Blackstone / GSO Loan Financing Ltd - BGLF Annual Financial Report
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RELEASED BY BNP PARIBAS SECURITIES SERVICES S.C.A., JERSEY BRANCH FINAL RESULTS ANNOUNCEMENT

THE BOARD OF DIRECTORS OF BLACKSTONE / GSO LOAN FINANCING LIMITED ANNOUNCE FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Graphs and charts are included in the published Annual Report and Audited Financial Statements which is available on the Company's website at https://www.blackstone.com/our-businesses/registered-products#c=blackstone-gso-loan-financing-limited

STRATEGIC REPORT

Reconciliation of IFRS NAV to Published NAV

At 31 December 2019, there was a difference between the NAV per Ordinary Share as disclosed in the Statement of Financial Position, €0.8543 per Ordinary share, ("IFRS NAV") and the published NAV, €0.9187 per Ordinary share, which was released to the LSE on 22 January 2020 ("Published NAV"). A reconciliation is provided in Note 16. The difference between the two valuations is entirely due to the different valuation bases used.

Valuation Policy for the Published NAV

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

Valuation Policy for the IFRS NAV

For financial reporting purposes on an annual and semi-annual basis, to comply with IFRS as adopted by the EU, the valuation of BGCF's portfolio is at fair value using models that incorporate Market Colour at the period end date, which we refer to as a "mark to market" approach. IFRS fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as at the measurement date, and is an "exit price" e.g. the price to sell an asset. An exit price embodies expectations about the future cash inflows and cash outflows associated with an asset or liability from the perspective of a market participant. IFRS fair value is a market-based measurement, rather than an entity-specific measurement, and so incorporates general assumptions that market participants are applying in pricing the asset or liability, including assumptions about risk. Both the mark to model Published NAV and mark to market IFRS NAV valuation bases use modelling techniques and input from third-party valuation specialists.

The smaller number of CLOs held directly by the Company, as a result of the Rollover Opportunity, are valued using a mark to market approach for both the Published NAV and IFRS NAV, consistent with the valuation methodology per the Company's Prospectus.

The Directors, as set out in the Prospectus, will continue to assess the performance of the Company using the Published NAV. Additional information and commentary on Market Colour, credit risk exposure and any material divergence from the different valuation bases referred to above will be communicated by the Directors and Portfolio Adviser if and when appropriate.

KEY PERFORMANCE INDICATORS

	IFRS NAV	Published NAV
NAV(1)	€0.8543 (31 Dec 2018: €0.8065)	€0.9187 (31 Dec 2018: €0.8963)
NAV total return(1)	18.31% (31 Dec 2018: (3.99)%)	14.46% (31 Dec 2018: 6.70%)
Discount(1)	(3.43)% (31 Dec 2018: (5.77)%)	(10.20)% (31 Dec 2018: (15.21)%)
Dividend	€0.10 (31 Dec 2018: €0.10)	€0.10 (31 Dec 2018: €0.10)

Further information on the reconciliation between the IFRS NAV and the Published NAV can be found above.

Performance

Ticker	IFRS NAV per Share	Published NAV per Share	Share Price(2)	Discount IFRS NAV	Discount Published NAV	Dividend Yield
BGLF						
31 Dec 2019	€0.8543	€0.9187	€0.8250	(3.43)%	(10.20)%	12.12%
31 Dec 2018	€0.8065	€0.8963	€0.7600	(5.77)%	(15.21)%	13.16%
BGLP						
31 Dec 2019	£0.7226	£0.7771	£0.7050	(2.44)%	(9.28)%	12.00%
31 Dec 2018	£0.7251	£0.8058	£0.7175	(1.05)%	(10.95)%	12.53%

	LTM Return(1)	3-Year Annualised	Annualised Since Inception	Cumulative Since Inception
BGLF IFRS NAV	18.31%	4.81%	6.38%	40.03%
BGLF Published NAV	14.46%	7.37%	7.80%	50.55%
BGLF Ordinary Share Price	18.97%	3.20%	5.48%	33.72%
European Loans	5.03%	2.94%	3.35%	19.66%
US Loans	8.17%	4.48%	4.03%	24.02%

(1) Refer to Glossary for an explanation of the terms used above and elsewhere within this report
(2) Bloomberg closing price at period end

Dividend History

Whilst not forming part of the Company's investment objective or investment policy, it is currently intended that dividends are payable in respect of each calendar quarter, two months after the end of that quarter. The Company continued to target a dividend of €0.025 per quarter throughout the year ended 31 December 2019. However, refer to the Chair's Statement regarding a change of dividend policy after year end.

Ordinary Share Dividends for the Year Ended 31 December 2019

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Ordinary Share
				€
1 Jan 2019 to 31 Mar 2019	18 Apr 2019	2 May 2019	31 May 2019	0.0250
1 Apr 2019 to 30 Jun 2019	18 Jul 2019	25 Jul 2019	23 Aug 2019	0.0250
1 Jul 2019 to 30 Sept 2019	18 Oct 2019	31 Oct 2019	29 Nov 2019	0.0250
1 Oct 2019 to 31 Dec 2019	21 Jan 2020	30 Jan 2020	28 Feb 2020	0.0250

Dividends paid on Ordinary Shares during the year ended 31 December 2019 amounted to €40,350,997.

Ordinary Share Dividends for the Year Ended 31 December 2018

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Euro Ordinary Share
				€
1 Jan 2018 to 31 Mar 2018	20 Apr 2018	3 May 2018	1 Jun 2018	0.0250
1 Apr 2018 to 30 Jun 2018	19 Jul 2018	26 Jul 2018	24 Aug 2018	0.0250
1 Jul 2018 to 30 Sept 2018	18 Oct 2018	25 Oct 2018	23 Nov 2018	0.0250
1 Oct 2018 to 31 Dec 2018	22 Jan 2019	31 Jan 2019	1 Mar 2019	0.0250

Dividends paid on Ordinary Shares during the year ended 31 December 2018 amounted to €40,470,047.

Year Highs and Lows

	2019 High	2019 Low	2018 High	2018 Low
Published NAV per Ordinary Share	€0.9215	€0.8824	€0.9183	€0.8837
Ordinary Share Price (last price)	€0.8550	€0.7500	€0.9875	€0.7600
GBP Ordinary Share Price (last price)	£0.7600	£0.6600	£0.8750	£0.7150

Schedule of Investments
As at 31 December 2019

	Nominal Holdings	Market Value	% of Net Asset Value
		€	
Investment held in the Lux Subsidiary:			
CSWs	319,758,584	390,685,286	95.17
Shares (2,000,000 Class A and 1 Class B)	2,000,001	5,706,985	1.39
CLOs held directly	20,193,160	3,192,772	0.78
Other Net Assets		10,920,948	2.66
Net Assets Attributable to Shareholders		**410,505,991**	**100.00**

Schedule of Significant Transactions

Date of Transaction	Transaction Type	Amount	Reason
		€	
CSWs held by the Company - Ordinary Share Class			
14 Feb 2019	Redemption	10,396,087	To fund dividend
14 May 2019	Redemption	10,533,046	To fund dividend
1 Aug 2019	Subscription	3,474,232	Investments in PPNs
7 Aug 2019	Redemption	10,277,920	To fund dividend
11 Nov 2019	Redemption	10,371,210	To fund dividend
18 Dec 2019	Subscription	50,000	To fund Lux Subsidiary

C Shares

On 7 January 2019, the Company issued 133,451,107 C Shares in specie, in accordance with the Prospectus dated 23 November 2018, to the shareholders of CIFU who had elected to rollover their CIFU shareholdings and received shares in the Company on a pro-rata basis. The Rollover Offer included transfer of assets amounting to €70,604,469, cash proceeds amounting to €7,446,204, and incurred €780,506 in costs. The C Shares were admitted to trading on the SFS of the main market of the LSE.

The intention of the Board was that, over time, the assets attributed to the rollover pool would be disposed of and the disposal proceeds re-invested in CSWs in the Lux Subsidiary and, in turn, PPNs in BGCF. BGCF would therefore have additional capital available for investment, and both the Company's Ordinary Shareholders and C Shareholders would potentially benefit from the enlargement of the portfolio, in particular through an increase in portfolio diversification and decrease in the Company's total expense ratio. On 24 October 2019, the Company announced that as at 1 October 2019, it had reinvested €62.6 million into BGCF as part of its realisation strategy. The graph below depicts this realization strategy, whereby 35 CLO assets had been disposed of by 30 November 2019.

[Graphs and charts are included in the published Annual Report and Audited Financial Statements which is available on the Company's website at https://www.blackstone.com/our-businesses/registered-products#c=blackstone-gso-loan-financing-limited]

On 24 October 2019, the Board also announced that the Company intended to convert the C Shares into Ordinary Shares and expected the Calculation Date to fall on 31 October 2019, with the Conversion Ratio and Conversion Date to be covered by a further announcement.

On 20 November 2019, the Company announced that the Calculation Date would fall on 29 November 2019 to accommodate dividend payment schedules in accordance with the Company's Articles of Association. The calculation of the Conversion Ratio was based on the net assets attributable to the Ordinary Shares and C Shares as at close of business on 29 November 2019.

On 20 December 2019, the Company announced the Conversion Ratio of 0.5860 Ordinary Shares per C Share. The last trading day for the C Shares was 6 January 2020, and on the basis of the Conversion Ratio, 133,451,107 C Shares were converted into 78,202,348 Ordinary Shares on the same day, which were admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Main Market for listed securities on 7 January 2020. The Ordinary Shares arising from the C Share Conversion rank pari passu with, and have the same rights as, the Ordinary Shares of the Company already in issue, including the right to receive dividends declared in respect of the Ordinary Share class following the C Share Conversion.

A summary of the performance of the C Share class over the period from 7 January 2019 to 29 November 2019 is presented below.

Performance of the C Share Class

Ticker	Published NAV per Share	Share Price	Discount Published NAV	Dividend Yield
BGLC				
29 Nov 2019	€0.5287	€0.4850	(8.26)%	16.20%

Returns	7 January 2019 - 29 November 2019
BGLC Published NAV	5.03%
BGLC C Share Price	12.21%
European Loans	4.08%
US Loans	6.22%

Dividend History

C Share Dividends for the Period Ended 31 December 2019

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per C Share
				€
1 Oct 2018 to 31 Dec 2018	22 Jan 2019	31 Jan 2019	1 Mar 2019	0.01452
1 Jan 2019 to 31 Mar 2019	18 Apr 2019	2 May 2019	31 May 2019	0.0205
1 Apr 2019 to 30 Jun 2019	18 Jul 2019	25 Jul 2019	23 Aug 2019	0.0214
1 Jul 2019 to 30 Sept 2019	18 Oct 2019	31 Oct 2019	29 Nov 2019	0.0221

Dividends paid on C Shares during the period ended 31 December 2019 amounted to €10,478,581.

Schedule of Significant Transactions

Date of Transaction	Transaction Type	Amount	Reason
		€	
CSWs held by the Company - C Share Class			
14 May 2019	Redemption	220,490	To fund dividend
7 Aug 2019	Redemption	1,148,191	To fund dividend
11 Nov 2019	Redemption	2,354,734	To fund dividend

NAV Considerations

The Board considered the requirements around the recognition and accounting of the conversion of the C Shares into Ordinary Shares using a Published NAV for NAV basis as outlined in the Company's prospectus dated 23 November 2018. The Board considered this to have occurred at the point the C Share Calculation Ratio was approved i.e. using the Published NAVs for both the Ordinary Share class and the C Share class as at 29 November 2019. The Board also considered that any performance on the remaining directly held CLO assets post 29 November 2019 was captured through the combined pool of assets in one operating segment, given the conversion ratio had been fixed.

Refer to Note 13 for further details on operating segments and an explanation for the presentation of the C Share Class in the primary financial statements.

CHAIR'S STATEMENT

Company Returns and Net Asset Value [3]

The Company delivered an IFRS NAV total return per Ordinary Share of 18.31% in 2019 ((3.99)% in 2018), ending the year at €0.8543 (€0.8065 at 31 December 2018). The return was composed of dividend income of 11.76% and net portfolio movement of 6.55%. The Company's performance was supported by stable to increasing net interest margin levels, combined with outperformance relative to modelled assumptions on default rates.

On a Published NAV basis, the Company delivered a total return per Ordinary Share of 14.46% in 2019 (6.70% in 2018), ending the year at €0.9187 (€0.8963 at 31 December 2018). The return was composed of dividend income 11.76% and of net portfolio movement of 2.70%.

The Company paid four dividends in respect of the year ended 31 December 2019, totalling €0.10 per Ordinary Share and €0.0640 per C Share. Details of all dividend payments can be found within the Dividend History section for both the Ordinary Share and C Share at the front of this Annual Report.

Historical BGLF NAV and Share Price per Ordinary Share

The graph shows cumulative Published NAV and Share Price total returns and cumulative returns on European
and US loans.

[Graphs and charts are included in the published Annual Report and Audited Financial Statements which is available on the Company's website at https://www.blackstone.com/our-businesses/registered-products#c=blackstone-gso-loan-financing-limited]

Market Conditions

2019 global growth was at the weakest pace since the global financial crisis a decade ago, reflecting common influences across countries. Increasing trade barriers and geopolitical tensions and the associated uncertainty of these weighed on business sentiment and activity globally. As reported by the IMF, in some cases (for example, advanced economies and China), these developments magnified cyclical and structural slowdowns already under way. With the economic environment becoming more uncertain, firms turned cautious on future capital outlays and global purchases of machinery and equipment decelerated, evident by the persistent weakening in Eurozone manufacturing PMIs during 2019. Household demand for durable goods also weakened, although there was a pickup in the second quarter of 2019. This was particularly noticeable with automobiles, where regulatory changes, new emission standards, and the possibility of a shift to ride-share programmes weighed on sales in several countries. Faced with sluggish demand for durable goods, firms scaled back industrial production. This slowdown in industrial production resulted in a contraction in global trade, impacting GDP which fell from 3.61% in 2018 to 3.01% in 2019[4].

Central banks reacted aggressively to the weaker activity. Over the course of the year, several Central banks including the US Federal Reserve ("Fed") and the European Central Bank ("ECB") cut interest rates, while the ECB also restarted asset purchases. These policies averted a deeper slowdown. Lower interest rates and supportive financial conditions reinforced still-resilient purchases of nondurable goods and services, encouraging job creation. A bright spot was that strong labour markets, in combination with rising wages and low consumer price inflation, supported consumer spending in 2019. With the global industrial downturn driving a softening in Europe's economic outlook in particular, the onus fell on consumer spending to continue to drive growth. Low inflation and ultra-low interest rates across many European markets cushioned the European consumer somewhat. Similarly, a strong labour market and low unemployment in the US has lifted consumer confidence to near historic highs and continued to drive the US economy during 2019.

Accommodative global monetary policy and strong consumer sentiment compensated for the slowdown in industrial production in 2019 that allowed the global economy to continue to grow, albeit at a slower pace. This was positive news for risk assets with stock markets, such as the S&P 500 maintaining its bull run, which stretched back all the way to 2009, and fixed income assets recording strong positive returns in 2019.

Discount Management

The share price discount to the IFRS NAV narrowed from 5.77% at 31 December 2018 to 3.43% at 31 December 2019 and the share price discount to the Published NAV averaged 10.20% throughout 2019, and ended the year trading at a discount of 10.20% to the Published NAV (versus discount to the Published NAV of 15.21% at 31 December 2018). As a Board, we regularly weigh the balance between maintaining liquidity of the Ordinary Shares, the stability of any discount or premium, and the desire of Shareholders to see the Ordinary Shares trade as closely as possible to their intrinsic value. On 23 January 2019, the Board announced that, under the general authority conferred by the Company's Shareholders at its Annual General Meeting on 22 June 2018, it intended to buy back shares in the market using available cash with the goal of reducing the discount. In June 2019, the Board successfully bought back 2,380,956 Ordinary Shares at a cost of €1,928,574. At the AGM on 11 July 2019, the Board was granted authority to repurchase up to 14.99% of the issued share capital as at that date. No Ordinary Shares have been repurchased under this authority as of the date of this Annual Report. Refer to the Prospects and Opportunities in 2020 section for further details on the use of available cash.

BGLF Rollover Opportunity

On 21 December 2018, BGLF announced the results of the Rollover Opportunity, whereby shareholders in CIFU were provided with the opportunity to elect to rollover their investment in CIFU into an investment in newly issued C Shares of BGLF. Approximately 34% of the CIFU US Dollar Share register elected to rollover into Euro-denominated BGLF C Shares. In consideration for a transfer of assets equating to approximately $90 million, BGLF issued 133,451,107 BGLF C shares. These began trading on the SFS of the Main Market of the LSE on 7 January 2019.

On 7 January 2020, the conversion of the BGLF C Shares into Ordinary Shares was completed. The intention to undertake this conversion was announced by BGLF on 24 October 2019, following the investment of €62.6 million into BGCF with proceeds from the sale of relevant assets acquired under the C Share rollover process, which represented 85.8% (87.3% including cash) of the value of assets in the C share pool. The Conversion Ratio was based on the net assets attributable to the Ordinary Shares and C Shares as at close of business on 29 November 2019.

Brexit Update

The Board closely monitored the Brexit negotiations during 2019. The potential implications of a "hard Brexit" to BGLF was evaluated across its service providers, including areas such as human resources, counterparty relationships, supply chains, macroeconomic, and regulatory policy, as well as with regards to its marketing registrations, and was deemed to have a negligible impact on the long-term sustainability of the Company. With legislation to implement the withdrawal agreement passed in January 2020, the UK is currently in a transition period until December 2020 and attempting to formalise a trade agreement with the European Union. It is unclear at this time if this will be impacted by COVID-19. The Board will continue to monitor these trade arrangement discussions as they unfold.

COVID-19

The Directors continue to carefully monitor the ongoing developments regarding COVID-19, which continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The global impact of the outbreak has been rapidly evolving, and as cases of the virus have continued to be identified in additional countries, many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global supply chains and adversely impacting a number of industries, such as transportation, hospitality and entertainment. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19. Nevertheless, COVID-19 presents material uncertainty and risk with respect to portfolio asset performance and financial results of the Company. In addition to the factors described above, other factors that may affect market, economic and geopolitical conditions, and thereby adversely affect the Company include, without limitation, an economic slowdown in Europe and internationally, changes in interest rates and/or a lack of availability of credit in Europe and internationally, commodity price volatility and changes in law and/or regulation, and uncertainty regarding government and regulatory policy. Refer to Note 20 for further details on the performance of the Company due to the onset of COVID-19 as well as the Portfolio Adviser's Review.

ESG

The practice of responsible investing has increasingly become a focus broadly for investors and boards and, the Board is pleased to report that the Company's Portfolio Adviser has formally adopted an ESG policy. While the Portfolio Adviser has long considered ESG factors into its investment approach, the Board views the formalisation of the ESG policy as positive. The policy is an extension of Blackstone's firmwide policy and covers the credit business specifically. Refer to the Portfolio Adviser's Review for further details on the Portfolio Adviser's ESG policy.

The Board

Good governance remains at the heart of our work as a Board and is taken very seriously. We believe that the Company maintains high standards of corporate governance. The Board was very active during the year, convening a total of 14 Board meetings and 24 Committee meetings, as well as undertaking two onsite due diligence reviews in March and July 2019 of our Portfolio Adviser. The Board used these visits to discuss various aspects of operational risk and controls, the loan and CLO markets, and the current market conditions. The July onsite was undertaken in the US office of our Portfolio Adviser which the Board felt was important given the increasing geographical importance of the Company's investment in the region.

In addition, as can be seen from the corporate activity during the year, the Board and its advisers have worked hard to ensure the continued success and growth of the Company to put it in the best position to take advantage of all appropriate opportunities.

The work of the Board is assisted by the Audit Committee, Management Engagement Committee, the Remuneration and Nomination Committee and the Risk Committee. The joint work of the Risk and Audit committees has given valuable support to the longer-term viability considerations of the Board as described in the Strategic Report - Risk Overview. The Company is a member of the AIC and adheres to the AIC Code which is endorsed by the FRC, and meets the Company's obligations in relation to the UK Code.

Shareholder Communications

During 2019, using our Portfolio Adviser and Brokers, we continued our programme of engagement with current and prospective Shareholders. We sincerely hope that you found the monthly factsheets and other information valuable. We are always pleased to have contact with Shareholders and we welcome any opportunity to meet with you and obtain your feedback.

Prospects and Opportunities in 2020

At the time of writing this, the impact and global reach of the COVID-19 virus is still to be determined. With so many unknowns surrounding the trajectory of the epidemic and the responses from governments and businesses, forecasters cannot aspire to precision. Softening global production will be impacted, and the infectious nature of the virus will impact consumer spending, especially in relation to leisure goods, activity and travel.

In an effort to head off further shock to the financial markets and support the flow of credit to businesses and households, the Federal Reserve Bank effected two emergency rate cuts during March 2020. Within BGCF, though the position of loans at the top of the capital structure are secured by the borrowing company's assets, the Board recognises that the current market environment is challenging and that there will be broad stress on the BGCF portfolio. It is our belief that the conservative investment process embedded in the BGCF portfolio construction is key to navigating the likely economic impact of a global downturn in 2020. While we believe there will be more market pressures during the remainder of 2020 and into 2021, the Board gains comfort from the robust investment approach of the Company's Portfolio Adviser to the selection of the underlying portfolios.

We will continue to consider how best to utilise available/excess cash, whether this will be to make additional investment in CSWs and in turn in PPNs in order to take advantage of market opportunities; repurchase shares in the market giving due consideration to the Company's share price; or to amend the Company's current dividend policy. We acknowledge that the best course of action at any point may be a combination of any or all of these options.

Dividends

On 23 April 2020, the Board announced that the Company has adopted a revised dividend policy targeting a total 2020 annual dividend of between €0.06 and €0.07 per Ordinary Share, which will consist of quarterly payments of €0.015 per Ordinary Share for the first three quarters and a final quarter payment of a variable amount to be determined at that time. This follows from the comprehensive discussions between the Board and the Portfolio Adviser regarding the portfolio review conducted due to the onset of COVID-19, as explained in the Portfolio Advisers' Review.

The Board will keep the dividend policy under close review and may adjust the target dividend up or down as the impact of the pandemic unfolds.

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

Charlotte Valeur
Chair
19 May 2020

(3) Past performance is not necessarily indicative of future results, and there can be no assurance that the Company will achieve comparable results, will meet its target returns, achieve its investment objectives, or be able to implement its investment strategy. Certain countries have been susceptible to epidemics or pandemics, most recently COVID 19. The outbreak of such epidemics or pandemics, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy and business activity globally (including in the countries in which the Company invests), and thereby could adversely affect the performance of the Company's investments. Furthermore, the rapid development of epidemics or pandemics could preclude prediction as to their ultimate adverse impact on economic and market conditions, and, as a result, present additional uncertainty with respect to the performance of the Company's investments or operations.
(4) Source: IMF, as at 18 December 2019

PORTFOLIO ADVISER'S REVIEW

We are pleased to present our review of 2019 and outlook for 2020.

