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 2016

THE INFORMATION CONTAINED WITHIN THIS ANNOUNCEMENT CONSTITUTES INSIDE INFORMATION.

STRATEGIC REPORT
SUMMARY OF KEY FINANCIAL INFORMATION
Net Asset Value

	Year ended 31 December 2016	Year ended 31 December 2015
Net Asset Value ("NAV") (1)	€332,338,320	€325,970,360
NAV per Euro share(1)	€1.0238	€0.9839
Euro share price as at 31 December (last price)(2)	€1.0125	€0.9800
Discount	(1.10%)	(0.39%)
Euro shares in issue at 31 December (3)	324,600,700	331,319,700
Market capitalisation	€328,658,209	€326,032,708

(1) Please refer to Note 15 for reconciliation of NAV to published NAV.

(2) Source: Bloomberg.

(3) Excluding 6,719,000 Euro shares held as Treasury shares as at 31 December 2016.

Dividend History

Whilst not forming part of the investment objective or policy of Blackstone / GSO Loan Financing Limited ("the Company"), dividends will be payable in respect of each calendar quarter, two months after the end of such quarter. During the first two quarters of the year, the Company targeted a dividend of €0.02 a quarter, equating to 8% annualised return (based on a placing price of €1.00 per Euro share), with the expectation of progressive growth. As announced on 2 September 2016, the Company increased this target dividend yield to an annualised rate of €0.10 per share.

Dividends for the Year Ended 31 December 2016

Period in Respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Euro Share
				€
1 Jan 2016 to 31 Mar 2016	20 Apr 2016	28 Apr 2016	20 May 2016	0.0200
1 Apr 2016 to 30 Jun 2016	21 Jul 2016	28 Jul 2016	19 Aug 2016	0.0200
1 Jul 2016 to 30 Sep 2016	20 Oct 2016	27 Oct 2016	18 Nov 2016	0.0250
1 Oct 2016 to 31 Dec 2016	20 Jan 2017	2 Feb 2017	24 Feb 2017	0.0250

Dividends for the Year Ended 31 December 2015

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

Year Highs and Lows

	2016 High	2016 Low	2015 High	2015 Low
	€	€	€	€
Net asset value per Euro share	1.0238	0.9799	0.9953	0.9797
Euro share price (last price)[(2)]	1.0200	0.8450	1.0125	0.9600

Schedule of Investments
As at 31 December 2016

	Nominal Holdings	Market Value	% of Net Asset Value
		€	
All investments held are in Blackstone / GSO Loan Financing (Luxembourg) S.à.r.l ("Lux Subsidiary"):			
Cash Settlement Warrants ("CSWs")	295,083,704	329,213,705	99.06
Shares (2,000,000 Class A and 1 Class B)	2,000,001	2,000,001	0.60
Other Net Assets		1,117,446	0.34
Net Assets Attributable to Shareholders		**332,331,152**	**100.00**

Schedule of Significant Transactions
As at 31 December 2016

Date of transaction	Transaction type	Amount	Reason
		€	
CSWs held by the Company			
13 May 2016	Redemption	8,426,394	To fund dividend
26 May 2016	Redemption	10,000,000	To fund share buyback
16 Aug 2016	Redemption	6,793,446	To fund dividend
14 Nov 2016	Redemption	8,166,598	To fund dividend
01 Dec 2016	Purchase	(3,000,000)	Reinvestment of monies remaining from share buyback programme
23 Dec 2016	Purchase	(15,000,000)	Investment of monies received from redemption of BGCF Class B2 shares
PPNs held by the Lux Subsidiary			
27 May 2016	Redemption	10,000,000	To fund share buyback
01 Dec 2016	Purchase	(3,000,000)	Reinvestment of monies remaining from share buyback programme

23 Dec 2016	Purchase	(15,000,000)	Investment of monies received from redemption of BGCF Class B2 shares

CHAIR'S STATEMENT

Dear Shareholders,

Before the market could fully wind down for the holiday season, there were still several important hurdles to clear in December, including key central bank meetings and important political events. The markets certainly passed the Italian referendum test, though largely priced in, and the Austrian election went against the recent populist trend. We received the second Fed rate hike since the financial crisis and the European Central Bank's ("ECB") tapering announcement kept the bond market on its toes. Inflationary pressures are rising; input and output prices are accelerating which, coupled with the oil rally, are putting upward pressure on the Consumer Price Index. Persisting rate volatility will be an important market theme in 2017, in our view.

Performance was strong across the board in the credit market. US senior loans returned 9.88%, registering the best year since 2010. High yield bonds outperformed senior loans, returning 18.37% - their best year since 2009. The risk-on trade clearly rewarded investors in 2016.

The European speculative-grade markets closed 2016 on a solid note but lagged their US counterparts after outperforming in 2015. European loans gained 6.52% and European high yield bonds returned 9.63% over the year. Despite the region's underperformance, returns have been remarkably consistent.

Net Asset Value ("NAV")

The Company delivered a total NAV return per Euro share of 13.28% in 2016, finishing the year with a NAV per Euro share at €1.0238.

The Company paid four dividends in respect of the reporting period ended 31 December 2016, equating to an 8.5% return (based on a placing price of €1.00). Details of all dividend payments can be found within the Summary of Key Financial Information section at the front of this Annual Report.

The Company increased its target dividend per share on 2 September 2016 to a €0.025 quarterly dividend, with the first increase reflected in the dividend payment made on 18 November 2016.

