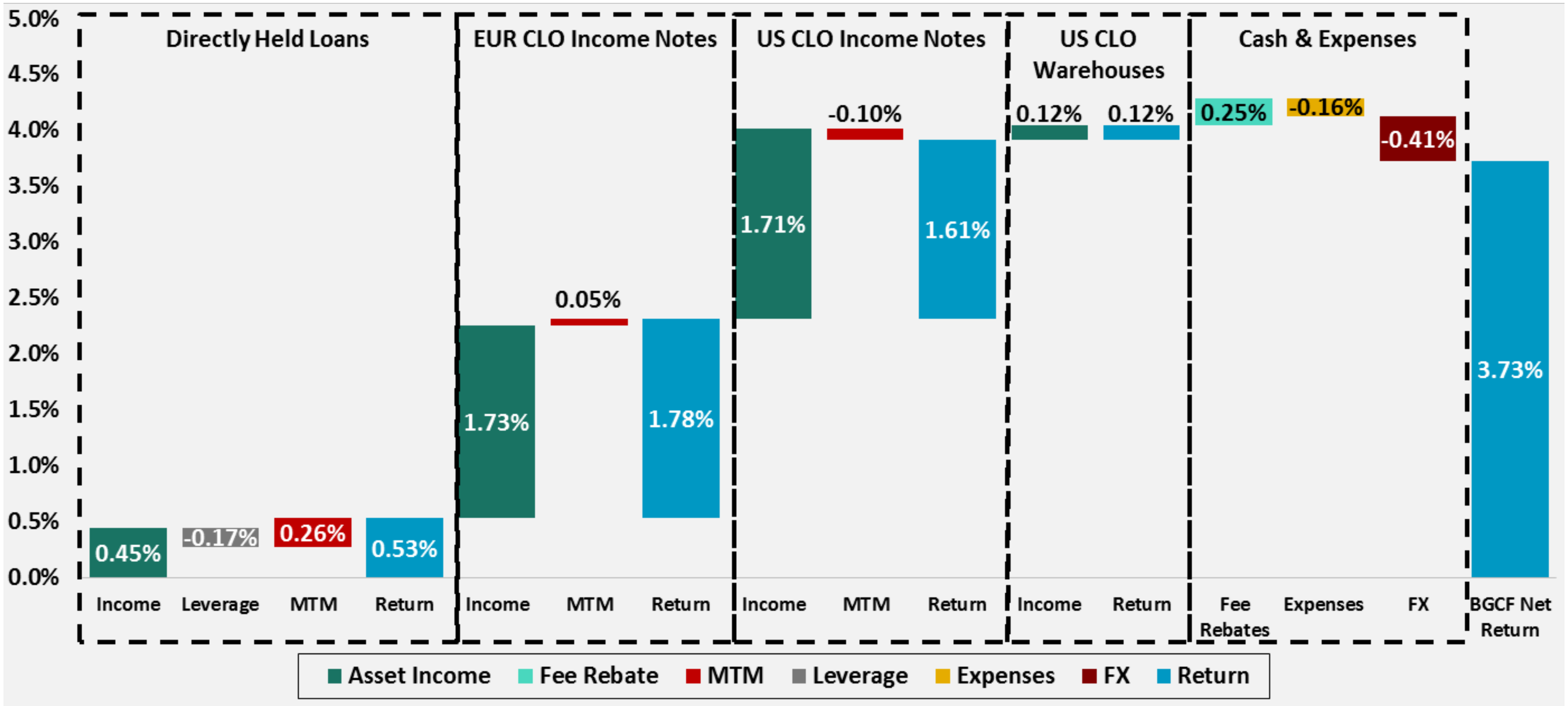
Net Asset Value: € 368,873,157.3	% of BGLF NAV
Directly Held Loans Less Leverage	20.7%
European CLO Income Notes	33.7%
U.S. CLO Income Notes	41.0%
U.S. CLO Warehouses	4.4%
Net Cash and Expenses	0.2%
Total	**100.0%**

Footnotes
Data as of 30 June 2019. Note that portfolio composition figures may not add to 100.0% due to rounding.
(1) Effective position and cost on a look-through basis.
(2) Source: Intex. Distributions presented based on cost. Wtd. Avg. Cost of Liabilities represents the all-in rate of each liability tranche. Gross Coupon not available for deals that are not yet included in Intex.