Bank Loan Market Overview [5, 6]

Global loan markets performed well in 2019 with all fixed income asset classes posting positive returns despite concerns about a weakening global economy, Brexit uncertainty and US trade tensions. For 2019, European bank loans returned 5.0% (vs. 0.6% in 2018) and US bank loans returned 8.2% (vs. 1.1% in 2018). Robust CLO creation and institutional demand supported loan performance throughout the year. The strong investor appetite for high quality assets was a primary theme for 2019, resulting in a bifurcation of loan returns by quality. In both Europe and the US loan markets higher quality assets outperformed lower quality.

In contrast to the general spread tightening recorded during 2017/2018, global loan spreads widened in 2019 as the spread in the European loan market widened by 4bp in 2019 (compared to 1bp narrowing in 2018) to end the year at 349bp. In the US, the loan market spread widened by 11bp (compared to 9bp narrowing in 2018) over the year to end 2019 at 359bp.

Gross total loan issuance fell in 2019 to $582 billion from $739 billion in 2018. Regionally, European loan issuance of €81 billion was recorded in 2019, down from €97 billion in 2018 while US loan issuance also fell to $492 billion in 2019 from $624 billion in 2018. Although lower when compared to the previous two years, European 2019's issuance volume is still ahead of any full year issuance from 2007-2016. In this context, 2019 issuance should be interpreted as a continuation of the market bull run in European loans, including a favourable environment for pricing and strong buyout activity (€44 billion of M&A related proceeds), as well as sizeable new-money add-ons. US loan issuance slowed in 2019 due to a decline in both M&A related financing and refinancing activity coupled with an increase in bond-for-loan refinancings and secured high yield issuance.

Throughout 2019, default rates for loans remained below historical averages and ended the year at 1.2% in the US and 0.0% in Europe, per Credit Suisse data. However, the disruption caused by COVID-19 has already resulted in increases to global default rates; as of 31 March 2020, the trailing twelve month default rate was 1.6% in the US and 0.5% in Europe (per Credit Suisse). We expect that these will continue to increase throughout 2020.

CLO Market Overview [7]

Global issuance of Collateralised Loan Obligation vehicles recorded another strong year in 2019 at $118 billion (although down from the $129 billion record year in 2018). 2019 was a record breaking year for European CLO gross issuance with volumes totalling €30 billion, 9% ahead of the previous year's high of €27 billion. US CLO gross issuance was down 8% in 2019 at $118 billion compared to $129 billion in 2018. Global CLO arbitrage was constrained throughout the year with both the weighted average cost of capital on CLO liabilities and the weighted average spread and price of assets remaining within a relatively tight band.

US CLO managers completed $43 billion in CLO refinancings and resets in 2019. While primary issuance remained close to last year's record, refinancing and reset volume dropped significantly versus last year ($156 billion in 2018). US managers were busiest in the second quarter of 2019, with $14 billion in refinancing/reset volume. European CLO issuers completed €11 billion of refinancings and resets, in addition to the post-crisis record primary volume of €30 billion, for a total of €41 billion in total capital markets activity for European CLOs in 2019 (€46 billion in 2018). Reset activity was minimal in 1H 2019 before picking up to €2 billion or more per quarter in the third and fourth quarter of 2019.

US CLO fundamentals mostly deteriorated in 2019. Year-over-year, minimum OC cushions fell (from 434bp to 404bp), WARF levels deteriorated (from 2814 to 2860 in 2019), and exposure to loans below 80 rose (from 1.4% to 3.8% in 2019). Bright spots were recorded, however, as exposure to CCC assets reduced by 10bp in 2019 to 3.8% (from 3.9%) and WAS increased by 7bp to 349bp.

European CLO fundamentals experienced some weakening as CCC buckets increased from 1.2% in 2018 to 2.3%, and WARFs deteriorated from 2855 to 2945. However, WAS levels increased marginally (2bp to 367bp in 2019), equity net asset values increased to 53.7% in 2019 (from 46.9% in 2018) and diversity scores improved from 50 to 54 in 2019.

Gross primary CLO issuance forecasts for 2020 were initially robust due to expectations of liability tightening. However, as a result of COVID-19 and the resulting volatility within the loan and CLO markets, these forecasts are being re-evaluated in light of a halt in primary issuance in the month of March and we have begun to see the gross annual issuance forecasts be reduced by approximately 40% in the US from $90-100 billion to $50-70 billion. While primary issuance has not resumed in Europe, there has not yet been an update to the initial gross issuance of €26 billion projected for 2020.

Portfolio Update

BGCF

The portfolio composition was broadly consistent year-on-year. Through its investment in BGCF, BGLF maintained its relative exposure to US assets during 2019. As at 31 December 2019, based on NAV, 45% of BGCF's portfolio was composed of US CLO Income Notes (the most subordinated tranche of debt issued by an issuer under a CLO) and CLO warehouses (first loss positions) compared to 46% in December 2018. Exposure to directly held loans, net of leverage, maintained steady increasing from 18% to 19%, and European CLO Income Notes remained relatively stable at 36% from 37% at the end of 2018.

Within the portfolio, newer vintage CLOs have made first distributions that exceeded modelled cash flows, which helped to support the current distribution rate and helped to offset the diminishing cash flows from several of the older vintage CLOs. The spread tightening recorded for most of 2018 largely abated in 2019 and with a natural turning of the credit cycle, wider spreads, while not yet evident, should soon follow.

Throughout 2019, we registered a pickup in rating downgrades and watch-list activity and we had grown increasingly cognizant that the credit cycle had surpassed a decade of growth and that there may be limited opportunities of strength in the market in which to trim risk. Given this view, during periods of strong loan prices, we were aggressive in our approach to trim risk across the overall portfolio and within each individual CLO. Though the net result of the trading activity helped to offset impacts to CLO test cushions resulting from downgrades experienced throughout the year, we believe that the companies that we lend to will face a difficult road ahead and we remain keenly focused on continuing to manage and improve the overall risk profile of the portfolio.

It is in this part of the credit cycle where the benefits of portfolio vintage diversification and extension of the average reinvestment periods can provide for greater opportunities to invest in wider spreads and potentially generate greater cash flows to holders of CLO equity. Primary CLO issuance together with refinancing activity contributed to extend the weighted average reinvestment period, but were not sufficient to offset the aging of the larger BGCF holdings in older vintages. As of 31 December 2019, the weighted average remaining CLO reinvestment periods for European and US CLOs in the portfolio were 2.0 years and 3.1 years, respectively, compared to 2.2 years and 3.8 years at the end of 2018.

Throughout 2019, BGCF purchased €8.7 billion of assets (€5.4 billion net of sales). Additionally, BGCF invested €95.6 million in four European CLOs, $113.4 million in four US CLOs and $169.3 million in six US CLO warehouses during the year.

While refinancing activity was slower in 2019, the benefit from the prior years' refinancings and extensions of CLO liabilities remains evident in the strong cash flows generated by older vintage CLOs that have recently exited or are near exiting their reinvestment periods. Since 2017, refinancings and resets of the portfolio's CLO liabilities have resulted in cost savings of 0.46%, the CLO equity valuations improved 12.0% on average in the month immediately following the transaction, and annualised distributions improved 26.8% on average on the next payment date.[8] As we recognise that the cash flows in CLOs that exit their reinvestment periods are expected to diminish, we would consider alternatives of refinancing, resetting, or redeeming those transactions should we see opportunities to do so.

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

BGCF CLO Portfolio Positions [9]

CLO Income Note Investments	Closing / [Expected Close] Date	EUR / USD	Deal Size (mm)	Position Owned (mm)	% of Tranche	% of BGCF NAV	Reinvest. Period Left (Yrs)	Current Asset Coupon	Current Liability Cost	NIM	NIM 3M Prior	Distributions Through Last Payment Date[9]	
												Ann.	Cum.
Phoenix Park	Jul-14	EUR	€ 418	€ 23.3	51.4%	1.4%	3.33	3.70%	1.77%	1.93%	1.94%	15.0%	78.8%
Sorrento Park	Oct-14	EUR	€ 415	€ 29.5	51.8%	1.3%	0.00	3.68%	1.60%	2.08%	2.20%	16.7%	85.0%

Castle Park	Dec-14	EUR	€ 347	€ 37.0	80.4%	2.0%	0.00	3.65%	1.62%	2.03%	2.07%	16.9%	81.3%
Dorchester Park	Feb-15	USD	$ 533	$ 48.5	73.0%	2.0%	0.30	5.26%	3.38%	1.87%	2.00%	16.8%	78.1%
Dartry Park	Mar-15	EUR	€ 403	€ 22.8	51.1%	1.2%	0.00	3.64%	1.65%	2.00%	1.99%	15.0%	69.4%
Orwell Park	Jun-15	EUR	€ 414	€ 24.2	51.0%	1.5%	0.00	3.69%	1.44%	2.26%	2.27%	16.4%	71.7%
Tymon Park	Dec-15	EUR	€ 414	€ 22.7	51.0%	1.6%	0.06	3.67%	1.31%	2.36%	2.35%	16.0%	61.6%
Elm Park	May-16	EUR	€ 558	€ 31.9	56.1%	2.5%	0.29	3.67%	1.37%	2.30%	2.32%	13.5%	45.7%
Griffith Park	Sep-16	EUR	€ 457	€ 29.0	59.5%	1.8%	3.39	3.70%	1.82%	1.89%	1.90%	10.4%	33.4%
Clarinda Park	Nov-16	EUR	€ 415	€ 23.1	51.2%	1.4%	0.88	3.70%	1.81%	1.89%	1.91%	10.9%	32.8%
Grippen Park	Mar-17	USD	$ 611	$ 35.6	60.0%	1.9%	2.30	5.27%	3.70%	1.57%	1.68%	14.2%	37.0%
Palmerston Park	Apr-17	EUR	€ 415	€ 28.0	62.2%	1.7%	1.30	3.70%	1.60%	2.10%	2.00%	14.4%	36.2%
Thayer Park	May-17	USD	$ 515	$ 29.8	54.6%	1.5%	2.30	5.23%	3.73%	1.51%	1.67%	17.4%	42.2%
Catskill Park	May-17	USD	$ 1,029	$ 65.1	60.0%	3.2%	2.30	5.24%	3.88%	1.36%	1.69%	16.6%	40.1%
Clontarf Park	Jul-17	EUR	€ 414	€ 29.0	66.9%	1.8%	1.60	3.62%	1.59%	2.03%	2.05%	15.3%	35.5%
Dewolf Park	Aug-17	USD	$ 614	$ 36.9	60.0%	2.0%	2.79	5.34%	3.72%	1.62%	1.76%	16.8%	35.8%
Gilbert Park	Oct-17	USD	$ 1022	$ 60.2	59.0%	3.3%	2.80	5.33%	3.68%	1.65%	1.78%	17.0%	33.5%
Willow Park	Nov-17	EUR	€ 412	€ 23.4	60.9%	1.7%	2.54	3.64%	1.58%	2.06%	2.06%	18.4%	34.5%
Long Point Park	Dec-17	USD	$ 611	$ 33.4	56.9%	1.9%	3.05	5.26%	3.43%	1.84%	2.03%	23.6%	42.5%
Stewart Park	Jan-18	USD	$ 876	$ 126.9	69.0%	2.8%	3.00	5.24%	3.46%	1.77%	1.93%	16.3%	28.4%
Marlay Park	Mar-18	EUR	€ 413	€ 24.6	60.0%	1.8%	2.29	3.64%	1.40%	2.24%	2.25%	19.9%	30.7%
Greenwood Park	Mar-18	USD	$ 1,075	$ 63.6	59.1%	3.6%	3.29	5.33%	3.38%	1.95%	2.09%	20.6%	33.1%
Cook Park	Apr-18	USD	$ 1,025	$ 60.0	56.1%	3.5%	3.29	5.24%	3.35%	1.89%	2.06%	20.2%	30.7%
Milltown Park	Jun-18	EUR	€ 410	€ 24.1	65.0%	2.0%	2.54	3.67%	1.49%	2.17%	2.17%	17.4%	23.4%
Fillmore Park	Jul-18	USD	$ 561	$ 30.2	54.3%	2.1%	3.54	5.27%	3.53%	1.73%	1.88%	16.1%	19.5%
Richmond Park	Jul-18	EUR	€ 549	€ 46.2	68.3%	2.3%	1.54	3.66%	1.52%	2.14%	2.17%	18.5%	23.0%
Myers Park	Sep-18	USD	$ 510	$ 26.8	51.0%	1.8%	3.80	5.28%	3.56%	1.72%	1.87%	17.9%	19.4%
Sutton Park	Oct-18	EUR	€ 409	€ 25.0	69.4%	2.0%	3.37	3.65%	1.72%	1.93%	1.96%	16.9%	18.1%
Harbor Park	Dec-18	USD	$ 716	$ 43.6	55.0%	3.0%	4.05	5.31%	3.60%	1.71%	1.84%	20.5%	17.2%
Crosthwaite Park	Feb-19	EUR	€ 513	€ 34.0	66.7%	2.4%	3.71	3.66%	2.00%	1.66%	1.69%	13.1%	10.4%
Buckhorn Park	Mar-19	USD	$ 502	$ 29.0	60.0%	2.0%	4.30	5.38%	3.87%	1.51%	1.29%	22.8%	13.3%
Niagara Park	Jun-19	USD	$ 453	$ 26.5	60.0%	2.0%	4.54	5.39%	3.77%	1.62%	1.66%	18.4%	5.6%
Dunedin Park	Sep-19	EUR	€ 410	€ 25.3	52.9%	2.0%	4.31	3.83%	1.77%	2.05%	n/a	n/a	n/a
Southwick Park	Aug-19	USD	$ 503	$ 26.1	59.9%	1.9%	4.55	5.42%	3.90%	1.51%	1.71%	n/a	n/a
Seapoint Park	Nov-19	EUR	€ 406	€ 22.6	73.8%	2.0%	4.39	3.87%	1.84%	2.03%	n/a	n/a	n/a
Holland Park	Nov-19	EUR	€ 430	€ 39.1	72.1%	1.9%	4.37	3.66%	1.90%	1.75%	n/a	n/a	n/a
Beechwood Park	Dec-19	USD	$ 810	$ 48.9	61.1%	3.3%	5.05	5.39%	3.76%	n/a	n/a	n/a	n/a

As at 31 December 2019, the portfolio was invested in accordance with BGCF's investment policy and was diversified across 684 issuers (682 issuers in 2018) through the directly held loans and CLO portfolio, and across 27 countries (19 countries in 2018) and 31 different industries (30 in 2018). No individual borrower represented more than 2% of the overall portfolio at the end of 2019.

Key Portfolio Statistics (9)

	Current WA Asset Coupon	Current WA Liability Cost	WA Leverage	WA Remaining CLO Reinvestment Periods
Euro CLOs	3.68%	1.64%	8.3x	2.0 Yrs
US CLOs	5.29%	3.60%	8.9x	3.1 Yrs
US CLO Warehouses	5.06%	3.01%	4.0x	n/a
Directly Held Loans	3.67%	1.45%	2.5x	n/a
Total Portfolio	**4.40%**	**2.47%**	**7.4x**	**2.6 Yrs**

Top 10 Holdings (9)

Asset	Country	Industry	% of Portfolio
Euro Garages	UK	Retail	1.1%
Paysafe	UK	Banking, Finance, Insurance and Real Estate	1.1%
Refinitiv	USA	Services Business	1.1%
Numericable	France	Media Broadcasting and Subscription	0.9%
BMC Software	USA	High Tech Industries	0.9%
Amaya Gaming	USA	Hotels, Gaming and Leisure	0.8%

AkzoNobel Specialty Chemicals	Netherlands	Chemicals, Plastics and Rubber	0.8%
McAfee, LLC	USA	High Tech Industries	0.8%
Ion Trading	Luxembourg	Banking, Finance, Insurance and Real Estate	0.7%
Siemens Audio	Luxembourg	Healthcare and Pharmaceuticals	0.7%

Top 5 Industries [9]

Industries		**% of Portfolio**
	As at 31 December 2019	**As at 31 December 2018**
Healthcare and Pharmaceuticals	15.0%	16.0%
Services Business	10.8%	9.2%
High Tech Industries	9.7%	10.3%
Banking, Finance, Insurance and Real Estate	8.8%	9.5%
Hotels, Gaming and Leisure	7.8%	7.0%

Top 5 Countries [9]

Countries		**% of Portfolio**
	As at 31 December 2019	**As at 31 December 2018**
United States	54.4%	57.2%
United Kingdom	10.4%	5.2%
France	7.6%	8.4%
Luxembourg	5.8%	7.5%
Germany	3.9%	**

** Germany was not part of the Top 5 as at 31 December 2018. The Netherlands made up 5.6% of the Portfolio as at 31 December 2018.

Directly Held CLOs

Consistent with the expected timing of six to twelve months, per the Company's prospectus, the directly held CLO portfolio was significantly liquidated during the year, rotating from 100% Rollover Assets and cash at the issuance date of BGLC shares to 4.6% of Rollover Assets and 87.0% BGCF PPNs (invested via the Lux Subsidiary) as at 31 December 2019 (8.4% net cash and expenses). The 4.6% remaining Rollover Assets represented less than 1% (0.8%) of BGLF's NAV. As at 31 December 2019, only six positions remained, the majority of which were sold within the first quarter of 2020.

Regulatory Update

In Europe, the Securitisation Regulation became effective on 1 January 2019 and, as previously reported, largely adopts the same concepts as the prior regulatory regime. In particular, the Securitisation Regulation sets out new reporting/transparency standards for securitisations, including the provision on a quarterly basis of substantial data at both the asset-level and the investor-level. The industry, including GSO, has been working to implement procedures to comply with these new standards before the relevant effective date, expected to be in the second or third quarter of 2020.

Risk Management

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

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

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

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

Integrating Environmental, Social and Governance ("ESG")

For over 35 years, Blackstone has been committed to being a responsible investor. This commitment is affirmed across the organization and guides our approach to investing. We believe that adequate consideration of ESG factors for each potential investment enhances our assessment of risk and helps us identify opportunities for transformation at each company where we invest. Consequently, we believe that a comprehensive ESG program, aside from being the right thing, drives value and enhances returns. We also believe that understanding ESG factors helps us understand trends and how they will shape demand and markets in years to come. Our framework applies to all investment opportunities, though the exact application of that framework varies by asset class, investment objective and the unique characteristics of each investment. More detail on Blackstone's responsible investing objectives, which include integration, engagement, and reporting, can be found on the Blackstone website (https://www.blackstone.com/docs/default-source/black-papers/bx-responsible-investing-policy.pdf?sfvrsn=cef0a3ad_2.).

Additionally, GSO has long incorporated ESG considerations into our investment approach for the leveraged loan asset class, and recently implemented a formalized ESG policy for GSO. This is an extension of the firmwide Blackstone policy and covers the credit business specifically. This new policy memorializes the first phase of our formal ESG policy and was accompanied by introductory training across the global credit research teams. The next phase will include GSO working with a third-party ESG consultant in the planned development of sector specific guidelines for use in our investment process. Our goal is to create a robust policy that embeds ESG considerations into every stage of an investment hold period (initial diligence, investment committee review, ongoing monitoring, etc.). We believe that adequate consideration of ESG factors for each potential investment enhances our assessment of risk and also helps us identify opportunities.

As a credit investor, GSO will have less control over portfolio companies than equity investors; however, we may seek to reinforce certain aspects of ESG compliance through contractual obligations and covenants in governing agreements with portfolio companies. Underwriting due diligence includes among other things, material environmental, public health, safety, social and governance issues associated with lending to a company.

During the holding period of an investment, the investment team actively monitors the investment and provides updates to the investment committee as needed, including with respect to ESG related matters. As part of this process, members of the investment team maintain direct dialogue with company management, follow all news developments, financial reporting, and industry events that impact the company and track company performance in order to update our views on credit quality, valuation and financial outlook. If potential ESG issues are identified, the firm may seek to remedy the situation via additional due diligence, the hiring of specialist advisors, or by abandoning the prospective investment.

While the GSO responsible investing policy does not explicitly track exposure to climate risk or monitor the carbon footprint of an investment, in practice, we take the ESG factors into consideration and incorporate into our initial evaluation and ongoing monitoring process. Our screening criteria are based on the materiality of the ESG risk considering (a) whether it has a current impact or a potential future impact and, (b) any mitigating actions the issuer undertakes to address the risk. In general, industries with a high carbon footprint face significant transition risk with regard to climate change, and that risk would need to be evaluated before making an investment decision. In addition, in investments where we have a controlling equity position and an ability to influence the company, we also would include material issues (such as climate change and carbon intensity) in our ESG engagement with the company during our ownership. We anticipate engaging in a similar fashion with our non-equity investments on ESG matters in the future, however, it is obviously at the company and/or sponsor's discretion whether they welcome this dialogue and our expertise. With regard to measuring of carbon footprint, for portfolio companies that participate in our energy reduction program, we monitor electricity spend as an indicator of carbon intensity and emissions levels.

COVID-19 Analysis

GSO has conducted a detailed, bottom-up review of all c. 970 global companies within its portfolios to determine the potential impact of COVID-19 on the performance of these businesses. GSO focused not only on those sectors that have been directly impacted by COVID-19, including hotels, gaming and leisure, transportation, retail, automotive, and energy, but the entire universe of industries within its portfolios. The objective of the analysis was to determine the financial performance of the companies and loans within BGCF's CLO portfolio and the resulting likelihood of negative credit rating migration and/or default for each loan in which we hold a position, as well as expected timing of these events. The loan by loan analysis was then applied on a probability weighted basis to each portfolio and run through the respective CLO structures in an attempt to forecast the impact on BGCF's CLO investments.

The results of this exercise have allowed GSO to consider the likely impact on cash flows generated by the Company's investments in directly held CLOs and those held indirectly through BGCF. This impact assessment has enabled the Board and GSO to assess the sustainability of the Company's dividend in the short-term. The medium- and long-term impacts of the global pandemic remain uncertain. However, in the short-term, rating agency downgrades and corporate defaults of companies within GSO's portfolios may lead to temporary cash flow diversions away from subordinate note distributions as a result of breaches in interest diversion and/or over-collateralisation ratios within a number of CLOs to which the Company has exposure (through BGCF).

GSO has already taken numerous steps to seek to mitigate the impact of COVID-19 on the performance of its portfolios and will continue to monitor the rapidly evolving economic environment to identify risks and opportunities. Despite the near-term economic disruption and resulting dislocation in the global credit markets, GSO believes that these events create good investment opportunities and provide further prospects for BGLF to enhance shareholder value.

Blackstone / GSO Debt Funds Management Europe Limited

19 May 2020

(5) Source: S&P LCD, data as of 31 December 2019.
(6) Source: Credit Suisse, as of 31 December 2019.
(7) Sources: S&P/LCD, Wells Fargo, data as of 31 December 2019.
(8) Data as of 31 December 2019. MoM Increase in Valuation provides the month-over-month change as of the respective month before and after the CLO's refinancing. Orwell Park's refinancing priced on 31 July 2017, and as such, MoM % Valuation Increase compares July 2017 and August 2017 month end valuations.
(9) As at 31 December 2019.