BGLF CLO Income Note Investments

	Investing Entity	Closing Date	Refinancing / Reset Date (Closing)	Refinancing Eligible Date	Remaining RI Period (Yrs)	Deal Size (mm)	Equity Tranche (mm)	BGLF Position (mm)[1]	BGLF Cost (mm)[1]	Risk Reten. Position as % of Tranche	Valuation as % of BGLF NAV	Ann. Dist. [2]	Cum. Dist. [2]	Wt. Avg. Cost of Liabilities[2]	Gross Coupon[2]	Net Interest Margin	NIM 3 Months Prior	Interest Diversion Cushion[2]
EUR CLO Income Notes																		
Phoenix Park	BGCF	Jul-14	Oct-18	Oct-20	3.8	€ 418.3	€ 45.3	€ 8.2	€ 7.8	51.4%	1.6%	15.4%	73.5%	1.77%	3.72%	1.94%	1.81%	4.31%
Sorrento Park	BGCF	Oct-14	May-17	Nov-16	0.0	€ 507.5	€ 57.0	€ 10.4	€ 9.9	51.8%	1.5%	17.1%	78.5%	1.46%	3.65%	2.19%	2.21%	1.89%
Castle Park	BGCF	Dec-14	Mar-17	Jan-17	0.0	€ 415.0	€ 46.0	€ 13.1	€ 12.0	80.4%	2.3%	17.2%	74.2%	1.53%	3.64%	2.11%	2.13%	3.75%
Dartry Park	BGCF	Mar-15	Jul-17	Apr-17	0.0	€ 411.1	€ 44.6	€ 8.1	€ 7.6	51.1%	1.3%	15.2%	62.6%	1.63%	3.69%	2.06%	2.00%	2.29%
Orwell Park	BGCF	Jun-15	Aug-17	Jul-17	0.0	€ 415.0	€ 47.5	€ 8.6	€ 7.9	51.0%	1.6%	16.5%	63.9%	1.44%	3.78%	2.35%	2.29%	4.05%
Tymon Park	BGCF	Dec-15	Jan-18	Jan-18	0.6	€ 414.0	€ 44.5	€ 8.0	€ 7.3	51.0%	1.7%	15.7%	52.4%	1.31%	3.71%	2.40%	2.38%	4.73%
Elm Park	BGCF	May-16	Apr-18	Apr-18	0.8	€ 558.2	€ 56.9	€ 11.3	€ 11.3	56.1%	2.8%	12.8%	37.0%	1.37%	3.74%	2.37%	2.29%	4.03%
Griffith Park	BGCF	Sep-16	Nov-18	Nov-20	3.9	€ 458.2	€ 48.7	€ 10.3	€ 9.1	59.5%	2.0%	10.4%	28.1%	1.82%	3.74%	1.92%	1.86%	4.22%
Clarinda Park	BGCF	Nov-16	May-19	Nov-19	1.4	€ 415.1	€ 45.1	€ 8.2	€ 6.9	51.2%	1.5%	10.5%	26.2%	1.81%	3.77%	1.96%	1.69%	4.25%
Palmerston Park	BGCF	Apr-17	n/a	Apr-19	1.8	€ 414.5	€ 45.0	€ 9.9	€ 8.9	62.2%	1.9%	14.5%	29.3%	1.74%	3.78%	2.03%	1.91%	4.04%
Clontarf Park	BGCF	Jul-17	n/a	Aug-19	2.1	€ 413.6	€ 43.3	€ 10.3	€ 9.3	66.9%	2.0%	15.1%	27.4%	1.58%	3.68%	2.10%	2.03%	4.10%
Willow Park	BGCF	Nov-17	n/a	Jan-20	3.0	€ 412.4	€ 38.4	€ 8.3	€ 7.4	60.9%	1.9%	18.2%	25.1%	1.58%	3.69%	2.11%	2.03%	4.48%
Marlay Park	BGCF	Mar-18	n/a	Apr-20	2.8	€ 413.0	€ 41.0	€ 8.7	€ 7.3	60.0%	2.0%	19.4%	20.3%	1.40%	3.69%	2.29%	2.22%	4.27%
Milltown Park	BGCF	Jun-18	n/a	Jul-20	3.0	€ 410.4	€ 37.1	€ 8.5	€ 7.6	65.0%	2.1%	18.8%	15.8%	1.49%	3.73%	2.24%	2.16%	4.47%
Richmond Park	BGCF	Jul-18	n/a	Jul-20	2.0	€ 549.2	€ 67.6	€ 16.3	€ 9.3	68.3%	2.6%	17.6%	13.1%	1.53%	3.72%	2.19%	2.10%	4.49%
Sutton Park	BGCF	Oct-18	n/a	Nov-20	3.9	€ 409.2	€ 36.0	€ 8.9	€ 7.9	69.4%	2.2%	17.1%	9.8%	1.72%	3.69%	1.97%	1.86%	4.26%
Crosthwaite Park	BGCF	Feb-19	n/a	Mar-21	4.2	€ 513.0	€ 51.0	€ 12.0	€ 9.8	66.7%	2.7%	n/a	n/a	2.00%	3.69%	1.69%	1.74%	4.62%
EUR CLO Income Note Total					**2.0**			**€ 169.2**	**€ 147.4**		**33.7%**	**15.8%**	**39.4%**	**1.60%**	**3.71%**	**2.11%**	**2.04%**	**4.01%**
US CLO Income Notes																		
Dorchester Park	BGCF	Feb-15	Jun-18	Apr-19	0.8	$533.4	$66.4	$ 17.2	$ 13.5	73.0%	2.3%	16.6%	68.7%	4.01%	5.86%	1.85%	1.79%	4.57%
Grippen Park	US MOA	Mar-17	n/a	Apr-19	2.8	$611.4	$59.4	$ 12.6	$ 11.2	60.0%	2.1%	13.4%	28.1%	4.32%	5.88%	1.56%	1.46%	4.10%
Thayer Park	US MOA	May-17	n/a	Apr-19	2.8	$514.6	$54.6	$ 10.6	$ 9.0	54.6%	1.6%	17.5%	33.8%	4.35%	5.91%	1.55%	1.46%	3.59%
Catskill Park	US MOA	May-17	n/a	Apr-19	2.8	$1,028.5	$108.5	$ 23.1	$ 20.2	60.0%	3.6%	16.5%	31.8%	4.32%	5.88%	1.57%	1.48%	3.56%
Dewolf Park	US MOA	Aug-17	n/a	Oct-19	3.3	$613.5	$61.5	$ 13.1	$ 11.6	60.0%	2.2%	16.7%	27.2%	4.32%	5.96%	1.64%	1.52%	4.18%
Gilbert Park	US MOA	Oct-17	n/a	Oct-19	3.3	$1,022.0	$102.0	$ 21.3	$ 19.3	59.0%	3.7%	17.0%	25.2%	4.28%	5.95%	1.67%	1.55%	4.08%
Long Point Park	US MOA	Dec-17	n/a	Jan-20	3.6	$610.8	$58.8	$ 11.8	$ 10.7	56.9%	2.2%	24.4%	31.7%	4.01%	5.95%	1.94%	1.87%	3.79%
Stewart Park	US MOA	Jan-18	n/a	Jan-20	3.5	$877.5	$183.9	$ 44.9	$ 13.6	69.0%	3.1%	16.6%	20.6%	4.06%	5.89%	1.83%	1.74%	3.33%
Greenwood Park	US MOA	Mar-18	n/a	Apr-20	3.8	$1,074.7	$107.6	$ 22.5	$ 19.9	59.1%	4.1%	20.8%	23.1%	3.97%	5.94%	1.97%	1.85%	4.23%
Cook Park	US MOA	Apr-18	n/a	Apr-20	3.8	$1,025.0	$107.0	$ 21.2	$ 19.5	56.1%	4.0%	20.9%	21.2%	3.93%	5.87%	1.94%	1.86%	4.01%
Fillmore Park	BGCF	Jul-18	n/a	Jul-20	4.0	$560.8	$55.6	$ 10.7	$ 9.8	54.3%	2.4%	14.5%	10.3%	4.11%	5.89%	1.77%	1.68%	3.87%
Myers Park	BGCF	Sep-18	n/a	Oct-20	4.3	$509.6	$52.6	$ 9.5	$ 8.4	51.0%	2.0%	17.1%	9.9%	4.16%	5.93%	1.76%	1.87%	3.99%
Harbor Park	BGCF	Dec-18	n/a	Jan-21	4.6	$716.3	$79.3	$ 15.4	$ 13.3	55.0%	3.5%	n/a	n/a	4.34%	5.92%	1.59%	1.64%	4.29%
Buckhorn Park	BGCF	Mar-19	n/a	Jan-21	4.8	$502.1	$48.3	$ 10.3	$ 8.9	60.0%	2.3%	n/a	n/a	4.51%	5.99%	1.48%	1.44%	4.27%
Niagara Park	BGCF	Jun-19	n/a	Jul-21	5.0	$453.2	$44.1	$ 9.4	$ 8.5	60.0%	2.0%	n/a	n/a	3.91%	n/a	0.00%	n/a	0.00%
US CLO Income Note Total					**3.4**			**$ 253.6**	**$ 197.5**		**41.0%**	**17.7%**	**27.4%**	**4.15%**	**5.91%**	**1.68%**	**1.67%**	**3.99%**
Global CLO Income Note Total					**2.8**			**€ 392.2**	**€ 321.1**		**74.8%**	**16.8%**	**32.8%**	**3.05%**	**4.94%**	**1.87%**	**1.84%**	**3.88%**