Strategic Overview

Purpose

As an investment company, our purpose is to provide permanent capital to BGCF, a company established by DFME as part of its loan financing programme, with a view to generating stable and growing total returns for Shareholders through dividends and value growth.

We deliver our purpose through working in line with our values, which form the backbone of what the Company does and are an important part of our culture.

Values

Integrity and Trust - The Company seeks to act with integrity in everything it does and to be trustworthy. We seek to uphold the highest standards of professionalism driven by our corporate governance processes.
Transparency - The Company aims to ensure all of its activities are undertaken with the utmost transparency and openness to sustain trust.
Opportunity - The ability to see and to seize opportunities which are in the best interests of our shareholders.
Sustainability - As an investment company we aim to maintain and deliver attractive and sustainable returns for our shareholders.

Principal Activities

The Company was incorporated on 30 April 2014 as a closed-ended investment company limited by shares under the laws of Jersey and is authorised as a listed fund under the Collective Investment Funds (Jersey) Law 1988. The Company continues to be registered and domiciled in Jersey. The Company's Ordinary Shares are quoted on the Premium Segment of the Main Market of the LSE. Up until their conversion into Ordinary Shares on 7 January 2020, the Company's C Shares were quoted on the SFS of the Main Market of the LSE.

The Company's authorised share capital consists of an unlimited number of shares of any class. As at 31 December 2019, the Company's issued share capital was 402,319,490 Ordinary Shares and 133,451,107 C Shares. The Company also held 2,380,956 Ordinary Shares in treasury.

The Company has a wholly-owned Luxemburg subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.à r.l. which has an issued share capital of 2,000,000 Class A shares and 1 Class B share. As at 31 December 2019 all of the Class A and Class B shares were held by the Company together with 319,758,584 Class B CSWs issued by the Lux Subsidiary. The Lux Subsidiary invests in PPNs issued by BGCF, which in turn invests in CLOs and loans. The Company also holds CLO Income Notes and Mezzanine Notes which formed part of the Rollover Assets and are yet to be realised and reinvested in CSWs.

The Company is a self-managed company. DFME acts as Portfolio Adviser to the Company and, pursuant to the Advisory Agreement, provides advice and assistance to the Company in connection with its investment in the CSWs. DFM acts as Portfolio Manager in relation to the Rollover Assets (as defined in the Company's Prospectus published on 23 November 2018).

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

Investment Objective

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

Investment Policy

Overview

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

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

Investment Limits and Risk Diversification

The Company's investment strategy is to implement its investment policy by investing directly or indirectly through the Underlying Companies, in a portfolio of senior secured loans and bonds or in Loan Warehouses containing senior secured loans and bonds and, in connection with such strategy, to own debt and equity tranches of CLOs and, in the case of European CLOs and certain US CLOs, to be the risk retention provider in each.

The Underlying Companies may periodically securitise a portion of the loans, or a Loan Warehouse in which they invest, into CLOs which may be managed either by such Underlying Company itself, by DFME or DFM (or one of their affiliates), in their capacity as the CLO Manager.

Where compliance with the European Risk Retention Requirements is sought (which may include both EUR and US CLOs) the Underlying Companies will retain exposures of each CLO, which may be held as:

- CLO Income Notes equal to: (i) between 51% and 100% of the CLO Income Notes issued by each such CLO in the case of European CLOs; or (ii) CLO Income Notes representing at least 5% of the credit risk relating to the assets collateralising the CLO in the case of US CLOs (each of (i) and (ii), (the "horizontal strip"); or
- Not less than 5% of the principal amount of each of the tranches of CLO Securities in each such CLO (the "vertical strip").

In the case of deals structured to be compliant with the European Risk Retention Requirements, the applicable Underlying Company may determine that, due to its role as an "originator" with respect to such transaction, such Underlying Company should also comply with the US Risk Retention Regulations. In addition, an Underlying Company may invest in CLOs, such as middle market CLOs, which are not exempt from the US Risk Retention Regulations and, as a result, may be required to retain exposure to such CLOs in accordance with such rules. In such a scenario, the Underlying Company will retain exposures to such transactions for the purpose of complying with the US Risk Retention Regulations, which may be held as:

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

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

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

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

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

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

For the purposes of these Eligibility Criteria, "gross asset value" shall mean gross assets, including any investments in CLO Securities and any undrawn commitment amount of any gearing under any debt facility. Further, for the avoidance of doubt, the "maximum exposures" set out in the Eligibility Criteria shall apply on a trade date basis.

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

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

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

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

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

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

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

It is intended that the investment policy of each substantial Underlying Company will mirror the Company's investment policy, subject to such additional restrictions as may be adopted by a substantial Underlying Company from time to time. The Company will receive periodic reports from each substantial Underlying Company in relation to the implementation of such substantial Underlying Company's investment policy to enable the Company to have oversight of its activities.

If a substantial Underlying Company proposes to make any changes (material or otherwise) to its investment policy, the Directors will seek Ordinary Shareholder approval of any changes which are either material in their own right or, when viewed as a whole together with previous non-material changes, constitute a material change from the published investment policy of the Company. If Ordinary Shareholders do not approve the change in investment policy of the Company such that it is once again materially consistent with that of such substantial Underlying Company, the Directors will redeem the Company's investment in such substantial Underlying Company (either directly or, if the Company's investment in a subsidiary is invested by such subsidiary in such substantial Underlying Company (either directly or through one or more other Underlying Companies), by redeeming the securities held by the Company in such subsidiary and procuring that the subsidiary redeems its investment in such substantial Underlying Companies (either directly or through one or more other Underlying Companies)), as soon as reasonably practicable but at all times subject to the relevant legal, regulatory and contractual obligations.

The Board consider BGCF to be a substantial Underlying Company.

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

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

Investment Strategy
Whether the senior secured loans, bonds or other assets are held directly by an Underlying Company or via CLO Securities or Loan Warehouses, it is intended that, in all cases, the portfolios will be actively managed

(by the Underlying Companies or the CLO Manager, as the case may be) to minimise default risk and potential loss through comprehensive credit analysis performed by the Underlying Companies or the CLO Manager (as applicable).

Vertical strips in CLOs in which Underlying Companies may invest are expected to be financed partly through term finance for investment-grade CLO Securities, with the balance being provided by the relevant Underlying Company investing in such CLO. This term financing may be full-recourse, non-mark to market, long-term financing which may, among other things, match the maturity of the relevant CLO or match the reinvestment period or non-call period of the relevant CLO. In particular, and although not forming part of the Company's investment policy, the following levels of, or limitations on, leverage are expected in relation to investments made by Underlying Companies:

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

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

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

With respect to investments in CLO Securities, while the Underlying Companies maintain a focus on investing in newly issued CLOs, it will also evaluate the secondary market for sourcing potential investment opportunities in CLO Securities.

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

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

The Company operates with Euro as its functional currency. The Rollover Assets and a significant proportion of the portfolio of assets held by Underlying Companies to which the Company has exposure may, from time to time, be denominated in currencies other than Euro. In accordance with the Company's investment policy, up to 100 per cent. (as appropriate) of the Company's exposure to such non-Euro assets is hedged, subject to suitable hedging contracts being available at appropriate times and on acceptable terms.

Section 172(1) Statement

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

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

The Board maintains a reputation for high standards of business conduct and endeavours to act fairly as between members of the Company by acting with integrity and establishing trust as referred to in the Company's values outlined above. Additionally, the Company complies with the Principles and Provisions of the AIC Code as detailed below.

Information on how the Board has engaged with its stakeholders and promoted the success of the Company, whilst having regard to the above, is outlined below. This covers the key decisions the Board has taken during the year.

Stakeholder engagement

Shareholders

Why we engage	**How we engage**
Shareholders provide the necessary capital for the Company to pursue its purpose and strategy as outlined in the Company's Prospectus. The Company also aims to ensure its long-term success and sustainability through its shareholder relationships, based on transparency and openness, and thereby fostering shareholder confidence. This in-turn benefits the liquidity of the Company's shares and the Company's reputation as an esteemed market participant.	The Board engages with its shareholders by: a) publishing: i. announcements on the LSE, including the Company's Published NAV performance announced on a monthly basis; ii. monthly reports, on the Company's website, covering the performance of the Company and its underlying portfolio, and including information on the composition of the underling portfolio; iii. quarterly investor reports, on the Company's website, which provides an overview of the Company's and the Underlying Company's quarterly results, together with a market overview; iv. the Company's Half-Yearly Financial Report and the Annual Report and Audited Financial Statements; v. the Company's Key Information Document and a memorandum on costs; vi. ad-hoc reports, on the Company's website, as and when required to provide further insights into the relevant market situation;

Why we engage	**How we engage**
	b) a shareholder lunch held on 12 November 2019 with representatives of the Portfolio Adviser, the Board and the broker in attendance. This was aimed primarily at institutional investors and included an overview of the Company and its underlying portfolio, together with the Q3 2019 results; c) the Board and representatives of the Portfolio Adviser holding investor calls to provide market updates. These have been held since 2020 to provide all shareholders with a corporate update in light of the Coronavirus disease and its expected impact on the global economy. Going forward it is anticipated that investor calls will be scheduled as required; d) telephone discussions between Directors and individual shareholders. During 2019 two of the Company's Directors spoke to one of the Company's shareholders in response to queries they had raised regarding the Company's performance; reporting; discount management; marketing; shareholder engagement; and Directors' shareholdings. e) the Board also engaging with its shareholders through its Portfolio Adviser and Brokers who communicate pertinent information from any discussions they have had with the Company's shareholders; and f) Written communication with shareholders in response to queries received, as applicable. Additionally, the Board (including the different committee Chairs) is available at the AGM to answer questions in their areas of responsibility

	and the Chair encourages shareholders to contact her or any other Director with any queries or comments they may have.

Outcome
Shareholders receive relevant information allowing them to make informed decisions about their shareholding(s), and to engage with the Company and its advisers on any matters they consider relevant. All Directors are kept informed of shareholder engagement, as necessary, so that they are aware of and understand the views communicated. Any pertinent matters are followed up on by the Board and, as applicable, shareholder views are considered as part of the Directors' decision-making processes.

Service Providers

Why we engage	How we engage
As an investment company with no employees, the Company is reliant on its service providers to conduct its business. The Board considers the Portfolio Adviser, the Administrator and the Registrar to be critical to the Company's day-to-day operations. The Board views the Company's other service providers, such as brokers, auditors and lawyers as being highly important in enabling the Company to meet its regulatory and legal requirements as necessary.	The Board engages with its Portfolio Adviser on an on-going basis through: a) Regular communication with representatives as required, such as telephone and email correspondence discussing ad-hoc matters which may arise; b) monthly meetings to receive updates on the performance of the portfolio; c) quarterly board meetings to receive detailed updates on, but not limited to, the loan and CLO markets and activity updates for the Underlying Company. This includes discussions about capital inflows, performance of current investments and return attribution; d) due diligence meetings with senior representatives of the Portfolio Adviser held in 2019 in New York and Dublin; and e) ad-hoc meetings to discuss various day-to-day operational matters. The Board engages with its Administrator on an on-going basis including: a) Regular communication with representatives, such as telephone and email correspondence, to discussing any ad-hoc matters; b) monthly meetings to discuss the Published NAV as computed by the Administrator; c) quarterly Board meetings to receive accounting, company secretarial and compliance updates; d) production of the Company's Half-Yearly Financial Report and Annual Report and Audited Financial Statements; e) ad-hoc meetings to discuss various day-to-day operational matters; and f) annual service review meetings. The Company's Registrar is responsible for maintaining the Company's share register and for processing any corporate actions. The registrar's reports are available via an online platform, and the Company otherwise engages as necessary with the Registrar via email and telephone, such as with regard to the Company's C share conversion.

Outcome
The Company is well managed and the Board receives appropriate and timely advice and guidance, together with responses to any queries the Board has. The Board's engagement with its service providers enables it to help facilitate the effective running of the Company. This in-turn helps promote the Company's sustainability.

Underlying Company

Why we engage	How we engage
The Board's purpose and strategy is implemented through investment in the Underlying Company,	The Board engages with the Portfolio Adviser and the board of directors of the Underlying Company

BGCF. Understanding the capital requirements - timing and quantum - of the Underlying Company is important to the Board to ensure the Company can provide capital, sourced from current or new shareholders, as required. Additionally, understanding the performance of the Underlying Company is vital to ensuring the Company can deliver on its investment objective of income and capital appreciation.	to understand their capital requirements and performance. It does so through the methods described above. The Board also met with the board of BGCF in Dublin during 2019.

Outcome
The Board keeps abreast of capital requirements and the performance of the Underlying Company. In doing so the Board aims to understand the Underlying Company's past performance and contributing factors to this, together with their prospective outlook. From this process the Board looks to help ensure effectiveness of the Portfolio Adviser and so promote the long-term success of the Company.

Wider Society

Why we engage	How we engage
As a responsible corporate citizen the Company recognises that its operations have an environmental footprint and an impact on wider society.	The Board meets with stakeholders to remain current in their understanding of stakeholder views relating to environmental and social matters. The Board also seeks to uphold the highest standards of professionalism and corporate governance, while embracing diversity and inclusion. The Board expects the same from its service providers, and asks its service providers to provide an overview of their diversity policies on an annual basis. In endeavouring to exemplify best corporate governance practice, the Board aims to positively influence the wider corporate and economic environment and inspire stakeholder trust.

Outcome
The Board remains mindful of the need to offset the impact of the Company's operations on the community in which it operates, and actively seeks to positively influence its wider society.

Corporate Activity

The principal decisions taken below are the ones that the Board considers have the greatest impact on the Company's long-term success. The Board considers the factors outlined under the section 172(1) statement and the wider interests of stakeholders as a whole in all decisions it takes on behalf of the Company.

Rollover Offer Proposal and Conversion of C Share

Description
On 3 January 2019, the Company announced that the 133,451,107 C Shares arising from the Rollover transaction would be allotted and admitted to trading on the SFS of the Main Market of the LSE with effect from 7 January 2019. Allotment and admission to trading on the SFS of the LSE was completed on 7 January 2019. On 20 December 2019, the Company announced that the Conversion Ratio was 0.5860 Ordinary Shares per C Share and the C Share Conversion date would be 6 January 2020. On 6 January 2020, 133,451,107 C Shares were converted into 78,202,348 Ordinary Shares and on 7 January 2020, these Ordinary Shares were admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the LSE's main market for listed securities.

Impact on long-term success	Stakeholder considerations
Increasing the Company's size has the benefit of improving diversification of the Company's enlarged portfolio and improving liquidity.	The issue of C Shares has the effect of spreading the Company's fixed costs over a wider shareholder base thereby reducing the total expense ratio.

Directorate Change

Description
On 8 January 2019, the Company announced that Mark Moffat had been appointed as a non-executive director effective the same day.

Impact on long-term success	Stakeholder considerations
Enhancing the experience and skills in relation to the Board of Directors.	The Board believes that the appointment of Mark Moffat, who brings over 20 years of experience in

	structuring, managing and investing in CLOs, is in the interest of all of the Company's stakeholders as it further enhances the skills at the Board's disposal and the Company's governance arrangements.

Share Repurchase Programme

Description
On 5 June 2019 and 7 June 2019, the Company announced that it had purchased 2,056,202 and 324,754 of its Ordinary Shares of no par value respectively at a weighted average price per share of €0.81. The purchased Ordinary Shares are held in treasury. Following completion of these two buy backs, the Company has 402,319,490 Ordinary Shares in issue.

Impact on long-term success	Stakeholder considerations
Increasing the NAV per Ordinary Share and assisting to minimise the discount to the NAV per Ordinary Share at which the Ordinary Shares are trading.	The Board believes that undertaking repurchases of Ordinary Shares addresses any imbalance between the supply of, and demand for, the Ordinary Shares.

Risk Overview

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

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

Risk Appetite

The Board's strategic risk appetite is to balance the amount of income distributed by the Company by way of dividend with the opportunity to reinvest the returns received from the underlying CLO investments in further CLO equity through the structure. The Board seeks to ensure that the dividend policy is sustainable without eroding capital.

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

Principal Risks, Uncertainties and Emerging Risks

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

The Board reviews risks at least twice a year and receives deep-dive reports on specific risks as recommended by the Risk Committee (see the report of the activities of that committee below). Throughout the year under review the Board considered 15 main risks which have a higher probability and a significant potential impact on performance, strategy, reputation, or operations (Category A risks). Of these, the first four risks identified below were considered the principal risks faced by the Company where the combination of probability and impact was assessed as being most significant. The Board also considered another 14 less significant existing or emerging risks (Category B risks) which are monitored on a watch list.

After the year end, as the COVID-19 pandemic grew, the Board and the Risk Committee considered the impact that the situation would have on the Company's business and its service providers. As a result, the Board has elevated risks relating to Reliance on Service Providers and Business Continuity from Category B to Category A and downgraded risk relating to Third Party Investors in the Originator from Category A to Category B. Category A risks relating to Reporting and Filing Deadlines, and Tax, Legal and Regulatory Requirements were merged. Due to the material impact that the epidemic will have on the Company, society and the economy, the existing four principal risks below are considered through the lens of COVID-19 and a fifth entry has been added regarding Operational risk, that aggregates a number of Category A risks that are operational in nature.

Principal risk	COVID-19 commentary
Investment performance	
A key risk to the Company is unsatisfactory investment performance due to an economic downturn along with continued political uncertainty which could negatively impact global credit markets and the risk reward characteristics for CLO structuring. This could directly impact the performance of the underlying CLOs that the Company invests in and it could also result in a reduced number of suitable investment opportunities and/or lower shareholder demand.	Credit markets, along with most other asset classes, have been badly hit by the impact of COVID-19 on companies and markets. However, it is still difficult to assess the impact of the virus on individual companies and therefore on investment pools such as CLOs. As outlined in the Portfolio Adviser Review, the Portfolio Adviser has undertaken a detailed analysis of the underlying companies in order to be able to revise models for each CLO and draw conclusions for the

	Company. This has allowed the Board to manage risk by amending the dividend policy as described in the Chair' Statement. This will help ensure that the Company does not over-distribute and erode the capital of the Company. This will be an ongoing process as the pandemic takes its course. Refer to Note 20 for further details on COVID-19. The Board takes comfort from the proven track record of Blackstone/GSO as Portfolio Advisers and their ability to trade and manage risk in the portfolios in difficult circumstances.
Share price discount	
The price of the Company's shares may trade at a discount relative to the underlying net asset value of the shares.	Due to the inherent uncertainty of the current environment as the impact of the virus on valuations is not fully known, the Company's discount has widened although there has not been sustained share selling pressure. The Board will endeavor to ensure that investors are kept up to date with the Portfolio Adviser's assessment of the impact of the virus on underlying valuations (see next item), and the outlook for the dividend. The Board also retains its general authority to buy back shares of the Company in the market where they believe that it will be in the best interests of shareholders.
Investment valuation	
The investment in the Lux Subsidiary is accounted for at fair value through profit or loss and the investment in PPNs issued by BGCF held by the Lux Subsidiary are at fair value. Investments in BGCF (the PPNs) are illiquid investments, not traded on an active market and are valued using valuation techniques determined by the Directors. The underlying CLO investments held by BGCF are valued using modelling methodologies, described in the Company's Prospectus, that are based upon many assumptions. The valuation of the Company's investments therefore requires a significant judgement and there is a risk that they are incorrectly valued due to calculation errors or incorrect assumptions.	The Directors use their judgement, with the assistance of the Portfolio Adviser, in selecting an appropriate valuation technique and refer to techniques commonly used by market practitioners. The board of directors of BGCF likewise use their judgement in determining the valuation of investments and underlying CLOs and equity tranches retained by BGCF. As detailed further in Note 12 independent valuation service providers are involved in determining the fair value of underlying CLOs.
The CLOs held directly by the Company are valued using the mark-to-market approach.	The Company determines the fair value of the directly held CLOs using third party valuations. As stated above, the Board will endeavor to ensure that investors are kept up to date with the Portfolio Adviser's assessment of the impact of the virus on underlying CLO valuations, including assumptions and Market Colour where appropriate.
Income distribution model	
The Company receives cash flows from its underlying exposure to debt and CLO investments held by BGCF. Each underlying CLO will pay out a mixture of income and capital return over its life with a terminal capital value in the 70 to 80% range. BGCF aims to distribute most of the proceeds that it receives from CLO investments to the Company (via PPNs) whilst reinvesting some of the proceeds back into CLOs to maintain capital invested. In turn, the Company aims to distribute income received to shareholders, in accordance with its distribution policy, without eroding capital. There is a risk that the distribution policy at the Company level may be too generous or re-investment at the BGCF level may not be sufficient, resulting in the erosion of underlying capital invested.	The Directors use their judgement, with the assistance of the Portfolio Adviser, in setting the Company's distribution policy to ensure that it is appropriate given the performance of the underlying CLOs. In the year under review the Directors carried out a review of this risk with the Portfolio Adviser. Prior to the onset of the COVID-19 pandemic, the Directors were comfortable that the distribution policy was sustainable. As a result of the COVID-19 impact assessment conducted by the Portfolio Adviser outlined above, the Company has decided to amend its dividend policy as described above
Operational	

The Company has no employees, systems or premises and is reliant on its Portfolio Adviser and service providers for the delivery of its investment objective and strategy. The COVID-19 pandemic means that all of the Company's service providers are operating under business continuity procedures with staff working from home. This increases the risk of control breakdowns, errors and omissions and regulatory breaches. As the pandemic takes its course there is also an increased risk that key individuals at the Portfolio Adviser and other service providers will be ill or otherwise unable to work. This will reduce the capacity for the Company to operate.	The Risk Committee has reviewed the arrangements put in place by key service providers to ensure continuity of service to the Company and is currently satisfied that they are sufficient. This will be kept under regular review.

Brexit

The Directors do not believe that the ongoing Brexit process is a significant risk to the Company other than any impact reflected generally in international markets and the global economy. During the year, the Directors held discussions with the Portfolio Adviser's Brexit planning team to gain comfort that any other Brexit associated risk is mitigated. In addition, the Portfolio Adviser's credit research team of 31 investment professionals reviewed BGCF's portfolio of UK-exposed issuers, based on potential impact as a result of Brexit. When considering Brexit's impact on the portfolio, it is important to look at not just where the credit is domiciled, but what the exposure is to the UK and the impact of Brexit specifically related to that business. The team identified and analysed what they believe to be the main risks for UK businesses that could potentially have an impact on margins, availability of goods, and employees, which include but are not limited to: foreign exchange risk, tariffs, supply chain impacts, availability of workers, consumer confidence, and regulatory changes.

Given the global focus of the strategy, the exposure to any one individual European country is low. As at 31 December 2019, the Company's indirect exposure to BGCF directly held assets classified as UK companies was 8.2%.

Going Concern

The Directors have considered the Company's investment objective, risk management and capital management policies, its assets and the expected income from its investments while factoring in the current economic conditions caused by the outbreak of COVID-19 as discussed further in the Chair's Statement, the Portfolio Adviser's Review and in Note 20. The Directors are of the opinion that the Company is able to meet its liabilities and ongoing expenses as they fall due and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis and the Directors believe it is appropriate to continue to adopt this basis for a period of at least 12 months from the date of approval of these financial statements.

Viability Statement

At least once a year the Directors carry out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity. The Directors also assess the Company's policies and procedures for monitoring, managing and mitigating its exposure to these risks. In assessing viability the Directors have considered the principal risks of the Company as detailed above along with market conditions including the potential impact of COVID-19, the Company's current position, investment objective and strategy and the performance of the Portfolio Adviser.

As explained above, the Company's underlying investment exposure is to the investment portfolio of BGCF. BGCF's portfolio comprises the following categories of investments: (i) CLO Debt and CLO Income Notes securitised by BGCF, (ii) a portfolio of senior secured loans and bonds; and (iii) preference shares. The CLO investments in the portfolio have a non-call period of approximately two years from their origination date and cannot be redeemed until these expire. The Directors have considered each of the principal risks of the Company that could materially affect the cash flows derived from these investments and hence how these could impact the cash flows received by BGLF from BGCF.

In conjunction with the Portfolio Adviser, the Directors have considered the impact that extreme market scenarios, including the potential impact of COVID-19, could have on BGCF and where appropriate has analysed the effect on the Company's net cash flows over a five year horizon. These market scenarios were modelled using inputs based on actual conditions observed or experienced by the Portfolio Adviser during the global financial crisis and included assumptions on prepayment rates, default rates and reinvestment spreads and prices that would be impacted by severe but plausible scenarios. Owing to COVID-19, the Portfolio Adviser has conducted a further detailed, bottom-up review of all c. 970 companies within its portfolios to determine the potential impact of COVID-19 on the performance of these businesses. The Portfolio Adviser focused not only on those sectors that have been directly impacted by COVID-19, including hotels, gaming and leisure, transportation, retail, automotive, and energy, but the entire universe of industries within its portfolios.

The above impact assessment has also allowed the Directors and the Portfolio Adviser to assess the sustainability of the Company's dividend in the short-term. The medium and long-term impacts of the global pandemic remain uncertain. However, in the short-term, rating agency downgrades and corporate defaults of companies within BGCF's portfolios may lead to temporary cash flow diversions away from subordinate note distributions as a result of breaches in interest diversion and/or OC ratios within a number of CLOs to which the Company has exposure.

The Directors have adjusted its dividend policy for the calendar year 2020 pursuant to the comprehensive discussions between the Directors and the Portfolio Adviser regarding the portfolio review and uncertain near-term outlook.

The Directors have adopted a revised dividend policy targeting a total 2020 annual dividend of between €0.06 and €0.07 per Ordinary Share, which will consist of quarterly payments of €0.015 per Ordinary Share for the first three quarters and a final quarter payment of a variable amount to be determined at that time. The Directors will keep the dividend policy under close review and may adjust the target dividend up or down as the impact of the pandemic unfolds.
The Directors are satisfied that the outcomes under these modelled extreme market scenarios and adoption of a revised dividend policy would allow the Company to generate sufficient cash flow and ensure that the Company would be able to meet its liabilities, as they fall due.

The Directors have assessed the prospects of the Company over the five-year period to 30 April 2025, which the Directors have determined constitutes an appropriate period to provide its viability statement. The Directors believe that financial forecasts to support its investment strategy can be subject to changes dependent upon investment performance, deployment of capital and regulatory, legal and tax developments for which the impact beyond a five year term is difficult to assess. In addition, the extent to which macroeconomic, political, social, technological and regulatory changes beyond a five-year term may have a plausible impact on the Company are difficult to envisage.

The Directors also considered the other principal risks. Whilst each of these risks is a principal risk and could have an impact on the long-term sustainability of the Company, the Directors concluded that each was sufficiently mitigated and would therefore not impact the viability of the Company over a five-year period.

On the basis of this assessment of the principal risks facing the Company and the modelled extreme market scenarios, including the potential impact of COVID-19, used to assess the Company's prospects, and in the absence of any unforeseen circumstances, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment. However, it is worth noting that there is no intention for the life of the Company to be limited to this five-year period.

Performance Analysis

IFRS NAV Performance Analysis for the Years Ended 31 December 2019 And 31 December 2018 - Contributors to Change

[Graphs and charts are included in the published Annual Report and Audited Financial Statements which is available on the Company's website at https://www.blackstone.com/our-businesses/registered-products#c=blackstone-gso-loan-financing-limited]

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

Published NAV Performance Analysis for the Years Ended 31 December 2019 And 31 December 2018 - Contributors to Change

[Graphs and charts are included in the published Annual Report and Audited Financial Statements which is available on the Company's website at https://www.blackstone.com/our-businesses/registered-products#c=blackstone-gso-loan-financing-limited]

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

Other Information

Valuation Methodology

As noted above, the Published NAV and the IFRS NAV may diverge because of different key assumptions used to determine the valuation of the BGCF portfolio. Key assumptions which are different between the two bases as at 31 December 2019 and 31 December 2018 are detailed below:

Asset	Valuation Methodology	Input	IFRS NAV	Published NAV	IFRS NAV	Published NAV
			31 December 2019		31 December 2018	
CLO Securities	Discounted Cash Flows	Constant default rate	1.98%	2.00%	1.98	2.00
		Conditional prepayment rate	25%	20%	25%	20%
		Reinvestment spread (bp over LIBOR)	354.77	380.82	353.31	380.77
			70.00%	70.00%	70.00%	70.00%

Recovery rate Loans				
Recovery lag (Months)	0	12	0	12
Discount rate	15.67%	12.04%	18.96%	12.93%

All of the assumptions above are based on weighted averages.

Certain assumptions, which underpin the year-end Published NAV, such as a lower conditional prepayment rate, discount rate and a 12-month recovery lag on assumed defaulted assets, are generally more conservative. The below table further explains the rationale regarding the differences in the assumptions that significantly contributed to the valuation divergence as at 31 December 2019.

Assumptions	IFRS NAV	Published NAV
Reinvestment Spread	Largely weighted by a CLO's current portfolio weighted average spread, which assumes that the CLO investment manager will continue to reinvest in collateral with a similar spread and rating composition to the existing collateral pool. In addition, weighting may be given to primary loan spreads to the extent current primary market opportunities suggest different spreads than the existing portfolio.	Represents a normalised, long-term view of loan spreads to be achieved over the life of the CLO's remaining reinvestment period. Initially informed by the underwriting model at issuance, the assumption is periodically reviewed and updated to the extent of secular changes in loan spreads.
Discount Rate	Intended to reflect the market required rate of return for similar securities and is informed by market research, BWICs, market colour for comparable transactions, and dealer runs. The discount rate may vary based on underlying loan prices, exposure to distressed assets or industries, manager performance, and time remaining in reinvestment period. Discount rates tend to widen in periods of illiquidity, as experienced in Q4 2019. While market colour on CLO Income Notes was limited during this period, the volatility in underlying loan prices and temporary market illiquidity led to an increase in discount rates to reflect the perceived portfolio risk.	Based on the yield calibrated at the time of initial underwriting in order to reflect the original transaction price and the long-term view of the investment. The discount rate is periodically reviewed and updated to the extent of secular changes in the market required rate of return.

Source of the Company's Dividend - Ordinary Class

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

The Company redeems CSWs on a quarterly basis to transfer the income from the Lux Subsidiary. As detailed above, the Company redeemed 32,566,912 CSWs in the Lux Subsidiary during the year with a fair value of €41,578,263 to fund the quarterly dividend.

Source of the Company's Dividend - C Class

During the period from 7 January 2019 to 29 November 2019, the Company's C Class received income, on a quarterly basis, from the CLOs held within the C Class portfolio in addition to income from PPNs held by the Lux Subsidiary into which realised rollover assets had been reinvested into via CSWs. As mentioned above, the Company redeems CSWs on a quarterly basis to augment the income from the CLOs. As detailed above, the Company redeemed 3,541,948 CSWs in the Lux Subsidiary with a fair value of €3,723,415 during the period from 7 January 2019 to 29 November 2019 to fund the C Class quarterly dividend.

Alternative Investment Fund Managers' Directive

The Alternative Investment Fund Managers' Directive ("AIFMD") requires certain information to be made available to investors in alternative investment funds ("AIFs") before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure.

Alternative Performance Measures

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

	Published NAV total return per Ordinary Share**	Published NAV per Ordinary Share**	(Discount) / Premium per Ordinary Share
Definition	The increase in the Published NAV per Ordinary Share plus the total dividends paid per Ordinary Share during the period, with such dividends paid being re-invested at NAV, as a percentage of the NAV per share as at period end	Gross assets less liabilities (including accrued but unpaid fees) determined in accordance with the section entitled "Net Asset Value" in Part I of the Company's Prospectus, divided by the number of Ordinary Shares at the relevant time	BGLF's closing share price on the LSE less the Published NAV per share as at the period end, divided by the Published NAV per share as at that date
Reason	NAV total return summarises the Company's true growth over time while taking into account both capital appreciation and dividend yield	The Published NAV per share is an indicator of the intrinsic value of the Company.	The discount or premium per Ordinary Share is a key indicator of the discrepancy between the market value and the intrinsic value of the Company
Target	~ 11%+	Not applicable	Maximum discount of 7.5%
Performance			
2019	14.46%	0.9187	(10.20)%*
2018	6.70%	0.8963	(15.21)%
2017	1.38%	0.9378	5.03%
2016	13.28%	1.0238	(1.10)%

* Refer to details on management of the discount in the Chair's Statement.
** Published NAV is an APM from which these metrics are derived.

A reconciliation of the above-mentioned APMs to the most directly reconcilable line items presented in the financial statements for the year ended 31 December 2019 is presented below:

Published NAV total return per Ordinary Share

	31 December 2019	31 December 2018
Opening Published NAV per Ordinary Share (A)	€0.8963	€0.9378
Adjustments per Ordinary Share (B)	€(0.0898)	-
Opening IFRS NAV per Ordinary Share (C=A+B)	€0.8065	€0.9378
Closing Published NAV per Ordinary Share (D)	€0.9187	€0.8963
Adjustments per Ordinary Share (E)	€(0.0644)	€(0.0898)
Closing IFRS NAV per Ordinary Share (F=D+E)	€0.8543	€0.8065
Dividends paid during the year (G)	€0.1000	€0.1000
Published NAV total return per Ordinary Share (H=(D-A+G)/A)	13.66%	6.24%
Impact of dividend re-investment (I)	0.80%	0.46%
Published NAV total return per Ordinary Share with dividends re-invested (J=H+I)	14.46%	6.70%
IFRS NAV total return per Ordinary Share (K=(F-C+G)/C)	18.33%	(3.34)%
Impact of dividend re-investment (L)	(0.02)%	(0.65)%
IFRS NAV total return per Ordinary Share with dividends re-invested (M=K+L)	18.31%	(3.99)%

Refer to Note 16 for further details on the adjustments per Ordinary Share.

Published NAV per Ordinary Share

	31 December 2019	31 December 2018
Published NAV per Ordinary Share (A)	€0.9187	€0.8963
Adjustments per Ordinary Share (B)	€0.0644	€0.0898
IFRS NAV per Ordinary Share (C=A-B)	€0.8543	€0.8065

Refer to Note 16 for further details on the adjustments per Ordinary Share.

(Discount) / Premium per Ordinary Share

	31 December 2019	31 December 2018
Published NAV per Ordinary Share (A)	€0.9187	€0.8963
Adjustments per Ordinary Share (B)	€0.0644	€0.0898
IFRS NAV per Ordinary Share (C=A-B)	€0.8543	€0.8065
Closing share price as at 31 December per the LSE (D)	€0.8250	€0.7600

Discount to Published NAV per Ordinary Share (E=(D-A)/A)	(10.20)%	(15.21)%
Discount to IFRS NAV per Ordinary Share (F=(D-C)/C)	(3.43)%	(5.77)%

Refer to Note 16 for further details on the adjustments per Ordinary Share.

FUTURE DEVELOPMENTS

Significant Events after the Reporting Period

On 7 January 2020, the Company announced the completion of the C Share Conversion on the same day, and that the Company's issued share capital consists of 480,521,838 Ordinary Shares of no par value and the total number of voting rights is 480,521,838. The Company also holds 2,380,956 Ordinary Shares in treasury.

On 21 January 2020, the Board declared a dividend of €0.025 per Ordinary Share in respect of the period from 1 October 2019 to 31 December 2019 with an ex-dividend date of 30 January 2020. A total payment of €12,013,045 was processed on 28 February 2020.

On 4 March 2020, the Board announced that Winterflood Securities Limited had been appointed as joint corporate broker and joint financial adviser with immediate effect. Winterflood Securities Limited would act alongside Nplus1 Singer Advisory LLP.

COVID-19

As explained in the Chair's Statement, COVID-19 continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. Refer to the Portfolio Adviser's Review and Note 20 for further details on COVID-19.

Outlook

It is the Board's intention that the Company will pursue its investment objective and investment policy as detailed above. Further comments on the outlook for the Company for the 2020 financial year and the main trends and factors likely to affects its future development, performance and position are contained within the Chair's Statement and the Portfolio Adviser's Review.

DIRECTORS' BIOGRAPHIES

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

Charlotte Valeur

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

Date of appointment: 13 June 2014

Charlotte Valeur has over 35 years of experience in finance, primarily as an investment banker in Denmark and UK. She has an extensive portfolio career with a number of Non-Executive Directorships ("NED") and Chair roles - as well as delivering training and advising boards in corporate governance through her company Global Governance Group.

Charlotte's board roles in listed organisations have taken in Chair of FTSE250 Kennedy Wilson Europe Real Estate Plc, NED of FTSE250 3i Infrastructure Plc, NED of JPMorgan Convertible Bond Fund, a NED of Phoenix Spree Deutschland Plc, NED of Renewable Energy Generation Ltd and Chair of DW Catalyst Ltd. Charlotte's unlisted experience includes being a Non-Executive Director of the international engineering firm Laing O'Rourke and Chair of The Institute of Directors (UK).

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

Gary Clark, ACA

Position: Chair of the Remuneration and Nomination Committee and NAV Review Committee; Senior Independent Director (non-executive and independent director, resident in Jersey)

Date of appointment: 13 June 2014

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

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

As a Chartered Accountant with over 30 years' experience in financial services, including many years focused on running fund administration businesses in alternative asset classes, Mr Clark brings a wealth of highly relevant experience, at both board level and as an executive, in fund / asset management operations, including in particular valuation, accounting and administrative controls and processes.

Heather MacCallum, CA

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

Date of appointment: 7 September 2017

Heather MacCallum is a Chartered Accountant and was a partner of KPMG Channel Islands for 15 years before retiring from the partnership in 2016.
Ms MacCallum now holds a portfolio of non-executive directorships including Aberdeen Latin American Income Fund Limited and City Merchants High Yield Trust Limited, both of which are investment companies listed on the London Stock Exchange. She is the Chair of Jersey Water, an unlisted company.

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

With 20 years' experience gained in a global professional services firm, Ms MacCallum brings financial experience including technical knowledge of accounting and auditing, especially in the context of financial services, and in particular the investment management sector.

Steven Wilderspin, FCA, IMC

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

Date of appointment: 11 August 2017

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

In May 2018 Mr Wilderspin was appointed as a director of FTSE 250 HarbourVest Global Private Equity Limited.

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

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

Mr Wilderspin has significant listed corporate governance experience, particularly in the area of risk management, so is well placed to lead the board through the development of its risk framework.

Mark Moffat

Position: Non-executive and independent director (resident in UK)

Date of appointment: 8 January 2019

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

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

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

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

DIRECTORS' REPORT

The Directors present the Annual Report and Audited Financial Statements for the Company for the year ended 31 December 2019.

Directors

The Directors of the Company on the date the financial statements were approved are detailed above. All directors were directors of the Company throughout the year ended 31 December 2019.

Mark Moffat was appointed on 8 January 2019 following a lengthy consideration process with input from DFME and legal counsel. Having identified the need for an additional Board member with specific technical and market expertise, the Board, together with DFME, discussed possible candidates and identified Mr Moffat. A recruitment agency was not consulted due to the very specific nature of the knowledge and skills required, for which the Board felt they would be better able to source candidates in conjunction with DFME.

The Board met with Mr Moffat and considered his experience and non-independent status at appointment. They concluded that his technical expertise and his knowledge of the Portfolio Adviser would add value to and complement the existing Board.

The Board and Employees

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

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

Share Capital

The Company's share capital consists of an unlimited number of shares. As at 31 December 2019, the Company's issued share capital consisted of 402,319,490 Ordinary Shares and 133,451,107 C Shares, excluding 2,380,956 treasury shares (31 December 2018: 404,700,446 Ordinary Shares).

Share Repurchase Programme

At the 2018 AGM, held on 22 June 2018, the Directors were granted authority to repurchase 60,664,597 Ordinary Shares (being equal to 14.99% of the aggregate number of Ordinary Shares in issue at the date of the AGM) for cancellation, or to be held as treasury shares.

Under this authority, on 5 and 6 June 2019, the Company has repurchased 2,380,956 Ordinary Shares for a total cost of €1,928,574.

At the 2019 AGM, held on 11 July 2019, the Directors were granted authority to repurchase 60,307,691 Ordinary Shares (being equal to 14.99% of the aggregate number of Ordinary Shares in issue at the date of the AGM) for cancellation, or to be held as treasury shares.

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

Authority to Allot

At the 2019 AGM, the Directors were granted authority to allot, grant options over, or otherwise dispose of up to 40,231,949 Ordinary Shares (being equal to 10.00% of the aggregate number of Ordinary Shares in issue at the date of the AGM). This authority will expire at the 2020 AGM.

Shareholders' Interests

As at 31 December 2019, the Company had been notified, in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules (which covers the acquisition and disposal of major shareholdings and voting rights), of the following Shareholders with an interest of greater than 5% in the Company's issued share capital:

Shareholder	Percentage of Voting Rights
Quilter plc	25.29%
BlackRock Inc	16.94%
Blackstone Treasury Asia Pte Ltd	12.63%
FIL Limited	8.12%

Between 31 December 2019 and 19 May 2020, the following notifications were received:

Date	Shareholder	Cumulative Percentage of Voting Rights
9 January 2020	BlackRock Inc	22.78%
9 January 2020	Blackstone Treasury Asia Pte Ltd	8.95%
10 January 2020	Quilter plc	21.10%

Statement of Disclosure of Information to the Auditor

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

Environmental, Employee, Social, Community and Human Rights Matters

The Company is a closed ended investment company with no employees, and therefore its environmental and climatic impact is minimal. The Board notes that the companies in which BGCF invests (either directly or indirectly) may have an environmental, social and governance impact. The Board have obtained and reviewed GSO's Responsible Investing Policy and considered their perspective on climate change. The Board noted that GSO is of the belief that a key component of being a responsible investor is an active evaluation of ESG components of its investments. Hence, a review of ESG risks is integrated into GSO's investment analysis and decision-making processes from pre-investment diligence to post-investment monitoring. GSO recognizes the value that incorporating ESG factors in investment research creates both in terms of mitigating risk and enhancing long-term performance across investments. GSO integrates review and consideration of applicable ESG factors into its decision-making processes. Refer to the Portfolio Adviser's Review for further details on the Portfolio Adviser's ESG policy.

Modern slavery

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

Gary Clark
Director
19 May 2020

CORPORATE GOVERNANCE REPORT

Statement of Compliance with Corporate Governance

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

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC and supported by the Jersey Financial Services Commission provides more relevant information to shareholders.

The Company has complied with the Principles and Provisions of the AIC Code, with the exception of the following:

- Relationship with the manager (provisions 16 and 17); and
- New companies (provision 21).

Relationship with the manager (provisions 16 and 17)
As a self-managed fund, the Company does not have a manager, therefore, provisions 16 and 17 are not applicable to the Company.

New companies (provision 21)
This provision relates to the appointment of the chair and of the board of a new company. As the Company was incorporated during 2014, this provision is not applicable to the Company.

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

The Board
The Board consists of five non-executive directors. Their biographies can be found below.

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

Board Apprentices
The Board participated in the Board Apprentice scheme during 2019, having taken on two Board Apprentices in October 2018. The Board consider this a valuable exercise in mentoring already accomplished individuals to be future directors, fostering equality and developing board culture. Both apprentices completed their term with the Board in October 2019. The Board wishes them both success in future board positions.

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

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

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

Board Attendance
The following table shows the number of meetings held by the Board and each committee for the year ended 31 December 2019, as well as the Directors' and Committee Members' attendance.

Meeting	Total	Charlotte Valeur	Gary Clark	Steven Wilderspin	Heather MacCallum	Mark Moffat
Quarterly Board	**5**	5	5	5	5	5
Ad-hoc Board	**9**	6	7	9	9	8
Audit Committee	**5**	N/A	5	5	5	N/A
Management Engagement Committee	**1**	1	1	1	1	N/A
NAV Review Committee	**12**	N/A	11	10	12	12
Remuneration and Nomination Committee	**2**	2	2	2	2	N/A
Risk Committee	**4**	4	4	4	4	4
Inside Information Committee	**-**	-	-	-	-	-

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

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

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

Directors, is responsible for ensuring that the correct Board procedures are followed and advises the Board on corporate governance matters.

Board Evaluation
An external independent Board and Committee evaluation was undertaken by Value Alpha during the course
of the year.

The evaluation consisted of:

- Observation of Board and Committee meetings;
- Extensive interviews with each of the Directors and the Administrator and a meeting with the Portfolio Adviser; and
- A feedback session with the Directors.

The interviews collected both quantitative and qualitative data and covered the views of Directors on a number of issues associated with Director and Board effectiveness. The evaluation considered the Board's balance of skills, experience, independence and knowledge, as well as its diversity, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.

The evaluation concluded that areas of strong performance included: the Board's oversight of strategy; its ability to deliver accountability to stakeholders, particularly its Shareholders; and exercise of effective risk oversight; review of its governance arrangements; and understanding of the legal and regulatory context within which it operates.The evaluation also found that the Board exercised independent oversight, challenged constructively, displayed sound judgement and was versatile in being able to deal with the range of issues which came before it.

No significant recommendations were made which are required to be brought to the attention of Shareholders.

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

The current committee memberships are detailed below.

Audit Committee

The Audit Committee comprises all Directors, except Charlotte Valeur and Mark Moffat, and is chaired by Heather MacCallum.
The terms of reference state that the Audit Committee will meet not less than three times a year and will meet with the Auditor at least once a year. The report on the role and activities of this committee and its relationship with the Auditor is included in the Audit Committee Report.

Management Engagement Committee

The Management Engagement Committee comprises all Directors except Mark Moffat and is chaired by Charlotte Valeur.
The terms of reference state that the Management Engagement Committee shall meet at least once a year; will have responsibility for monitoring and reviewing the Portfolio Adviser's performance; and will recommend to the Board whether the continued appointment of the Portfolio Adviser is in the best interests of the Company and Shareholders.