BGCF 2Q19 Return Contributors



Footnotes

Source: GSO. Represents Blackstone / GSO Corporate Funding DAC **("BGCF")** cumulative returns from 1 April 2019 to 30 June 2019.

Note: The illustration is not indicative of future results, and there can be no assurance that the Fund will achieve these results. There is no guarantee that the future investments made by the Fund will continue to be identical to the make-up of such current portfolio. Moreover, future investments to be made by the Fund may differ substantially from the investments included in the current portfolio of the Fund. Additionally, there is no guarantee that the Fund will be able to implement its investment strategy or achieve its investment objectives. Please note: the -0.41% of FX return contribution is composed of -0.35% from U.S. CLOs, -0.05% from U.S. CLO Warehouses, -0.01% from Directly Held Loans, and +0.01% from Net Cash Including Expenses.

BGLF Historical Monthly Returns

2019	Jan	Feb	Mar	Apr	May	Jun							YTD
BGLF € NAV	1.25%	1.90%	1.21%	1.26%	0.67%	1.59%							**8.13%**
European Loans	1.15%	0.93%	-0.07%	0.98%	-0.04%	0.13%							**3.11%**
U.S. Loans	2.30%	1.57%	-0.12%	1.59%	-023%	0.22%							**5.42%**
2018	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF € NAV	0.52%	-0.21%	-1.23%	0.40%	0.08%	1.50%	1.89%	1.46%	1.81%	0.53%	-0.06%	-0.14%	**6.70%**
European Loans	0.66%	0.13%	0.10%	0.47%	0.03%	-0.49%	0.51%	0.36%	0.57%	0.20%	-0.72%	-1.26%	**0.55%**
U.S. Loans	1.08%	0.18%	0.32%	0.49%	0.19%	0.10%	0.83%	0.41%	0.68%	0.01%	-0.82%	-2.29%	**1.14%**
2017	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF € NAV	0.14%	0.76%	-0.53%	0.01%	0.95%	0.63%	0.44%	-1.01%	-0.02%	0.65%	-0.46%	-0.18%	**1.38%**
European Loans	1.00%	0.46%	-0.29%	0.29%	0.52%	0.03%	0.48%	-0.02%	0.34%	0.33%	0.07%	0.00%	**3.30%**
U.S. Loans	0.53%	0.59%	0.08%	0.44%	0.38%	-0.06%	0.78%	-0.14%	0.41%	0.66%	0.12%	0.39%	**4.25%**
2016	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF € NAV	0.95%	0.67%	1.32%	1.28%	2.31%	0.98%	0.34%	0.13%	1.28%	0.37%	1.96%	0.97%	**13.28%**
European Loans	-0.32%	-0.93%	2.06%	1.35%	0.74%	-0.60%	1.16%	0.88%	0.74%	0.50%	0.18%	0.63%	**6.52%**
U.S. Loans	-0.73%	-0.56%	2.64%	1.90%	0.91%	0.03%	1.41%	0.79%	0.87%	0.77%	0.32%	1.15%	**9.88%**
2015	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF € NAV	1.36%	0.82%	0.76%	0.86%	1.05%	-0.07%	1.42%	0.09%	0.57%	0.83%	0.07%	0.07%	**8.11%**
European Loans	0.42%	1.06%	0.73%	0.88%	0.50%	-0.23%	0.50%	-0.17%	-0.33%	0.18%	-0.11%	-0.32%	**3.14%**
U.S. Loans	0.26%	1.41%	0.39%	0.90%	0.20%	-0.31%	0.09%	-0.65%	-0.67%	-0.14%	-0.89%	-0.95%	**-0.38%**
2014	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF € NAV								0.78%	0.21%	0.26%	1.12%	-3.05%	**-0.73%**
European Loans								0.13%	-0.07%	0.03%	0.37%	-0.61%	**-0.16%**
U.S. Loans								0.23%	-0.52%	0.29%	0.46%	-1.10%	**-0.65%**

Footnotes
Credit Suisse, Western European Leveraged Loan Index, Hedged to EUR, and U.S. Leveraged Loan Index, as of 30 June 2019. Past performance is not indicative of future results. This is for illustrative purposes only.

BGLC Historical Monthly Returns

2019	Jan*	Feb	Mar	Apr	May	Jun	YTD*
BGLC NAV	-2.95%	3.19%	2.14%	3.03%	0.14%	-0.15%	**5.37%**
European Loans	0.98%	0.93%	-0.07%	0.98%	-0.04%	0.13%	**2.94%**
U.S. Loans	2.08%	1.57%	-0.12%	1.59%	-023%	0.22%	**5.19%**

Footnotes
*Note that these represent partial period returns. The January and YTD returns of BGLC NAV are from 7 January 2019, and of European and U.S. Loan returns are from 4 January 2019 as daily returns are not available for European loans.
Credit Suisse, Western European Leveraged Loan Index, Hedged to EUR, and U.S. Leveraged Loan Index, as of 30 June 2019. Past performance is not indicative of future results. This is for illustrative purposes only.