NAV Review Committee

The NAV Review Committee comprises all Directors, except Charlotte Valeur, and is chaired by Gary Clark.
The terms of reference state that the NAV Review Committee shall meet at least once a month to review and consider the Company's NAV calculation, fact sheet and related stock exchange announcement(s).

Remuneration and Nomination Committee

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

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

Director Re-Election and Tenure

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

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

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

Risk Committee

The Risk Committee comprises all Directors and is chaired by Steven Wilderspin.

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

Inside Information Committee

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

The Inside Information Committee is responsible for identifying inside information and monitoring the disclosure and control of such information.

Board Diversity

The Board believes in and values the importance of a broad range of skills, experience and diversity, including gender, for the effective functioning of the Board, all of which are considered when determining the optimum composition of the Board. The Board has a policy that aims to have a minimum of 40% of either gender represented on the Board, and also recognises the importance of inclusivity in its diversity policy. The Board ensures compliance with its policy in respect of any appointments to the Board. At 31 December 2019 and at the date of approval of these financial statements, 60% of the Directors were male and 40% were female.

Internal Controls

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

The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from the Portfolio Adviser and BGCF to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring.

The Audit Committee assists the Board in discharging its monitoring responsibilities.

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

The Board is also responsible for setting the overall investment policy and monitors the services provided by the Portfolio Adviser at regular Board meetings. The Board receives regular reports from the Portfolio Adviser, together with quarterly reports from the Administrator, the Company Secretary, the Depositary, its Compliance, Money Laundering Compliance Officer and Money Laundering Regulatory Officer and from the Portfolio Adviser covering compliance matters.

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

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

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

The Company has appointed Nplus 1 Singer Advisory LLP and Winterflood Investment Trusts as its joint brokers. Together with the brokers, the Portfolio Adviser assists the Board in communicating with and understanding the views of the Company's major Shareholders.

RISK COMMITTEE REPORT

Membership

The Risk Committee comprises Steven Wilderspin (Chair), Charlotte Valeur, Heather MacCallum, Gary Clark and Mark Moffat.

Key Objectives

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

Responsibilities

During 2019, the Risk Committee reviewed its mandate to ensure effective operation in conjunction with the Audit Committee, and as a result, its key responsibilities, amongst others, remain:

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

Committee Meetings

In 2019, the Risk Committee met on four occasions. At the start of the year, the Committee recommended a new risk management framework to the Board, to govern how the Committee and/or Board identifies existing and emerging risks; determines risk appetite; identifies mitigation and controls; assesses, monitors and measures risk, and reports on risks. The Board adopted the Committee's proposals.

Subsequently, the specific areas of focus for the Committee during the year included:

- **The potential Brexit impact on the Company and its investments, and on the operations of the Portfolio Adviser.** There was not considered to be a major impact on the Company and the Portfolio Adviser was well-placed to arrange its affairs between Dublin, London and Luxembourg to mitigate any operational risk to its business.
- **The structuring of the Company's investments through Luxembourg and governance of the Company's Luxembourg subsidiary.** This was considered during the year and, after the year end, the Chairs of Risk and Audit Committees conducted a due diligence visit to the subsidiary in Luxembourg and met the board and members of the Portfolio Adviser's Luxembourg team. The visiting Chairs were very satisfied with the engagement of the subsidiary board and the strength of the operational team.
- **Cyber Risk**. This was initially considered during the Board's due diligence visit to the Blackstone/GSO operations in New York in July. A report focused on the Company's main service providers was subsequently commissioned from KPMG who reported to the Committee after the year end. Minor action points from this report will be followed up by the Committee.
- **The sustainability of the Company's dividend**. This was a risk area mainly addressed at Board level during the year and was one of the main focuses of the New York due diligence visit. The Board were satisfied that the modelling provided by the Portfolio Adviser supported the sustainability of the dividend (however, see paragraph on COVID-19 below).
- **The risk management environment of Blackstone/GSO**. On the New York visit, the Committee were briefed on Blackstone/GSO's wider compliance and risk management framework including Internal Audit and met key executives with responsibility in these areas. This supplemented an earlier due diligence visit to Dublin.

Risk Monitoring

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

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

COVID-19

The Company's principal risks and uncertainties are as identified as above. Given the present COVID-19 pandemic, which emerged after the year end, that section considers the impact of the virus on these principal risks and the action that the Risk Committee and/or Board is taking to mitigate the risks where possible.

Steven Wilderspin
Risk Committee Chair
19 May 2020

DIRECTORS' REMUNERATION REPORT

Directors' Remuneration

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

The tables below outline the remuneration the Directors were entitled to during the year ended 31 December 2019 for their services.

	Total fixed remuneration for the year ended 31 December 2019	Total fixed remuneration for the year ended 31 December 2018
	£	£
Charlotte Valeur	61,000	55,500
Gary Clark	46,000	43,000
Heather MacCallum	44,500	42,250
Steven Wilderspin	44,500	42,250
Mark Moffat	38,000	-
Total Directors' Remuneration	**234,000**	**183,000**
Total Directors' Remuneration (€)	**264,988**	**209,140**

The Chairs of the Management Engagement Committee, NAV Review Committee, Remuneration and Nomination Committee, Audit Committee and Risk Committee each received additional fees, which are included in the amounts above, for the additional responsibilities and time commitment required in undertaking these roles. Additionally, the Senior Independent Director received additional fees for the additional responsibilities and time commitment required in undertaking this role.

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

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

In 2019 the Remuneration and Nomination Committee oversaw the appointment of Mr Moffat and the engagement of Value Alpha as a service provider to provide board evaluation.

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

Remuneration Policy

Directors' fees are determined by the Remuneration and Nomination Committee under the terms of the remuneration policy (the "Remuneration Policy") approved on 16 April 2015, as derived from the Company's Articles of Association. The Remuneration and Nomination Committee also considers the remuneration levels of similar companies and consults external remuneration consultants where this is deemed appropriate.

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

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

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

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

Directors' Interests

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

Shares	Type	As at 31 December 2019	As at 31 December 2018
Charlotte Valeur	Ordinary	11,500	11,500
Gary Clark	Ordinary	108,200	73,700
Heather MacCallum	Ordinary	-	-
Steven Wilderspin	Ordinary	20,000	20,000
Mark Moffat (appointed 8 January 2019)	Ordinary	601,028	601,028
Mark Moffat (appointed 8 January 2019)	C	291,068	-

On 8 January 2020, as a result of the C Share Conversion, Mark Moffat held 771,593 Ordinary Shares and no C Shares.

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

Service Contracts and Policy on Payment of Loss of Office

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

Gary Clark
Remuneration and Nomination Committee Chair
19 May 2020

AUDIT COMMITTEE REPORT

Audit Committee

The Audit Committee comprises Heather MacCallum, Steven Wilderspin and Gary Clark and is chaired by Heather MacCallum. Ms MacCallum has recent and relevant financial experience in accounting and auditing, and the Audit Committee as a whole has competence relevant to the sector in which the Company operates.

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

Role of the Audit Committee

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

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

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

How the Audit Committee Has Discharged Its Responsibilities

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

Monitoring the Integrity of the Financial Statements Including Significant Judgements

We reviewed the Company's Annual Report and Audited Financial Statements for the year ended 31 December 2018 and the Half Yearly Financial Report for the six months ended 30 June 2019 prior to discussion and approval by the Board, and the significant financial reporting issues and judgements which they contain. We also reviewed the external auditor's reports thereon, which were discussed with the Auditor. We reviewed the appropriateness of the Company's accounting principles and policies, and monitored changes to, and compliance with, accounting standards on an ongoing basis.

After the year end, we had further meetings and we reviewed, prior to making any recommendations to the Board, the Annual Report and Audited Financial Statements for the year ended 31 December 2019. In undertaking this review, we discussed with the Auditor, the Portfolio Adviser and the Administrator the critical accounting policies and judgements that have been applied.

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

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

Significant Accounting Matters
The Committee considered the key accounting issues, matters and judgements regarding the Company's 2019 annual report and financial statements and disclosures including those relating to:

Significant Area	How Addressed
Valuation of investments	The investment in the Lux Subsidiary is accounted for at fair value through profit or loss and the investment in PPNs issued by BGCF held by the Lux Subsidiary are at fair value. Investments in BGCF (the PPNs) are illiquid investments, not traded on an active market and are valued using valuation techniques determined by the Directors and classified as Level 3 under IFRS 13 "Fair Value Measurement." Valuation is therefore considered a significant area and is monitored by the Board, the Audit Committee, the Portfolio Adviser and the Administrator. The Audit Committee receives and reviews reports on the processes for the valuation of investments. Following discussion, we were satisfied that the judgements made and methodologies applied were prudent and appropriate and that an appropriate accounting treatment has been adopted in accordance with IFRS 9. Please see Notes 2, 6, 10 and 16 in the financial statements for further details

Assessment of Risks and Uncertainties
The risks associated with the Company's financial instruments, as disclosed in the financial statements, particularly in Note 10, represent a key accounting disclosure. The Audit Committee and the Risk Committee review critically, on the basis of input from the service providers, the process of ongoing identification and measurement of these risks disclosures.

Other Matters
During the year, the Committee considered compliance with relevant legislation, performance metrics and related disclosures in the Company's financial statements, and revisions to the AIC Code.

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

External Audit
It is the responsibility of the Audit Committee to monitor the performance, independence, objectivity and re-appointment of the Auditor. The Audit Committee met with Deloitte LLP ("Deloitte") to consider the audit strategy and plan for the audit. The audit plan for the reporting period was reviewed, including consideration of the key financial statement and audit risks, to seek to ensure that the audit was appropriately focused.

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

Deloitte was formally appointed as Auditor for the Company's 2014 period-end audit following a competitive tender process during 2014. The lead audit partner is rotated every five years to ensure continued independence and objectivity; consequently a new lead audit partner has been in place for the interim review to 30 June 2019 and audit for the year ended 31 December 2019.

The Audit Committee continues to be satisfied with the performance of the Auditor. We have therefore recommended to the Board that the Auditor, in accordance with agreed terms of engagement and remuneration, should continue as the Company's auditor after the forthcoming Annual General Meeting. Accordingly, a resolution proposing the reappointment of Deloitte as the Company's auditor will be put to the Shareholders at the 2020 AGM.

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

During 2019, the Audit Committee reviewed its policy with respect to non-audit services and continually monitored the level of non-audit services provided by the Auditor to ensure alignment and compliance with best practice.

The Audit Committee has agreed the types of permitted and non-permitted ongoing non-audit services and those which require explicit prior approval. During the year, Deloitte were contracted to review the Company's interim financial statements, provided services related to the Rollover Offer, US tax compliance and review of the C Share Conversion Ratio calculation. Audit fees have increased 34% year on year while audit related services increased 37% year on year. This is mainly due to the additional work undertaken by the Auditor around the valuation of directly held CLOs and the C Share class during the audit and interim review as well as the work undertaken by the Auditor for reviewing the C Share Conversion Ratio as required by the Articles. An amount of €20,740 was also incurred during the year and this related to additional fees for the audit for the year ended 31 December 2018. The value of non-audit services (US tax compliance) provided by Deloitte and charged in the period amounted to €13,955. In addition, the Company incurred €9,281 and €8,699 in respect of audit related services in connection with the Rollover Offer and the C Share Conversion Ratio calculation respectively. The overall quantum of non-audit services (€13,955) and the one-off fees (€17,980) incurred for Deloitte's work in 2019 is not material relative to the overall audit and review fees for the annual and interim financial reports (€175,584). This item has been given due consideration by the Audit Committee, who reviewed inter-alia the role of the respective engagement teams and the independence of individuals from the audit engagement team and concluded it was satisfied the Auditor had acted in an independent and professional manner.

Heather MacCallum
Audit Committee Chair
19 May 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

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

Charlotte Valeur
Director
19 May 2020

Heather MacCallum
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BLACKSTONE / GSO LOAN FINANCING LIMITED

Report on the audit of the financial statements

1. Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been properly prepared in accordance with Companies (Jersey) Law, 1991.

We have audited the financial statements which comprise:

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

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

2. Basis for opinion

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

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was valuation of investments in the Luxembourg subsidiary. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk

Materiality	The materiality that we used for the financial statements in the current year was EUR 8.2 million which was determined on the basis of Net Assets Value of the Company.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the engagement team.
Significant changes in our approach	We did not consider the assessment of consolidation requirements as a key audit matter in the current year as there has been no changes to the existising investment structure and the company is no longer holding majority economic interest in BGCF. Except for the above, there are no other significant changes in our approach in the current year.

4. Conclusions relating to going concern, principal risks and viability statement

4.1. Going concern

We have reviewed the directors' statement in note 2.2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the Company, its business model and related risks including where relevant the impact of the COVID-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the Company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

4.2. Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures above that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;

- the directors' confirmation above that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; or

- the directors' explanation above as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the directors' statement relating to the prospects of the company required by Listing Rule 9.8.6R (3) is materially inconsistent with our knowledge obtained in the audit.

Viability means the ability of the Company to continue over the time horizon considered appropriate by the directors.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

5. Key audit matters

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

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

5.1. Valuation of investments in Luxembourg subsidiary

Key audit matter description	The investment in subsidiary is accounted at Fair Value Through Profit and Loss. Investments in Blackstone / GSO Loan Financing (Luxembourg) S.a.r.l. which total €396,392,271 (2018: €315,890,482) as detailed in note 6 to the financial statements, are illiquid investments, not traded on an active market and are valued using valuation techniques determined by the Directors and classified as level III under IFRS : Fair Value Measurement (IFRS 13). Valuation is therefore a key area of judgement and has a significant impact on the Net Assets Value ("NAV") which is the most significant Key Performance Indicator ("KPI") of the Company and has a direct effect on the recognition of gains and losses on investments. The investments, commitments and obligations contracted by Blackstone / GSO Corporate Funding Designated Activity Company ("BGCF") are driving the performance of its NAV, the valuation of the investments in BGCF and ultimately the performance of the Company and its listed shares. We consider BGCF as the principal source of risks and rewards for the Company with BGCF's financial situation represented by its Net Asset Value as the main component for the fair valuation of the investments. Reviewing risk monitoring, performance and the investments' valuation for the Company, requires an assessment of the positions within BGCF. BGCF's investment positions in debt instruments, related credit risk and liquidity exposures should be compliant with the quality, diversification and overall limitations imposed by BGLF's Prospectus. The Directors use their judgment, with the assistance of the Adviser, Blackstone / GSO Debt Funds Management Europe Limited ('DFME'), in selecting an appropriate valuation technique and refer to techniques commonly used by market practitioners. For investments in BGCF and the underlying collateralized loan obligations (CLOs) and the equity tranches retained by that company, assumptions are made based on quoted market rates adjusted for specific features of any instrument. There is a risk that a third party valuer has used an incorrect methodology, inaccurate data is supplied by the CLO Manager or the Originator or inappropriate assumptions are used concerning market information. The key assumptions include discount, prepayment, reinvestment and default rates. Refer to the Audit Committee Report, Significant Accounting Policies and the Note 6 to the Financial statements.
How the scope of our audit responded to the key audit matter	In response to this key audit matter: • We obtained an understanding of the relevant controls over the valuation process. • We have assessed the valuation methodology for the financial instruments issued by BGCF against industry standards and IFRS 13. • We involved our financial instruments specialists to review the valuation of investments and related disclosures in the financial statements. • We reviewed the test of valuations performed by auditors of BGCF comparing information and assumptions used by management to information available from external independent reliable sources such as Bloomberg or Intex, including any impact of discount / premium to NAV. • We tested the calculation of the change in value of investments for the year and its recognition in the statement of comprehensive income. • We also reviewed the adequacy of disclosures (including disclosures related to sensitivity) made by the Company in accordance with requirements of IFRS 13.

Key observations	Based on the work performed we concluded that the valuation of investments in the Luxembourg subsidiary is appropriate.

6. Our application of materiality

6.1. Materiality

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

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

Materiality	EUR 8,200,000 (2018: EUR 6,500,000)
Basis for determining materiality	We determined materiality for the Company, which is approximately 2% (2018: 2%) of the Net Asset Value of the Company.
Rationale for the benchmark applied	Net Asset Value is the key performance indicator for investments in the Company and is therefore selected as the appropriate benchmark.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2019 audit (2018: 70%). In determining performance materiality, we considered our risk assessment, including our assessment of the Company's overall control environment and our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of €410,000 (2018: €325,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. As the financial information used to determine the fair value of the investments is those of BGCF, we reviewed the 2019 audited financial statements of BGCF and the related audit work performed by the auditors of BGCF.

7.2. Our consideration of the control environment

As mentioned above, the Company has outsourced its accounting function to a third party service provider. Our audit scope included understanding of the relevant accounting processes and controls in place at the Company's third party accounting service provider. We performed the audit using substantive approach without placing reliance on controls. We reviewed the service auditor's report for the third party administrator of the Company.

8. Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- **Fair, balanced and understandable** - the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the control's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit Committee reporting** - the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** - the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R (2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

9. Responsibilities of directors

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

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

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

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

Report on other legal and regulatory requirements

11. Matters on which we are required to report by exception

11.1. Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

12. Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Marc Cleeve, FCA
For and on behalf of Deloitte LLP
Recognized Auditor
Jersey
19 May 2020

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	As at 31 December 2019	As at 31 December 2019	As at 31 December 2019	As at 31 December 2018
		C Share	Total	

	Notes	Ordinary Share Class	Class		Ordinary Share class and Total
		€	€	€	€
Current assets					
Cash and cash equivalents		5,355,821	6,108,267	11,464,088	11,219,224
Other receivables	5	23,900	208,574	232,474	811,675
Financial assets at fair value through profit or loss - Lux Co	6	338,476,744	57,915,527	396,392,271	315,890,482
Financial assets at fair value through profit or loss - CLOs	6	-	3,192,772	3,192,772	-
Intercompany	7	114,549	(114,549)	-	
Total current assets		**343,971,014**	**67,310,591**	**411,281,605**	**327,921,381**
Non-current liabilities					
Intercompany	7	(534,660)	-	(534,660)	(237,057)
Total non-current liabilities		**(534,660)**	**-**	**(534,660)**	**(237,057)**
Current liabilities					
Payables	8	(174,510)	(66,444)	(240,954)	(1,297,180)
Total current liabilities		**(174,510)**	**(66,444)**	**(240,954)**	**(1,297,180)**
Total liabilities		**(709,170)**	**(66,444)**	**(775,614)**	**(1,534,237)**
Net assets	15,16	**343,261,844**	**67,244,147**	**410,505,991**	**326,387,144**
Capital and reserves					
Stated capital	9	403,034,162	77,270,167	480,304,329	404,962,736
Retained earnings		(59,772,318)	(10,026,020)	(69,798,338)	(78,575,592)
Shareholders' Equity		**343,261,844**	**67,244,147**	**410,505,991**	**326,387,144**
Net Asset Value per Share	**15**	**-**	**-**	**0.8543**	**0.8065**

C Shares were issued on 7 January 2019 and hence no comparative is presented for C Shares.

These financial statements were authorised and approved for issue by the Directors on 19 May 2020 and signed on their behalf by:

Charlotte Valeur
Director

Heather MacCallum
Director

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

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Notes	Year ended 31 December 2019 Ordinary Share class	Period ended 31 December 2019 C Share class	Year ended 31 December 2019 Total	Year ended 31 December 2018 Ordinary Share class and Total
		€	€	€	€
Income					
Realised (loss)/gain on foreign exchange		(8,650)	(11,876)	(20,526)	538
Net gain/(loss) on financial assets at fair value through profit or loss - Lux Co	6	60,311,620	638,942	60,950,562	(11,201,791)
Net loss on financial assets at fair value through profit or loss - CLOs		-	(9,910,600)	(9,910,600)	-
Income distributions from CLOs		-	9,928,261	9,928,261	-
Total income		**60,302,970**	**644,727**	**60,947,697**	**(11,201,253)**
Expenses					
Operating expenses	3	(1,080,593)	(204,521)	(1,285,114)	(1,431,821)
Profit/(loss) before taxation		**59,222,377**	**440,206**	**59,662,583**	**(12,633,074)**
Taxation	2.11	-	-	-	-

Profit/(loss) after taxation		**59,222,377**	**440,206**	**59,662,583**	**(12,633,074)**
Loan interest expense	7	(6,196)	-	(6,196)	(1,402)
Bank interest (expense)/income		(61,910)	12,355	(49,555)	(48,654)
Total interest expense		**(68,106)**	**12,355**	**(55,751)**	**(50,056)**
Total comprehensive income / (loss) for the year attributable to Shareholders		**59,154,271**	**452,561**	**59,606,832**	**(12,683,130)**
Basic earnings/(loss) per Share	14	**0.1467**	**0.0034**	**-**	**(0.0313)**
Diluted earnings/(loss) per Share	14	**-**	**-**	**0.1453**	**(0.0313)**

C shares were issued on 7 January 2019 and hence no comparative is presented for C Shares.

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

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

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

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Note	Stated Capital Ordinary Share	Retained Earnings Ordinary Share	Stated Capital C Share	Retained Earnings C Share	Total
		€	€	€	€	€
Shareholders' Equity at 1 January 2019	9	**404,962,736**	**(78,575,592)**	**-**	**-**	**326,387,144**
Total comprehensive income for the year attributable to Shareholders		-	59,154,271	-	452,561	59,606,832
Transactions with owners						
Issuance of Shares	9	-	-	77,270,167	-	77,270,167
Dividends*		-	(40,350,997)	-	(10,478,581)	(50,829,578)
Ordinary Shares repurchased	9	(1,928,574)	-	-	-	(1,928,574)
		(1,928,574)	(40,350,997)	**77,270,167**	**(10,478,581)**	**24,512,015**
Shareholders' Equity at 31 December 2019	9	**403,034,162**	**(59,772,318)**	**77,270,167**	**(10,026,020)**	**410,505,991**

*Refer to the Dividend History sections for further details on Dividends.

	Note	Stated Capital Ordinary Share	Retained Earnings Ordinary Share	Total
		€	€	€
Shareholders' Equity at 1 January 2018	9	**404,962,736**	**(25,422,415)**	**379,540,321**
Total comprehensive loss for the year attributable to Shareholders		-	(12,683,130)	**(12,683,130)**
Transactions with owners				
Dividends*		-	(40,470,047)	**(40,470,047)**
			(40,470,047)	**(40,470,047)**
Shareholders' Equity at 31 December 2018	9	**404,962,736**	**(78,575,592)**	**326,387,144**

*Refer to the Dividend History sections for further details on Dividends.

C Shares were issued on 7 January 2019 and hence no comparative is presented for the C Shares.

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

STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	Year ended 31 December 2019	Period ended 31 December 2019	Year ended 31 December 2019	Year ended 31 December 2018
	Ordinary Share class	C Share class	Total	Ordinary Share class and Total
	€	€	€	€
Cash flow from operating activities				
Total comprehensive income / (loss) for the year attributable to Shareholders	59,154,271	452,561	59,606,832	(12,683,130)
Adjustments to reconcile profit after tax to net cash flows:				
- Unrealised (gain) / loss on financial assets at fair value through profit and loss	(51,628,943)	5,362,117	(46,266,826)	17,274,438
- Realised (gain) / loss on financial assets at fair value through profit and loss	(8,682,677)	4,043,083	(4,639,594)	(6,072,647)
Purchase of financial assets at fair value through profit or loss	(3,524,232)	(61,061,093)	(64,585,325)	-
Proceeds from sale of financial assets at fair value through profit or loss	41,249,590	61,152,063	102,401,653	50,045,105
Changes in working capital				
Decrease / (increase) in other receivables	787,775	(208,574)	579,201	(782,050)
(Decrease) / increase in payables	(1,122,670)	66,444	(1,056,226)	1,123,529
(Decrease) / increase in intercompany	(114,549)	114,549	-	-
Net cash generated from operating activities	**36,118,565**	**9,921,150**	**46,039,715**	**48,905,245**
Cash flow from financing activities				
Proceeds from issuance of shares	-	7,446,204	7,446,204	-
Issue cost	-	(780,506)	(780,506)	-
Ordinary Shares repurchased	(1,928,574)	-	(1,928,574)	-
Increase in intercompany	297,603	-	297,603	237,057
Dividends paid	(40,350,997)	(10,478,581)	(50,829,578)	(40,470,047)
Net cash used in financing activities	**(41,981,968)**	**(3,812,883)**	**(45,794,851)**	**(40,232,990)**
Net (decrease) / increase in cash and cash equivalents	**(5,863,403)**	**6,108,267**	**244,864**	**8,672,255**
Cash and cash equivalents at the start of the year	11,219,224	-	11,219,224	2,546,969
Cash and cash equivalents at the end of the year	**5,355,821**	**6,108,267**	**11,464,088**	**11,219,224**

Supplemental disclosure of non-cash flow information	**€**
Transfer of assets from Rollover Offer	(70,604,469)
Rollover Offer costs	780,506
Issue of C Shares in specie	77,270,167
Cash proceeds from Rollover Offer	**7,446,204**

C Shares were issued on 7 January 2019 and hence no comparative is presented for the C Shares.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1 General information

The Company is a closed-ended limited liability investment company domiciled and incorporated under the laws of Jersey with variable capital pursuant to the Collective Investment Funds (Jersey) Law 1988. It was incorporated on 30 April 2014 under registration number 115628. The Company's Ordinary Shares are quoted on the Premium Segment of the Main Market of the LSE and the Company has a premium listing on the Official List of the FCA. The Company's C Shares were quoted on the SFS of the Main Market of the LSE until 6 January 2020.

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

As at 31 December 2019, the Company's stated capital comprised 402,319,490 Ordinary Shares of no par value, each carrying the right to 1 vote; 2,380,956 Ordinary Shares held in treasury; and 133,451,107 C Shares of no par value, carrying no voting rights. The Company may issue one or more additional classes of shares in accordance with the Articles of Association.

The Company has a wholly owned Luxemburg subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.à r.l., which has an issued share capital of 2,000,000 Class A shares and 1 Class B share held by the Company as at 31 December 2019. The Company also holds 319,758,584 Class B CSWs issued by the Lux Subsidiary. The Company also holds CLO Income Notes and Mezzanine Notes which formed part of the Rollover Assets and are yet to be realised and reinvested in CSWs.

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

2 Significant accounting policies

2.1 Statement of compliance

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

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

2.2 Basis of preparation

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

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

The financial statements have been prepared on a going concern basis. The disclosures with respect to the Directors' assessment on the use of the going concern basis are provided in the "Strategic Report - Risk Overview" section.

Non-consolidation of BGCF

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

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

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

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

Non-consolidation of CLOs

The Company has concluded that CLOs in which it invests, that are not subsidiaries for financial reporting purposes, meet the definition of structured entities because:

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

2.3 New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2019

There are no standards, amendments to standards and interpretations that are effective for the financial year beginning 1 January 2019 that have a material effect on the financial statements of the Company.

The following standards became effective during the year:

- IFRS 16: Leases (effective 1 January 2019). This requires lessees to recognise new assets and liabilities under an on-balance sheet accounting model that is similar to current finance lease accounting.

- IFRIC 23: Uncertainty over Income Tax Treatments (effective 1 January 2019). This applies where there is uncertainty over the acceptable income tax treatment of an item under IAS 12.

2.4 New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2019 and not early adopted

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

2.5 Income

2.5a Interest income and expense

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

2.5b Income distributions from CLOs

Income from the financial assets at fair value through profit or loss - CLOs is recognised under IFRS 9 in the Statement of Comprehensive Income as Income distributions from CLOs. Income from the CLOs is recognised on an accruals basis.

2.6 Shares in issue

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

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

2.7 Fees and charges

Expenses are charged through profit or loss in the Statement of Comprehensive Income on an accruals basis. For the period from 7 January 2019 to 29 November 2019, expenses incurred by the Company were split between the Ordinary Share Class and the C Share Class in proportion to their respective monthly NAVs.

2.8 Cash and cash equivalents

Cash comprises current deposits with banks.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash equivalents are revalued at the end of the reporting period using market rates and any increases / decreases are recognised in the Statement of Comprehensive Income. There were no such holdings during the year ended 31 December 2019 (31 December 2018: €Nil).

2.9 Financial instruments

Investments and other financial assets

(i) Initial recognition

The Company recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the Company becomes party to the contractual provisions of the instrument. Purchases and sales of investments are recognised on the trade date - the date on which the Company commits to purchase or sell the investment.

(ii) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

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

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

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

(iii) Measurement

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

Debt instruments

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

Equity instruments

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

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

(iv) Derecognition

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

(v) Fair value estimation

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

As at 31 December 2019, the Company held 319,758,584 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary (the "Investments") (31 December 2018: 291,343,213 CSWs, 2,000,000 Class A shares and 1 Class B share). These Investments are not listed or quoted on any securities exchange, are not traded regularly and, on this basis, no active market exists. The Company is not entitled to any voting rights in respect of the Lux Subsidiary by reason of their ownership of the CSWs, however, the Company controls the Lux Subsidiary through its 100% holding of the shares in the Lux Subsidiary.

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

The Company determines the fair value of the CLOs held directly using third party valuations.

(vi) Valuation process

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

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

Portfolio

The Directors discuss the valuation process to understand the methodology regarding the valuation of its underlying portfolio and direct CLO holding, both comprising Level 3 assets. The majority of Level 3 assets in BGCF are comprised of CLOs. In reviewing the fair value of these assets, the Directors look at the assumptions used and any significant fair value changes during the period under analysis.

Net Asset Value

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

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

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

Financial liabilities

(vii) Classification

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate a shorter period, to the net carrying amount on initial recognition.

(viii) Recognition, measurement and derecognition

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

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

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

2.10 Foreign currency translations

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

Foreign currency gains and losses are included in profit or loss on the Statement of Comprehensive Income as part of "Realised (loss)/gain on foreign exchange". Foreign currency gains and losses on financial assets classified at fair value through profit or loss - CLOs are included in profit or loss on the Statement of Comprehensive Income as part of "Net loss on financial assets at fair value through profit or loss - CLOs" for the year ended 31 December 2019.

2.11 Taxation

Profit arising in the Company for the year of assessment will be subject to Jersey tax at the standard corporate income tax rate of 0% (31 December 2018: 0%).

2.12 Dividends

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

2.13 Critical accounting judgements and estimates

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

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

Estimates

(a) Fair value

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

Refer to Note 2.9 and Note 12 for further details on the significant estimates applied in the valuation of the companies' financial instruments and the underlying financial instruments in BGCF.

Judgements

(b) Non-consolidation of the Lux Subsidiary

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

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

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

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

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

Refer to Note 11 for further disclosures relating to the Company's interest in the Lux Subsidiary.

3 Operating expenses

	Year ended 31 December 2019	Year ended 31 December 2018
	€	€
Professional fees	263,427	466,806
Administration fees	365,607	323,379
Brokerage fees	57,487	176,878
Regulatory fees	30,661	27,448
Directors' fees and other expenses (see Note 4)	282,075	214,116
Audit fees and audit related fees	214,304	129,582
Non-audit fees	13,955	38,158
Registrar fees	30,662	22,603
Sundry expenses	26,936	32,851

	1,285,114	**1,431,821**

Administration fees
Under the administration agreement, the Administrator is entitled to receive variable fees based on the Published NAV of the Company for the provision of administrative and compliance oversight services and a fixed fee for the provision of company secretarial services. The overall charge for the above-mentioned fees for the Company for the year ended 31 December 2019 was €365,607 (31 December 2018: €323,379) and the amount due at 31 December 2019 was €46,267 (31 December 2018: €47,573).

Advisory fees
Under the Advisory Agreement, the Portfolio Adviser is entitled to receive out of pocket expenses, all reasonable third-party costs, and other expenses incurred in the performance of its obligations. The overall charge for the above-mentioned fees for the Company for the year ended 31 December 2019 was €Nil (31 December 2018: €Nil).

Audit and non-audit fees
The Company incurred €214,304 (31 December 2018: €129,582) in audit and audit-related fees during the year of which €65,497 (31 December 2018: €81,333) was outstanding at the year end.

The Company incurred €13,955 (31 December 2018: €38,158) in non-audit fees during the year of which €13,955 (31 December 2018: €Nil) was outstanding at the year end. The table below outlines the audit, audit related and non-audit services received during the year.

	Year ended 31 December 2019	**Year ended 31 December 2018**
	€	**€**
Audit of the Company	113,307	84,366
Audit related services - review of interim financial report	62,277	45,216
Additional fee for the audit for the year ended 31 December 2018	20,740	-
Other audit related services - C Share Conversion Ratio	8,699	-
Other audit related services - Reporting Accountant - for the year ended 31 December 2018	9,281	-
Total audit and audit related services	**214,304**	**129,582**
Tax compliance services	13,955	38,158
Total non-audit services	**13,955**	**38,158**
Total fees to Deloitte LLP and member firms	**228,259**	**167,740**

Professional fees
Professional fees comprise €104,657 in legal fees and €158,770 in other professional fees. In 2018, professional fees comprised €338,033 in legal fees and €128,773 in other professional fees.

4 Directors' fees
The Company has no employees. The Company incurred €264,988 (31 December 2018: €209,140) in Directors' fees (consisting exclusively of short-term benefits) during the year of which €55,467 (31 December 2018: €54,593) was outstanding at the year end. No pension contributions were payable in respect of any of the Directors.

Refer to the Directors' Remuneration Report for further details on the Directors' remuneration and their interests.

5 Other receivables

	As at 31 December 2019	**As at 31 December 2018**
	€	**€**
Prepayments	28,453	31,040
Interest receivable	204,021	-
Other assets	-	780,635
	232,474	**811,675**

Other assets as at 31 December 2018 related to prepaid costs incurred in connection with the Rollover Offer Proposal. These costs were allocated to the C Share class on 7 January 2019 upon completion of the Rollover Offer and subsequent issue of C Shares.

6 Financial assets at fair value through profit or loss

	As at 31 December 2019	**As at 31 December 2019**	**As at 31 December 2019**	**As at 31 December 2018**
	Ordinary Share class	**C Share class**	**Total**	**Ordinary Share class**
	€	**€**	**€**	**€**
	338,476,744	57,915,527	**396,392,271**	**315,890,482**

Financial assets at fair value through profit or loss - Lux Co				
Financial assets at fair value through profit or loss - CLOs	-	3,192,772	**3,192,772**	-

Financial assets at fair value through profit or loss - Lux Co consists of 319,758,584 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary (31 December 2018: 291,343,213 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary). Financial assets at fair value through profit or loss - CLOs consists of 6 CLO Income Notes and 2 Mezzanine Notes, which formed part of the Rollover Assets. These have yet to be realised and re-invested in CSWs and then used by the Lux Subsidiary to invest in PPNs issued by BGCF.

CSWs

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

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

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

CSWs listed in an exercise notice may not be redeemed.

Class A and Class B shares held in the Lux Subsidiary

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

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

Dividend distributions are paid in the following order of priority:

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

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

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

Fair value hierarchy

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

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

- **Level 1:** Quoted market price (unadjusted) in an active market for an identical instrument.

- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable variable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	€	**€**	**€**	**€**
Financial assets at fair value through profit or loss - Lux Co	-	-	396,392,271	**396,392,271**
Financial assets at fair value through profit or loss - CLOs	-	-	3,192,772	**3,192,772**

31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
	€	**€**	**€**	**€**
Financial assets at fair value through profit or loss - Lux Co	-	-	315,890,482	**315,890,482**

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

The Company determines the fair value of the CLOs held directly by the C Share class using third party valuations. The Portfolio Adviser can challenge the marks if they appear off-market or unrepresentative of fair value.

During the years ended 31 December 2019 and 31 December 2018, there were no reclassifications between levels of the fair value hierarchy.

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

Financial assets at fair value through profit or loss reconciliation
The following table shows a reconciliation of all movements in the fair value of financial assets - Lux Co categorised within Level 3 between the start and the end of the reporting period:

31 December 2019	**Total**
	€
Balance as at 1 January 2019	315,890,482
Purchases - CSWs	64,524,232
Sale proceeds - CSWs	(44,973,005)
Realised gain on financial assets at fair value through profit or loss	8,864,144
Unrealised gain on financial assets at fair value through profit or loss	52,086,418
Balance as at 31 December 2019	**396,392,271**
Realised gain on financial assets at fair value through profit or loss	8,864,144
Total change in unrealised gain on financial assets for the year	52,086,418
Net gain on financial assets at fair value through profit or loss - Lux Co	**60,950,562**

31 December 2018	**Total**
	€
Balance as at 1 January 2018	377,137,378
Purchases - CSWs	-
Sale proceeds - CSWs	(50,045,105)
Realised gain on financial assets at fair value through profit or loss	6,072,647
Unrealised loss on financial assets at fair value through profit or loss	(17,274,438)
Balance as at 31 December 2018	**315,890,482**
Realised gain on financial assets at fair value through profit or loss	6,072,647
Total change in unrealised loss on financial assets for the year	(17,274,438)
Net loss on financial assets at fair value through profit or loss - Lux Co	**(11,201,791)**

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

31 December 2019	**Total**
	€
Balance as at 1 January 2019	-
Purchases - CLOs	70,665,562
Sale proceeds - CLOs	(57,428,648)
Realised loss on financial assets at fair value through profit or loss - CLOs	(4,224,550)

Unrealised loss on financial assets at fair value through profit or loss - CLOs	(5,819,592)*
Balance as at 31 December 2019	**3,192,772**

Realised loss on financial assets at fair value through profit or loss - CLOs	(4,224,550)
Total change in unrealised loss on financial assets for the year - CLOs	(5,686,050)*
Net loss on financial assets at fair value through profit or loss - CLOs	**(9,910,600)**

*The difference between these two figures of €133,542 relates to an unrealised gain on the management fee rebate element arising from one of the previously directly held CLOs whereby DFM was the CLO manager.

Refer to Other Information above, Note 2.9 and Note 12 for valuation methodology of financial assets at fair value through profit and loss.

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

Quantitative information of significant unobservable inputs and sensitivity analysis to significant changes in unobservable inputs - Level 3 Lux Co

The significant unobservable inputs used in the fair value measurement of the financial assets at fair value through profit or loss - Lux Co within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2019 and 31 December 2018 are as shown below:

Asset Class	**Fair Value**	**Unobservable Inputs**	**Ranges**	**Weighted average**	**Sensitivity to changes in significant unobservable inputs**
	€				
CSWs	390,685,286	Undiscounted NAV of BGCF	N/A	N/A	20% increase/decrease will have a fair value impact of +/- €78,137,057
Class A and Class B shares	5,706,985	Undiscounted NAV of the Lux Subsidiary	N/A	N/A	20% increase/decrease will have a fair value impact of +/- €1,141,397
Total as at 31 December 2019	**396,392,271**				

Asset Class	**Fair Value**	**Unobservable Inputs**	**Ranges**	**Weighted average**	**Sensitivity to changes in significant unobservable inputs**
CSWs	310,753,454	Undiscounted NAV of BGCF	N/A	N/A	5% increase/decrease will have a fair value impact of +/- € 15,537,673
Class A and Class B shares	5,137,028	Undiscounted NAV of the Lux Subsidiary	N/A	N/A	5% increase/decrease will have a fair value impact of +/- € 256,851
Total as at 31 December 2018	**315,890,482**				

The significant unobservable inputs used in the fair value measurement of the financial assets at fair value through profit or loss - CLOs within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2019 are as shown below:

Asset Class	**Fair Value**	**Unobservable Inputs**	**Ranges***	**Weighted average**	**Sensitivity to changes in significant unobservable inputs**
	€				
Income Notes					
Directly Held CLO Income Notes	809,385	Third party valuations	0% - 35.5%	6.7%	20% increase/decrease will have a fair value impact of +/- €161,877
Mezzanine Notes					
Directly Held CLO Mezzanine Notes	2,383,387	Third party valuations	20.1% - 73.0%	43.1%	20% increase/decrease will have a fair value impact of +/- €476,677
Total	**3,192,772**				

*The ranges provided in the tables above refer to the highest and lowest marks received across the range of CLOs held. The ranges reflect the different stages of the lifecycle of each of the CLOs on an individual basis. The low ranges in the tables above are prices from CLOs which have been called and are in wind-down.

7 Intercompany

	As at 31 December 2019	As at 31 December 2019	As at 31 December 2019	As at 31 December 2018
	Ordinary Share Class	**C Share Class**	**Total**	**Ordinary Share Class**
	€	**€**	**€**	**€**
Intercompany loan - payable to the Lux Subsidiary	534,660	-	**534,660**	**237,057**
Interclass balance - receivable/ (payable)	114,549	(114,549)	-	-

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

The interclass balance represents amounts receivable by the Ordinary Share Class from the C Share Class and payable by the C Share Class to the Ordinary Share Class for expenses incurred by the Company, which are split between the Ordinary Share Class and the C Share Class in proportion to their respective monthly NAVs.

8 Payables

	As at 31 December 2019	As at 31 December 2018
	€	**€**
Professional fees	39,391	1,090,305
Administration fees	46,267	47,573
Directors' fees	55,467	54,593
Audit fees	65,497	81,333
Intercompany loan interest payable	7,598	1,402
Other payables	26,734	21,974
Total payables	**240,954**	**1,297,180**

All payables are due within the next twelve months.

9 Stated capital

Authorised

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

Allotted, called up and fully-paid - Ordinary Share

Ordinary Shares	Number of shares	Stated capital
		€
As at 1 January 2019	**404,700,446**	**404,962,736**
Shares repurchased during the year and held in treasury	(2,380,956)	(1,928,574)
Total Ordinary Shares as at 31 December 2019	**402,319,490**	**403,034,162**

Allotted, called up and fully-paid - C Share

C Shares	Number of shares	Stated capital
		€
As at 1 January 2019	-	-
Shares issued during the period	133,451,107	77,270,167
Total C Shares as at 31 December 2019	**133,451,107**	**77,270,167**
Total issued share capital as at 31 December 2019	**535,770,597**	**480,304,329**

Allotted, called up and fully-paid - Ordinary Share

Ordinary shares	Number of shares	Stated capital
		€
Total issued share capital as at 31 December 2018	**404,700,446**	**404,962,736**

Ordinary Shares

On 5 June 2019, the Company purchased 2,056,202 of its Ordinary Shares of no par value at a total cost of €1,665,524. On 7 June 2019, the Company purchased 324,754 of its Ordinary Shares of no par value at a total cost of €263,050.

As at 31 December 2019, the Company had 402,319,490 Ordinary Shares in issue and 2,380,956 Ordinary Shares in treasury (31 December 2018: 404,700,446 Ordinary Shares in issue and nil Ordinary Shares in treasury).

At the 2019 AGM, held on 11 July 2019, the Directors were granted authority to repurchase up to 14.99% of the issued share capital as at the date of the AGM for cancellation or to be held as treasury shares. This authority, which has not been used, will expire at the 2020 AGM. The Directors intend to seek annual renewal of this authority from Shareholders.

At the 2019 AGM, the Directors were granted authority to allot, grant options over or otherwise dispose of up to 40,231,949 Shares (being equal to 10.00% of the Shares in issue at the date of the AGM). This authority will expire at the 2020 AGM.

Voting rights - Ordinary Shares
Holders of Ordinary Shares have the right to receive income and capital from assets attributable to such class. Ordinary Shareholders have the right to receive notice of general meetings of the Company and have the right to attend and vote at all general meetings.

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

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

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

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

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

Dividends
The dividends declared by the Board during the year are detailed above.

Please refer to Note 20 for dividends declared after the year end.

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

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

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

Capital management
The Company is closed-ended and has no externally imposed capital requirements. The Company's capital as at 31 December 2019 comprises shareholders' equity at a total of €410,505,991 (31 December 2018: €326,387,144).

The Company's objectives for managing capital are:

- to invest the capital in investments meeting the description, risk exposure and expected return indicated in its prospectus;
- to achieve consistent returns while safeguarding capital by investing via the Lux Subsidiary in BGCF and other Underlying Companies;
- to maintain sufficient liquidity to meet the expenses of the Company and to meet dividend commitments; and
- to maintain sufficient size to make the operation of the Company cost efficient.

The Board monitors the capital adequacy of the Company on an on-going basis and the Company's objectives regarding capital management have been met.

Please refer to Note 10 C Liquidity Risk for further discussion on capital management, particularly on how the distribution policy is managed.

C Shares
On 7 January 2019, the Company issued 133,451,107 C Shares in specie as a result of the Rollover Offer. The Rollover Offer included a transfer of assets amounting to €70,604,469, cash proceeds amounting to €7,446,204 and incurred €780,506 in costs. The C Shares were admitted to trading on the SFS of the main market of the LSE.

As at 31 December 2019, the Company had 133,451,107 C Shares in issue (31 December 2018: Nil).

Voting rights - C Class
Holders of C Shares have the right to receive income and capital from the C Share assets attributable to such class. C Shareholders do not have the right to receive notice of or to attend or vote at any general meeting of the Company.

Dividends
Holders of C Shares are entitled to dividends as described in the section "Dividends" above.

Conversion
On 24 October 2019, the Company announced that it had reinvested €62.6 million into BCGF as part of its realization strategy and that the Company intended to convert the C Shares into Ordinary Shares. On 20 November 2019, the Company announced that the Calculation Date would fall on 29 November 2019 to accommodate dividend payment schedules in accordance with the Company's Articles of Association.

The calculation of the Conversion Ratio was based on the net assets attributable to the Ordinary Shares - €362,950,897 (NAV per Share of €0.9021) and C Shares - EUR 70,550,461 (NAV per Share of €0.5287) as at close of business on 29 November 2019. On 20 December 2019, the Company announced the Conversion Ratio of 0.5860 Ordinary Shares per C Share.

On this basis, 133,451,107 C Shares would convert into 78,202,348 Ordinary Shares. The 78,202,348 Ordinary Shares were admitted to the premium listing segment of the Official List of the FCA and to trading on the LSE's Main Market for listed securities on 7 January 2020.

10 Financial risk management
The Company is exposed to market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds and the markets in which it invests.

10A Market risk
Market risk is the current or prospective risk to earnings or capital of the Company arising from changes in interest rates, foreign exchange rates, commodity prices or equity prices.

The Company holds three investments, denominated in Euro, in the Lux Subsidiary in the form of CSWs, Class A and Class B shares and directly holds, as part of the Rollover Offer, six CLO Income Notes and two Mezzanine Notes, denominated in USD. The CSWs are the main driver of the Company's performance.

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

A sensitivity analysis is shown below disclosing the impact on the IFRS NAV of the Company, if the fair value of the Company's investments at the year end increased or decreased by 20%. This level of change is considered to be reasonably possible based on observations of past and possible market conditions.

	Year ended 31 December 2019 Total	Increase by 20%	Decrease by 20%
	€	€	€
Financial assets held at fair value through profit or loss:			
CSWs	390,685,286	468,822,343	312,548,228
Class A and Class B shares	5,706,985	6,848,382	4,565,588
CLOs	3,192,772	3,831,326	2,554,218
	399,585,043		

	Year ended 31 December 2018 Total	Increase by 5%	Decrease by 5%
	€	€	€
Financial assets held at fair value through profit or loss:			
CSWs	310,753,454	326,291,127	295,215,781
Class A and Class B shares	5,137,028	5,393,879	4,880,177
	315,890,482		

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

i. Interest rate risk

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

The interest income received by the Lux Subsidiary from investments held at fair value through profit or loss is the interest income on the PPNs received from BGCF. Its calculation is dependent on the profit generated by BGCF as opposed to interest rates set by the market. Interest rate sensitivity analysis is presented for BGCF in Note 12 since any potential movement in market interest rates will impact BGCF's holdings which in turn will impact the interest income received by the Lux Subsidiary on the PPNs.

The Company is exposed to interest rate risk on CLOs directly held by the Company.

Interest rate risk is monitored on an on-going basis, and is managed and mitigated to the extent that is possible by the CLO manager through active portfolio management, and the use of the Underlying Companies offering documents and investment policies, which permits portfolio management techniques to rotate between asset classes and levels of risk as appropriate in accordance with policies and procedures in place.

The following tables detail the Company's interest rate risk as at 31 December 2019 and 31 December 2018:

31 December 2019	**Interest bearing**	**Non-interest bearing**	**Total**
	€	**€**	**€**
Assets			
Cash and cash equivalents	11,464,088	-	11,464,088
Other receivables	-	232,474	232,474
Financial assets at fair value through profit or loss	3,192,772	396,392,271	399,585,043
Total assets	**14,656,860**	**396,624,745**	**411,281,605**
Liabilities			
Intercompany loan	(534,660)	-	(534,660)
Payables	-	(240,954)	(240,954)
Total liabilities	**(534,660)**	**(240,954)**	**(775,614)**
Total interest sensitivity gap	**14,122,200**		

31 December 2018	**Interest bearing**	**Non-interest bearing**	**Total**
	€	**€**	**€**
Assets			
Cash and cash equivalents	11,219,224	-	11,219,224
Other receivables	-	811,675	811,675
Financial assets at fair value through profit or loss	-	315,890,482	315,890,482
Total assets	**11,219,224**	**316,702,157**	**327,921,381**
Liabilities			
Intercompany loan	(237,057)	-	(237,057)
Payables	-	(1,297,180)	(1,297,180)
Total liabilities	**(237,057)**	**(1,297,180)**	**(1,534,237)**
Total interest sensitivity gap	**10,982,167**		

As at 31 December 2019 and 31 December 2018, the majority of the Company's interest rate exposure arose in the fair value of the underlying BGCF portfolio which is largely invested in senior secured loans of companies predominantly in Western Europe or North America. Most of the investments in senior secured loans carry variable interest rates and various maturity dates. Refer to Note 12 which details BGCF's exposure to interest rate risk.

The Company is exposed to interest rate risk on its cash balances and directly held CLOs but this is not deemed to be significant for the years ended 31 December 2019 and 31 December 2018.

ii. Currency risk

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

The Company and the Lux Subsidiary are not subject to significant foreign currency risk since the majority of their investments are denominated in Euro and their share capital are also denominated in Euro.

Refer to Note 12 which details BGCF's exposure to currency risk. BGCF hedges US CLO equity exposure by reference to mark to model valuations incorporated in the Published NAV as defined above.

The Company is exposed to currency risk on its investments in the directly held CLOs which are denominated in USD. To reduce the impact on the Company of currency fluctuations and the volatility of returns which may result from currency exposure, the Company may hedge the currency exposure of the directly held CLOs of the Company with the use of derivatives. The Company did not have any derivatives at the year end.

iii. Price risk

Price risk is the risk that the value of the Company's indirect investments in BGCF through its holding in the Lux Subsidiary does not reflect the true value of BGCF's underlying investment portfolio.

BGCF's portfolio may at any given time include securities or other financial instruments or obligations which are very thinly traded, for which a limited market exists or which are restricted as to their transferability under applicable securities laws. These investments may be extremely difficult to value accurately.

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

Absent bad faith or manifest error, valuation determinations in accordance with BGCF's valuation policy are conclusive and binding. In light of the foregoing, there is a risk that the Company, in redeeming all or part of its investment while BGCF holds such investments, could be paid an amount less than it would otherwise be paid if the actual value of BGCF's investment was higher than the value designated for that investment by BGCF. Similarly, there is a risk that a redeeming BGCF interest holder might, in effect, be over-paid at the time of the applicable redemption if the actual value of BGCF's investment was lower than the value designated for that investment by BGCF, in which case the value of BGCF interests to the remaining BGCF interest holders would be reduced. Refer to Note 12 for further details.

The Company is exposed to price risk on its investments in the directly held CLOs. The price risk that applies to the directly held CLOs is limited and is restricted to the concentration risk of the investments between asset class and geographical exposure. The directly held CLOs which formed part of the Rollover Assets have been realised by the Portfolio Manager in a manner that maximises the value from the Company's investments in those directly held CLOs.

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

10B Credit risk

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

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

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

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

	As at 31 December 2019	As at 31 December 2018
	€	€
Cash and cash equivalents	11,464,088	11,219,224
Other receivables	232,474	811,675
Financial assets at fair value through profit or loss	399,585,043	315,890,482
Total assets	**411,281,605**	**327,921,381**

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

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

The Company is exposed to credit risk on its investments in the directly held CLOs. The directly held CLOs which formed part of the Rollover Assets have been realised by the Portfolio Manager in a manner that maximises the value from the Company's investments in those directly held CLOs. Additionally, the Portfolio Manager generally trades via the DTC or Euroclear, which on the whole, limits counterparty risk.

During the years ended 31 December 2019 and 31 December 2018 all cash was placed with BNP Paribas Securities S.C.A, as Custodian. The ultimate parent of BNP Paribas Securities S.C.A is BNP Paribas which is publicly traded with a credit rating of A (Standard & Poor's).

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

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

Refer to Note 12 which details BGCF's exposure to credit risk.

10C Liquidity risk

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

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

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

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

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

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

The directly held CLOs have been actively sold by the Portfolio Manager to facilitate reinvestment into CSWs issued by the Lux Subsidiary, which may in turn be reinvested into PPNs issued by BGCF.

The liquidity profile of BGCF as at 31 December 2019 is in Note 12.

10C Liquidity risk

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

11 Interests in other entities

Interests in unconsolidated structured entities

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

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

Involvement with unconsolidated structured entities

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

The Directors have also concluded that BGCF also meets the definition of a structured entity.

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

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

Interests in subsidiary

As at 31 December 2019, the Company owns 100% of the Class A and Class B shares in the Lux Subsidiary comprising 2,000,000 Class A shares and one Class B share (31 December 2018: 2,000,000 Class A shares and one Class B share).

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

Other than the investments noted above, the Company did not provide any financial support for the years ended 31 December 2019 and 31 December 2018, nor had it any intention of providing financial or other support.

The Company has an intercompany loan payable to the Lux Subsidiary as at 31 December 2019. Refer to Note 7 for further details.

12 Financial and other information on BGCF

The Board has provided the following information on BGCF, which has been extracted from its audited financial statements for the year ended 31 December 2019, as it believes this will provide further insight to the Company's Shareholders into the operations of BGCF, the asset mix in its portfolio and the risks to which BGCF is exposed.

As at 31 December 2019, the Lux Subsidiary held a 37.4% (31 December 2018: 40.1%) interest in the PPNs issued by BGCF. The disclosures have not been apportioned according to the Lux Subsidiary's PPN holding, as the Board believes to do so would be misleading and not an accurate representation of the Company's investment in BGCF.

Principal activities

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

Investment policy

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

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

A CLO is a pooled investment vehicle which may invest in a diversified group of debt securities, in this case predominantly senior secured loans. To finance its investments, the CLO vehicle issues debt in the form of

Senior Notes and CLO Income Note securities to investors. The servicing and repayment of these notes is linked directly to the performance of the underlying portfolio of assets.

The portfolio of assets underlying the CLO Income Note securities consist mainly of senior secured loans, mezzanine loans, second lien loans and high yield bonds. The portfolio of assets within the Underlying Company consists mainly of CLO Income Note securities. Distributions on the CLO Income Note securities, by way of interest payments, are payable on a quarterly basis on dates established in the formation documents of the CLOs.

As at 31 December 2019 and 31 December 2018, BGCF had no exposure to CLOs held as a vertical strip (as defined in the Company's Investment Strategy).

Subsidiaries

BGCF has acquired the majority, or all, of the CLO Income Notes issued by a number of European CLO issuers (the "Direct CLO Subsidiaries"). CLO Income Noteholders are entitled to the residual cash flows arising from the underlying assets of the CLOs. During 2019, the BGCF group corporate structure was updated with the establishment of BGCM LLC and BGCM DAC. This change was in order for US CLOs established in the BGCF structure to comply with the European risk retention rules while improving operational efficiency. BGCM LLC is a manager-originator to certain US CLOs for European risk retention purposes.

As at 31 December 2019, the Parent Company holds 100% of the profit participating notes issued by BGCM DAC, which in turn holds 100% of the Series 3 Interests of BGCM LLC. BGCM LLC holds subordinated notes in two US Indirect CLO Subsidiaries, and Class A preference shares in the US MOA.

The twenty-one European Direct CLO Subsidiaries are presented below.

Name of subsidiary	Currency	Deal Size (million)	% Subordinated Equity Notes Held 31 December 2019
Phoenix Park CLO DAC	EUR	€418	51.4%
Sorrento Park CLO DAC	EUR	€415	51.8%
Castle Park CLO DAC	EUR	€347	80.4%
Dartry Park CLO DAC	EUR	€403	51.1%
Dorchester Park CLO DAC	USD	$533	73.0%
Orwell Park CLO DAC	EUR	€414	51.0%
Tymon Park CLO DAC	EUR	€414	51.0%
Elm Park CLO DAC	EUR	€558	56.1%
Griffith Park CLO DAC	EUR	€457	59.5%
Palmerston Park CLO DAC	EUR	€415	62.2%
Clarinda Park CLO DAC	EUR	€415	51.2%
Clontarf Park CLO DAC	EUR	€414	66.9%
Willow Park CLO DAC	EUR	€412	60.9%
Marlay Park CLO DAC	EUR	€413	60.0%
Milltown Park CLO DAC	EUR	€410	65.0%
Richmond Park CLO DAC	EUR	€549	68.3%
Sutton Park CLO DAC	EUR	€409	69.4%
Crosthwaite Park CLO DAC	EUR	€513	66.7%
Dunedin Park CLO DAC	EUR	€410	52.9%
Seapoint Park CLO DAC	EUR	€406	73.8%
Holland Park CLO DAC	EUR	€430	72.1%

The above subsidiaries are incorporated in Ireland.

BGCF has also acquired 100% of the PPNs issued by BGCM DAC, which was established on 1 August 2019. BGCM DAC holds 100% of the Series 3 interests of BGCM LLC, a US originator vehicle established on 14 May 2019, which in turns holds Class A preference shares in the US MOA, and subordinated notes in two US CLOs, Southwick Park CLO Limited and Beechwood Park CLO Limited (the "Indirect CLO Subsidiaries").

In accordance with IFRS 10, the Direct CLO Subsidiaries, the Indirect CLO Subsidiaries, BGCM DAC and BGCM LLC, are all deemed to be subsidiaries of BGCF and are consolidated under its financial reporting framework. The directors of BGCF have determined that BGCM LLC does not "control" the US MOA, as defined in IFRS 10, and therefore, the US MOA has not been consolidated.

The Class A preference shares of the US MOA are held by BGCF (through BGCM LLC) and another Blackstone entity to gain exposure to US CLO securitisations. The establishment of BGCM LLC creates a structure capable of meeting potential demand for US CLOs from European institutional investors requiring compliance with European risk retention rules. The US MOA invests in the CLO Income Notes of US CLOs whose investments are focused predominantly in US senior secured loans. As at 31 December 2019, the US

MOA held the following US CLOs: Gilbert Park CLO Limited, Dewolf Park CLO Limited, Grippen Park CLO Limited, Stewart Park CLO Limited, Long Point Park CLO Limited, Thayer Park CLO Limited, Catskill Park CLO Limited, Greenwood Park CLO Limited and Cook Park CLO Limited.

BGCF also directly holds subordinated notes in US CLOs and preference shares in the US CLO warehouses, which BGCF was not responsible for originating. As at 31 December 2019, BGCF had direct holdings in the following US CLOs and warehouses: Buckhorn Park CLO Limited, Niagara Park CLO Limited, Fillmore Park CLO Limited, Myers Park CLO Limited, Harbor Park CLO Limited and Allegany Park CLO warehouse.

The directors of BGCF do not anticipate any change in the structure or investment objectives of BGCF.

Valuation of financial instruments

As at 31 December 2019 and 2018, the loans held were broker priced through Markit, and the bond investments were valued by prices provided by IDC. The majority of these assets were classified as Level 2 since the input into the Markit price consisted of at least two quotes, however, a small number of holdings priced through Markit consisted of only one quote. Such assets were classified as Level 3. Both loans and bonds are priced at current mid prices.

The CLO Income Notes issued by the Direct CLO Subsidiaries are listed on Euronext and are valued by a third party. The approach to valuing these CLO Income Notes incorporates CLO specific information and modelling techniques. Factors include (i) granular loan level data, such as the concentration and quality of various loan level buckets, for example, second liens, covenant lites and other structured product assets, as well as several other factors including: discount rate, default rates, prepayment rates, recovery rates, recovery lag and reinvestment spread (these factors are highly sensitive and variations may materially affect the fair value of the asset), and (ii) structural analysis on a deal by deal basis. Pricing includes checks on all structural features of each CLO, such as the credit enhancement of each bond and various performance triggers (including over-collateralisation tests, interest coverage and diversion tests). Furthermore, reinvestment language specific to each CLO deal is assessed, as well as the DFME's performance and capabilities.

Investments in CLO Income Notes of US CLO Issuers, held directly or indirectly, are valued using an equivalent methodology. Similar to the above, valuation of such CLO Income Notes uses significant unobservable inputs and accordingly are classified as Level 3. Investments in the CLO Income Notes of the Indirect CLO Subsidiaries, Fillmore Park CLO Limited, Myers Park CLO Limited, Harbor Park CLO Limited, Buckhorn Park CLO Limited and Niagara Park CLO Limited, and in the preference shares of Allegany Park CLO warehouse are measured at fair value and classified as Level 3.

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

The following tables analyse with the fair value hierarchy BGCF's financial instruments carried at fair value as at 31 December 2019 and 31 December 2018:

31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	€	**€**	**€**	**€**
Financial assets measured at fair value through profit or loss:				
- Investments in senior secured loans and bonds	-	351,411,969	3,488,750	354,900,719
- Investments in CLO Income Notes	-	-	535,308,879	535,308,879
- Investment in BGCM DAC	-	-	282,791,684	282,791,684
- Derivative financial assets	-	1,227,374	-	1,227,374
Total financial assets	**-**	**352,639,343**	**821,589,313**	**1,174,228,656**
Financial liabilities measured at fair value through profit or loss:				
- PPNs	-	-	(1,056,882,313)	(1,056,882,313)
Total financial liabilities	**-**	**-**	**(1,056,882,313)**	**(1,056,882,313)**

31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
	€	**€**	**€**	**€**
Financial assets measured at fair value through profit or loss:				
- Investments in senior secured loans and bonds	-	420,018,973	9,672,269	429,691,242
- Investments in CLO Income Notes	-	-	386,155,935	386,155,935
- Investment in US MOA	-	-	227,651,995	227,651,995
Total financial assets	**-**	**420,018,973**	**623,480,199**	**1,043,499,172**
Financial liabilities measured at fair value through profit or loss:				
- PPNs	-	-	(787,146,684)	(787,146,684)
- Derivative financial liabilities	-	(13,953,422)	-	(13,953,422)
Total financial liabilities	**-**	**(13,953,422)**	**(787,146,684)**	**(801,100,106)**

The following table shows the movement in Level 3 of BGCF's fair value hierarchy for the years ended 31 December 2019 and 31 December 2018:

31 December 2019	**Financial assets measured at FVPL**	**Financial liabilities measured at FVPL**
	€	**€**
Opening balance	623,480,199	(787,146,684)
Net gain /(loss) on financial assets and liabilities measured at fair value through profit or loss	3,531,929	(2,379,953)
Purchases/Issuances	710,364,958	(267,355,676)
Sales/Redemptions	(506,115,504)	-
Movement out of Level 3	(9,672,269)	-
Closing Balance	**821,589,313**	**(1,056,882,313)**

31 December 2018	**Financial assets measured at FVPL**	**Financial liabilities measured at FVPL**
	€	**€**
Opening balance	494,092,635	(679,650,521)
Net (loss)/gain on financial assets and liabilities measured at fair value through profit or loss	(116,621,709)	136,795,409
Purchases/Issuances	614,869,040	(244,291,572)
Sales/Redemptions	(364,958,693)	-
Movement in to Level 3	7,287,142	-
Movement out of Level 3	(11,188,216)	-
Closing Balance	**623,480,199**	**(787,146,684)**

BGCF's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the last day of the accounting period. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the years ended 31 December 2019 or 31 December 2018.

Sensitivity of BGCF Level 3 holdings to unobservable inputs
A number of holdings as at 31 December 2019 and 31 December 2018 were priced through Markit where the input into the Markit price was only one price, so they were classified as Level 3. These loan assets are not modelled on analysts' prices but are from dealers' runs therefore there are no unobservable inputs into the prices.

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

The assets classified as Level 3 represented 70.00% (2018: 59.75%) of the total financial assets. If the price of the holdings classified as Level 3 increased or decreased by 5% it would result in an increase or decrease in the value of the financial assets of EUR 41,079,466 (3.50% of the total financial assets) (2018: EUR 31,174,010 (2.99% of the total financial assets)). There also would be an equal and opposite effect on the valuation of the PPNs (3.50%) (2018: (3.59%)).

The financial liabilities at fair value through profit or loss consist of the PPNs. The PPNs are valued using a model based on the fair value of the underlying assets and liabilities. If the value of the underlying assets or liabilities changes then there would be an equal and opposite effect on the valuation of the PPNs.

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

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

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

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

(i) Currency risk

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

BGCF's financial statements are denominated in Euro, though investments in the US MOA, US CLO warehouses, US CLOs, and senior secured loans and bonds are made and realised in other currencies. Changes in rates of exchange may have an adverse effect on the value, price or income of the investments of BGCF.

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

The following table sets out BGCF's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2019 and 31 December 2018:

31 December 2019	**British Pound**	**United States Dollars**	**Euro**	**Total**
	€	**€**	**€**	**€**
Investments in senior secured loans and bonds	12,420,354	3,966,459	338,513,906	354,900,719
Investments in CLO Income Notes	-	158,782,181	376,526,698	535,308,879
Investment in BGCM DAC	-	282,791,684	-	282,791,684
BGCF Facility	(18,444,833)	(11,151,480)	(215,079,752)	(244,676,065)
Derivative financial assets and liabilities	-	1,227,374	-	1,227,374
Cash and cash equivalents	5,578,229	5,918,399	61,423,469	72,920,097
PPNs	-	-	(1,056,882,313)	(1,056,882,313)
Other assets and liabilities	2,246,394	16,502,400	35,666,191	54,414,985
Net exposure	**1,800,144**	**458,037,017**	**(459,831,801)**	**5,360**
Sensitivity 10%	**180,014**	**45,803,702**		

31 December 2018	**British Pound**	**United States Dollars**	**Euro**	**Total**
	€	**€**	**€**	**€**
Investments in senior secured loans and bonds	35,301,146	-	394,390,096	429,691,242
Investments in CLO Income Notes	-	114,595,191	271,560,744	386,155,935
Investment in US MOA	-	227,651,995	-	227,651,995
BGCF Facility	(43,583,090)	(28,094,832)	(223,079,753)	(294,757,675)
Derivative financial assets and liabilities	-	(13,953,422)	-	(13,953,422)
Cash and cash equivalents	1,646,363	15,242,023	53,666,468	70,554,854
PPNs	-	-	(787,146,684)	(787,146,684)
Other assets and liabilities	8,010,575	(302,592,381)	276,390,021	(18,191,785)
Net exposure	**1,374,994**	**12,848,574**	**(14,219,108)**	**4,460**
Sensitivity 10%	**137,499**	**1,284,857**		

Sensitivity analysis - BGCF

At 31 December 2019 and 2018, had the Euro strengthened by 10% (2018: 10%) in relation to all currencies, with all other variables held constant, the net asset / liability exposure would have increased by the amounts shown above for BGCF. There would be no impact on the total comprehensive income of BGCF because the finance expense on financial liabilities would move in the opposite direction and cancel the effect of the foreign exchange movement.

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

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

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

The interest rate risk associated with cash and cash equivalents is deemed to be insignificant.

The following table details BGCF's exposure to interest rate risk as at 31 December 2019. It includes the carrying value of BGCF's assets and liabilities at fair values, categorised by the type of interest rate attached to the assets and liabilities, whether it be floating rate, fixed or non-interest bearing:

31 December 2019	**Floating rate**	**Fixed rate**	**Non-interest bearing**	**Total**
	€	**€**	**€**	**€**
Financial assets measured at fair value through profit or loss:				
- Investments in senior secured loans and bonds	337,939,901	16,960,818	-	354,900,719
- Investments in CLO Income Notes	535,308,879	-	-	535,308,879
- Investment in BGCM DAC	282,791,684	-	-	282,791,684
- Derivative financial assets	1,227,374	-	-	1,227,374
Receivable for investments sold	-	-	253,971,470	253,971,470
Other receivables	-	-	29,965,349	29,965,349
Cash and cash equivalents	72,920,097	-	-	72,920,097
Total assets	**1,230,187,935**	**16,960,818**	**283,936,819**	**1,531,085,572**
Financial liabilities measured at fair value through profit or loss:				
- PPNs	(1,056,882,313)	-	-	(1,056,882,313)
BGCF Facility	(244,676,065)	-	-	(244,676,065)
Payable for investments purchased	-	-	(226,523,038)	(226,523,038)
Other payables and accrued expenses	-	-	(2,998,796)	(2,998,796)
Total financial liabilities	**(1,301,558,378)**	**-**	**(229,521,834)**	**(1,531,080,212)**
Total interest sensitivity gap	**(71,370,443)**	**16,960,818**		

The following table details BGCF's exposure to interest rate risk as at 31 December 2018. It includes the carrying value of BGCF's assets and liabilities at fair values, categorised by the type of interest rate attached to the assets and liabilities, whether it be floating rate, fixed or non-interest bearing:

31 December 2018	**Floating rate**	**Fixed rate**	**Non-interest bearing**	**Total**
	€	**€**	**€**	**€**
Financial assets measured at fair value through profit or loss:				
- Investments in senior secured loans and bonds	429,691,242	-	-	429,691,242
- Investments in CLO Income Notes	386,155,935	-	-	386,155,935
- Investment in US MOA	-	-	227,651,995	227,651,995
Receivable for investments sold	-	-	179,473,198	179,473,198
Other receivables	-	-	28,829,516	28,829,516
Cash and cash equivalents	70,554,854	-	-	70,554,854
Total assets	**886,402,031**	**-**	**435,954,709**	**1,322,356,740**
Financial liabilities measured at fair value through profit or loss:				
- PPNs	(787,146,684)	-	-	(787,146,684)
- Derivative financial liabilities	(13,953,422)	-	-	(13,953,422)
BGCF Facility	(294,757,675)	-	-	(294,757,675)
Payable for investments purchased	-	-	(224,077,820)	(224,077,820)
Other payables and accrued expenses	-	-	(2,416,679)	(2,416,679)
Total financial liabilities	**(1,095,857,781)**	**-**	**(226,494,499)**	**(1,322,352,280)**
Total interest sensitivity gap	**(209,455,750)**	**-**		

Sensitivity analysis

At 31 December 2019, had the base interest rates strengthened/weakened by 2% (2018: 2%) in relation to all holdings subject to interest with all other variables held constant, the finance income would increase/decrease by EUR 1,088,193 (2018: EUR 4,534,207) which would subsequently impact the amount available for distribution as finance expense. There would be no impact on the total comprehensive income of BGCF. The interest rate sensitivity information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historical data. Future price movements and correlations between securities could vary significantly from those experienced in the current financial year.

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

BGCF attempts to mitigate asset pricing risk by using external pricing and valuation sources and by permitting DFME, subject to certain requirements, to sell collateral obligations and reinvest the proceeds. DFME actively monitors the assets within each CLO to ensure that they do not breach the collateral quality tests and portfolio profile tests. Where possible, prices are received from brokers on a monthly basis. Broker prices for loans are sourced from Markit, a composite price provider, and broker prices for bonds are sourced from IDC.

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

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

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

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

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

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

BGCF	**31 December 2019**	**31 December 2018**
	€	**€**
Financial assets measured at fair value through profit or loss	1,173,001,282	1,043,499,172
Derivative financial assets	1,227,374	-
Receivables for investments sold	253,971,470	179,473,198
Other receivables	29,965,349	28,829,516
Cash at bank	72,920,097	70,554,854
Total	**1,531,085,572**	**1,322,356,740**

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

Financial assets measured at fair value through profit or loss
BGCF's investment policy is to invest predominantly in:
(i) a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans);
(ii) CLO Income Notes issued by the Issuer CLOs whose investments will be focused predominantly in European and US senior secured loans; and
(iii) US CLO Income Notes (held directly or indirectly) whose investments are focused predominantly in US senior secured loans.

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

[Graphs and charts are included in the published Annual Report and Audited Financial Statements which is available on the Company's website at https://www.blackstone.com/our-businesses/registered-products#c=blackstone-gso-loan-financing-limited]

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

[Graphs and charts are included in the published Annual Report and Audited Financial Statements which is available on the Company's website at https://www.blackstone.com/our-businesses/registered-products#c=blackstone-gso-loan-financing-limited]

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

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

[Graphs and charts are included in the published Annual Report and Audited Financial Statements which is available on the Company's website at https://www.blackstone.com/our-businesses/registered-products#c=blackstone-gso-loan-financing-limited]

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

[Graphs and charts are included in the published Annual Report and Audited Financial Statements which is available on the Company's website at https://www.blackstone.com/our-businesses/registered-products#c=blackstone-gso-loan-financing-limited]

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

[Graphs and charts are included in the published Annual Report and Audited Financial Statements which is available on the Company's website at https://www.blackstone.com/our-businesses/registered-products#c=blackstone-gso-loan-financing-limited]

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

[Graphs and charts are included in the published Annual Report and Audited Financial Statements which is available on the Company's website at https://www.blackstone.com/our-businesses/registered-products#c=blackstone-gso-loan-financing-limited]

During the year, BGCF held (directly and indirectly through the US MOA) CLO Income Notes in US CLOs. Accordingly, BGCF is exposed to the credit risk on the underlying US senior secured loans and bonds held by such US CLOs. In addition, the CLO Income Notes are limited recourse obligations of the US CLOs which are payable solely out of amounts received by the US CLO in respect of the financial assets held.

The underlying investments in senior secured loans and bonds recognised as financial assets of the US CLOs (held directly by BGCF and indirectly through the US MOA) had the following credit quality as rated by Moody's:

[Graphs and charts are included in the published Annual Report and Audited Financial Statements which is available on the Company's website at https://www.blackstone.com/our-businesses/registered-products#c=blackstone-gso-loan-financing-limited]

The underlying financial assets of the US CLOs (held directly by BGCF and indirectly through the US MOA) exposed to credit risk were concentrated in the following industries:

[Graphs and charts are included in the published Annual Report and Audited Financial Statements which is available on the Company's website at https://www.blackstone.com/our-businesses/registered-products#c=blackstone-gso-loan-financing-limited]

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

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

Financial liabilities measured at fair value through profit or loss
Financial liabilities at fair value comprise PPNs issued by BGCF.

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

13 Segmental reporting

As per IFRS 8 Operating Segments, an operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

The Board, who is the chief operating decision maker, classified the Company into two operating segments - the Ordinary Share Class and the C Share Class - following completion of the Rollover Offer, in the Half Yearly Financial Report for the six months ended 30 June 2019.

Following the substantial sale of relevant assets acquired under the C Share rollover process and €62.6 million (representing 85.8% of the value of the assets in the C Share class) reinvested into CSWs in the Lux Subsidiary and subsequently into PPNs in BGCF, the Board classified the Company into one operating segment and resolved to convert the C Shares into Ordinary Shares. The calculation of the conversion ratio of the C Shares into Ordinary Shares was undertaken using the NAVs as at 29 November 2019. The Board also considered that any performance on the remaining directly held CLO assets post 29 November 2019 was captured through the combined pool of assets in one operating segment, given the ratio had been fixed.

However, given the two operating segments operated throughout most of the year, the Board considered it to be appropriate to disclose the performance of both the Ordinary Share and C Share Classes in the financial statements.

During the years ended 31 December 2019 and 31 December 2018, the Company's primary exposure was to the Lux Subsidiary in Europe. The Lux Subsidiary's primary exposure is to BGCF, an Irish entity. BGCF's primary exposure is to the US and Europe.

14 Basic and diluted earnings / (loss) per Share

	As at 31 December 2019	**As at 31 December 2018**
	€	**€**
Total comprehensive income/(loss) for the year - Ordinary Share class	59,154,271	(12,683,130)
Weighted average number of shares during the year	403,337,994	404,700,446
Basic earnings/(loss) per Ordinary Share	**0.1467**	**(0.0313)**

	As at 31 December 2019	**As at 31 December 2018**
	€	**€**
Total comprehensive income for the year - C Share class	452,561	-
Weighted average number of shares during the period	133,451,107	-
Basic earnings per C Share	**0.0034**	**-**

	As at 31 December 2019	**As at 31 December 2018**
	€	**€**
Total comprehensive income/(loss) for the year	59,154,271	(12,683,130)
Weighted average number of shares during the year	410,194,090	404,700,446
Diluted earnings/(loss) per Ordinary Share	**0.1453**	**(0.0313)**

The weighted average number of shares, 410,194,090, has been calculated by incorporating 78,202,348 Ordinary Shares on 29 November 2019 as a result of the Company announcing the Conversion ratio of 0.5860 on the LSE on 20 December 2019 and as further detailed in note 9.

15 Net asset value per Ordinary Share

	As at 31 December 2019	**As at 31 December 2018**
	€	**€**
IFRS Net asset value	410,505,991	326,387,144
Number of Ordinary Shares at year end	480,521,838	404,700,446
IFRS Net asset value per Ordinary Share	**0.8543**	**0.8065**

The 'Number of Ordinary Shares at year end' of 480,521,838 has been calculated as follows:

	As at 31 December 2019
C Shares	133,451,107
Conversion ratio (as detailed in note 9)	0.5860

New Ordinary Shares	78,202,348
Add: Existing Ordinary Shares	402,319,490
Number of Ordinary Shares at year end	480,521,838

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

	As at 31 December 2019		As at 31 December 2018	
	NAV	NAV per share	NAV	NAV per share
	€	€	€	€
Published NAV attributable to Shareholders	441,434,524	0.9187	362,725,238	0.8963
Adjustment - valuation	(30,928,533)	(0.0644)	(36,028,424)	(0.0890)
Adjustment - accrued expenses	-	-	(309,670)	(0.0008)
IFRS NAV	**410,505,991**	**0.8543**	**326,387,144**	**0.8065**

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

17 Reconciliation of liabilities arising from financing activities

	As at 31 December 2019	As at 31 December 2018
	€	€
Opening balance	237,057	-
Increase in intercompany loan	297,603	237,057
Closing balance	**534,660**	**237,057**

18 Related party transactions

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

Transactions with entities with significant influence

As at 31 December 2019, Blackstone Asia Treasury Pte, an affiliate of DFME, held 43,000,000 Ordinary Shares in the Company (31 December 2018: 43,000,000).

Transactions with key management personnel

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

Transactions with other related parties

At 31 December 2019, current employees of the Portfolio Adviser and its affiliates, and accounts managed or advised by them, hold 24,875 Ordinary Shares (31 December 2018: 24,875) which represents 0.006% (31 December 2018: 0.006%) of the issued shares of the Company.

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

The Company entered into the Rollover Offer during the year with CIF. Refer to the C Shares section for further details.

Transactions with Subsidiaries

The Company held 319,758,584 CSWs as at 31 December 2019 (31 December 2018: 291,343,213) following the issuance of 64,524,232 and redemption of 36,108,861 CSWs by the Lux Subsidiary. Refer to Note 6 for further details.

As at 31 December 2019, the Company held 2,000,000 Class A shares and 1 Class B share in the Lux Subsidiary with a nominal value of €2,000,001 (31 December 2018: 2,000,000 Class A shares and 1 Class B share in the Lux Subsidiary with a nominal value of €2,000,001).

As at 31 December 2019, the Company held an intercompany loan payable to the Lux Subsidiary amounting to €534,660 (31 December 2018: €237,057).

19 Controlling party

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

20 Events after the reporting period

The Board has evaluated subsequent events for the Company through to 19 May 2020, the date the financial statements are available to be issued, and, other than those listed below, concluded that there are no material events that require disclosure or adjustment to the financial statements.

Completion of C Share Conversion

On 7 January 2020, the Company announced the completion of the C Share Conversion and on the same day, that the Company's issued share capital consists of 480,521,838 Ordinary Shares of no par value and the total number of voting rights is 480,521,838, and additionally that the Company also holds 2,380,956 Ordinary Shares in treasury.

COVID-19

As detailed in the Chair's Statement, COVID-19 has adversely impacted global commercial activity and has contributed to significant volatility in financial markets. The Company's share price decreased from €0.8250 as at 31 December 2019 to a low of €0.4500 as at 24 March 2020 before slowly recovering to €0.4850 as at 31 March 2020, which represented a share price YTD return of (39.42)%. The share price at 15 May 2020 was €0.5500 (share price YTD of (29.43)%). The Company's Published NAV (refer to the Reconciliation of IFRS NAV to Published NAV section above for detail on Published NAV policy) also fell from €0.9187 as at 31 December 2019 to €0.7663 as at 31 March 2020. This represented a Published NAV YTD return of (14.27)%. The Company is exposed either directly or indirectly (through CLO equity) to US and European Loan Markets. The Q1 YTD return for the Credit Suisse Leveraged Loan Index and the Western European Leveraged Loan Index (hedged to EUR) was (13.19)% and (14.03)% respectively, while the YTD return to 14 May 2020 was (8.69)% and (7.44)%% respectively. The significant decrease in the share price, Published NAV, Credit Suisse Leveraged Loan Index and the Western European Leveraged Loan Index occurred from the month of March 2020 as the COVID-19 disease spread throughout the world.

Metric	**31 December 2019**	**31 March 2020**	**15 May 2020**
	YTD	**YTD**	**YTD**
Share Price	+18.97%	(39.42)%	(29.43)%
Published NAV	+14.46%	(14.27)%	(14.27)%*
Credit Suisse Leveraged Loan Index	+8.17%	(13.19)%	(8.69)%**
Western European Leveraged Loan Index (hedged to EUR)	+5.03%	(14.03)%	(7.44)%**

* As at 31 March 2020.

** As at 14 May 2020.

The Published NAV referred to above is prepared under a different basis to that used for the IFRS NAV (refer to the Reconciliation of IFRS NAV to Published NAV section above for detail on IFRS NAV policy). IFRS NAVs are prepared on a semi-annual basis for the interim and annual financial statements only. Therefore, it is not possible to provide a like for like comparative as at 31 March 2020.

As explained above, the Portfolio Adviser undertook a detailed, bottom-up review of all c.970 companies within its portfolios to determine the potential impact of COVID-19 on the performance of these businesses. The Portfolio Adviser focused not only on those sectors that have been directly impacted by COVID-19, including hotels, gaming and leisure, transportation, retail, automotive, and energy, but the entire universe of industries within its portfolios. The results of this exercise have allowed the Portfolio Adviser to consider the likely impact on cashflows generated by the Company's investments in directly held CLOs and those held indirectly through BGCF. This impact assessment has enabled the Board and the Portfolio Adviser to assess the sustainability of the Company's dividend in the short-term. The medium- and long-term impacts of the global pandemic remain uncertain. However, in the short-term, rating agency downgrades and corporate defaults of companies within the Portfolio Adviser's portfolios may lead to temporary cashflow diversions away from subordinate note distributions as a result of breaches in interest diversion and/or over-collateralisation ratios within a number of CLOs to which the Company has exposure (through BGCF).

The Portfolio Adviser has already taken numerous steps to seek to mitigate the impact of COVID-19 on the performance of its portfolios and will continue to monitor the rapidly evolving economic environment to identify risks and opportunities.

The Board considered the outbreak of COVID-19 in 2020 to be a non-adjusting event and, therefore, no further adjustments were necessary to these financial statements.

Dividend Policy and Dividends

On 21 January 2020, the Board declared a dividend of €0.025 per Ordinary Share in respect of the period from 1 October 2019 to 31 December 2019 with an ex-dividend date of 30 January 2020. A total payment of €12,013,045 was processed on 28 February 2020.

On 23 April 2020, the Board announced that it decided to adjust its dividend policy for the calendar year 2020 pursuant to the comprehensive discussions between the Board and DFME regarding the portfolio review and uncertain near-term outlook due to COVID-19. In making this decision, the Board took into account the potential impact of COVID-19 while also recognising the importance of dividends to its Shareholders.

The Board announced that the Company has adopted a revised dividend policy targeting a total 2020 annual dividend of between €0.06 and €0.07 per Ordinary Share, which will consist of quarterly payments of €0.015 per Ordinary Share for the first three quarters and a final quarter payment of a variable amount to be determined at that time.

The Board will keep the dividend policy under close review and may adjust the target dividend up or down as the impact of the pandemic unfolds.

On the same day, the Board declared a dividend of €0.015 per Ordinary Share in respect of the period from 1 January 2020 to 31 March 2020 with an ex-dividend date of 30 April 2020. The dividend is payable on 29 May 2020.

BREXIT
On 31 January 2020, the United Kingdom exited the European Union and entered into a transition period up to 31 December 2020. Refer to further details on Brexit in the Risk Overview section.

Appointment of Joint Broker
On 4 March 2020, the Board announced that Winterflood Securities Limited had been appointed as joint corporate broker and joint financial adviser with immediate effect. Winterflood Securities Limited would act alongside Nplus1 Singer Advisory LLP.

Company Information

Directors

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

Registered Office

IFC 1
The Esplanade
St Helier
Jersey
JE1 4BP, Channel Islands

Portfolio Adviser

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

Registrar

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

Administrator / Company Secretary / Custodian / Depositary

BNP Paribas Securities Services S.C.A.
IFC 1
The Esplanade
St Helier
Jersey
JE1 4BP, Channel Islands

Auditor

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

Legal Adviser to the Company (as to Jersey Law)

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

Legal Adviser to the Company (as to English Law)

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

Joint Broker

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

Joint Broker (from 4 March 2020)

Winterflood Securities Limited
The Atrium Building
Cannon Bridge House, 25 Dowgate Hill
London, EC4R 2GA, United Kingdom

Joint Broker (to 30 June 2019)

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

Glossary

"AGM"Glossary	Annual General Meeting
"AIC"	the Association of Investment Companies, of which the Company is a member
"AIC Code"	AIC Code of Corporate Governance 2019
"APMs"	Alternative Performance Measures
"Articles"	the Articles of Incorporation of the Company
"BGCF"	Blackstone / GSO Corporate Funding Designated Activity Company
"BGCF Facility"	BGCF entered into a facility agreement dated 1 June 2017, as amended, between (1) BGCF (as borrower), (2) Citibank Europe plc, UK Branch (as administration agent), (3) Bank of America N.A. London Branch (as an initial lender), (4) BNP Paribas (as an initial lender), (5) Deutsche Bank AG, London Branch (as initial lender), (6) Citibank N.A. London Branch (as account bank, custodian and trustee) and (7) Virtus Group LP (as collateral administrator)
"BGCM LLC"	Blackstone / GSO CLO Management LLC
"BGLC"	Ticker for the Company's C Share Quote
"BGLF" or the "Company"	Blackstone / GSO Loan Financing Limited
"BGLP"	Ticker for the Company's Sterling Quote
"Board"	the Board of Directors of the Company
"CIFU"	Carador Income Fund plc
"CSWs"	Cash Settlement Warrants
"CLO"	Collateralised Loan Obligation
"DFM" or the "Portfolio Manager" or the "Rollover Portfolio Manager"	GSO / Blackstone Debt Funds Management LLC
"DFME" or the "Portfolio Adviser"	Blackstone / GSO Debt Funds Management Europe Limited
"DTC"	Depositary Trust Company
"DTR"	Disclosure Guidance and Transparency Rules
"Discount" / "Premium"	calculated as the NAV per share as at a particular date less BGLF's closing share price on the London Stock Exchange, divided by the NAV per share as at that date
"Dividend yield"	calculated as the last four quarterly dividends declared divided by the share price as at the relevant date
"ECB"	European Central Bank
"ESG"	Environmental, social and governance
"EU"	European Union
"FAFVPL"	Financial assets at fair value through profit or loss
"FCA"	Financial Conduct Authority (United Kingdom)
"Fed"	Federal Reserve
"FRC"	Financial Reporting Council (United Kingdom)
"FVPL"	Fair value through profit or loss
"FVOCI"	Fair value through other comprehensive income
"GSO"	GSO Capital Partners LP
"IDC"	International Data Corporation
"IFRS"	International Financial Reporting Standards
"IFRS 10"	IFRS 10 Consolidated Financial Statements
"IFRS NAV"	Gross assets less liabilities (including accrued but unpaid fees) determined in accordance with IFRS as adopted by the EU
"IMF"	International Monetary Fund
"LCD"	S&P Global Market Intelligence's Leveraged Commentary & Data provides in-depth coverage of the leveraged loan market through real-time news, analysis, commentary, and proprietary loan data
"Loan Warehouse"	A special purpose vehicle incorporated for the purposes of warehousing US and/or European floating rate senior secured loans and bonds
"LSE"	London Stock Exchange
"LTM"	Last twelve months
"Lux Subsidiary"	Blackstone / GSO Loan Financing (Luxembourg) S.à r.l.
"MoM"	Month-over-month
"NAV"	Net asset value
"NAV total return per Ordinary share"	Calculated as the increase / decrease in the NAV per Ordinary share plus the total dividends paid per Ordinary share during the period, with such dividends paid being re-invested at NAV, as a percentage of the NAV per Ordinary share
"NIM"	Net interest margin
"OC"	Overcollateralization
"OCI"	Other Comprehensive Income
"PMIs"	Purchasing Managers' Indices
"PPNs"	Profit Participating Notes
"Published NAV"	Gross assets less liabilities (including accrued but unpaid fees) determined in accordance with the section entitled "Net Asset Value" in Part I of the Company's Prospectus and published on a monthly basis
"Return"	Calculated as the increase /decrease in the NAV per Euro Ordinary share plus the total dividends paid per Euro Ordinary share, with such dividends paid being re-invested at NAV, as a percentage of the NAV per Euro Ordinary share.

	LTM return is calculated over the period January 2019 to December 2019.
"Rollover Assets"	The assets attributable to the Carador Income Fund plc Rollover Shares - a pool of CLO assets from Carador Income Fund plc
"Rollover Offer"	As announced by the Board on 28 August 2018, a rollover proposal to offer newly issued C Shares to electing shareholders of Carador Income Fund plc, in consideration for the transfer of a pool of CLO assets from Carador Income Fund plc to the Company
"RP"	Reinvestment period
"SFS"	Specialist Fund Segment
"UK Code"	UK Corporate Governance Code 2018
"USD"	United States Dollar
"US MOA"	United States Majority Owned Affiliate - Blackstone / GSO US Corporate Funding Limited
"Underlying Company"	A company or entity to which the Company has a direct or indirect exposure for the purpose of achieving its investment objective, which is established to, among other things, directly or indirectly, purchase, hold and/or provide funding for the purchase of CLO Securities
"WA"	Weighted average
"WARF"	Weighted Average Rating Factor
"WAS"	Weighted average spread

The person responsible for arranging for the release of this announcement on behalf of the Company is Melissa Le Cheminant of BNP Paribas Securities Services S.C.A., Jersey Branch, Company Secretary.

IFC1 - The Esplanade - St Helier - Jersey - JE1 4BP
Company Secretary

Tel: +44 (0) 1534 813873

A copy of the Company's Annual Financial Report will be available shortly from the Company Secretary, (BNP Paribas Securities Services S.C.A., Jersey Branch, IFC1, The Esplanade, St Helier, Jersey, JE1 4BP), or will be circulated on the Company's website.

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

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