Discount Management

The Euro shares finished the year at a discount to NAV of 1.10%. As a Board, we regularly weigh the balance between maintaining liquidity of the Euro shares and the desire of Shareholders to see the Euro shares trade as closely as possible to their intrinsic value.

On 1 June 2016 the Board announced that it would be buying back shares in the market with a view to reducing the discount. It did so under the general authority conferred by the Company's Shareholders at its Annual General Meeting on 18 June 2015. The purchased shares were held in treasury. Further details on the share repurchase programme can be found in the Executive Summary.

Placing Programme 2016 - 2017

On 31 March 2016, the Company published a prospectus in connection with a 12-month placing programme. In response to demand from investors, the Company announced, on 21 February 2017, its intention to issue new Euro shares in the Company. The placing occurred through the Company's joint brokers, Fidante Partners Europe Limited and Nplus1 Singer Advisory LLP (together the "Joint Brokers"), and a total of 71,380,746 Euro shares were issued. All Euro shares were admitted to trading on The International Stock Exchange ("TISE") (formerly the Channel Islands Securities Exchange) and to trading on the Specialist Fund Segment of the London Stock Exchange on 10 March 2017. The Company subsequently issued a further two million Euro shares.

The Directors continue to monitor ongoing demand for the Company's shares and will look to issue further Euro shares when circumstances permit.

Sale of Treasury Shares

On 29 March 2017, the Company sold 6,719,000 Euro shares held in treasury. Following sale of the Euro shares held in treasury, the Company had 404,700,446 Euro shares in issue with no shares in treasury.

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 30 Board meetings and 27 Committee meetings. In addition, as can be seen from the corporate activity during the year, the Board and its advisers have worked hard to ensure the continued success and growth of the Company in order to allow it to be in the best position to take advantage of all appropriate opportunities.

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

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

The Board works closely with Blackstone / GSO Debt Funds Management Europe Limited (the "Adviser") in monitoring Blackstone / GSO Corporate Funding Designated Activity Company ("BGCF") to achieve a high standard of governance.

Shareholder Communications

During 2016, working with our Adviser and Joint Brokers, we have continued our programme of engagement with current and prospective Shareholders. I sincerely hope that you found the monthly factsheets and other information valuable. We are always pleased to have contact with Shareholders and we welcome any opportunity to meet with you and obtain your feedback.

Brexit

As the Company is incorporated under the laws of Jersey, and its functional currency is Euro, it is not anticipated that the triggering of Article 50 by the United Kingdom to exit the European Union ("Brexit") will have a significant impact on the Company's operations in the short term. However, it is acknowledged that Brexit could have macro-economic implications in due course and, as such, the potential impact of outcomes from Brexit negotiations will be carefully monitored to identify and mitigate any potential negative ramifications for the Company.

Prospects and Opportunities in 2017

Looking towards 2017 there continues to be some macro themes that may affect the global credit markets. I consider central bank action to be one of the significant factors driving markets, and any outsized change in major economy interest rates could trigger a ripple effect across asset prices.

The Board believes that senior secured loans in the US and Europe still offer attractive risk adjusted yields. Over the last three years, senior secured loans have experienced lower volatility returns compared to high yield bonds, and have strong downside protection.[(4)]

The Board is pleased that the Company is well positioned in its exposure to loans and CLOs through its investment in BGCF.

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

Charlotte Valeur
Chair
25 April 2017

4 Source: CS Suisse Western European Leveraged - First Lien Loan Index, CS Leveraged Loan Index, CS Western European High Yield Index, CS US High Yield Index as at 31 December 2016.

ADVISER'S REVIEW
Investment Adviser's Report for year ended 31 December 2016

We are pleased to present our review of 2016 and outlook for 2017.

During the year, the Company delivered a total NAV return per Euro share of 13.28% and increased its annual target dividend to €0.10 per share from €0.08 per share.

In addition, BGCF mandated three CLO transactions and retained €99 million par value of CLO Income Notes of these transactions, bringing the total of the retained CLO Income Note portfolio to €294 million par value.

Bank Loan Market Overview [5]
The European senior loan market returned 6.52% in 2016 as the chase for yield in European credit markets continued. Lower-rated loans outperformed again, with the Lower Tier (CCC, Split CCC and Default) of the Credit Suisse Western European Leveraged Loan Index ("CS European Loan Index"), returning 36.43% while Middle Tier loans (Split BB, B and Split B) and Upper Tier loans (Split BBB and BB) gained 6.44% and 5.11% respectively.

New-issue volume reached €71 billion surpassing 2015's volume of €63 billion. While gross new-issue volume appears high, almost €30bn relates directly to repriced loans. The lack of new, net paper hitting the market, coupled with strong liquidity from rising repayment levels and healthy CLO issuance, has continued to support secondary levels and compressed spreads in the primary market.

As quarterly repayments rose to a two and a half year high of €13.7 billion, the bid in the secondary market was well supported by investors looking to deploy capital. The CS European Loan Index closed the year at a 19-month high of 97.58. The 3-year discount margin tightened 9bps to 522bps, a 16-month low and more than 100bps below the February highs. The secondary rally was more pronounced in high yield, where the CS Western European High Yield Index climbed 60bps to 100.35, over 7 points higher than the February lows. Spread compression and a back-up in rates, however, have many participants cautious on the 2017 outlook for the asset class.

Corporate fundamentals continue to be supportive. In 2016 we saw an uptick in first-lien issuance used to take out second-lien debt, resulting in an increase in first-lien leverage from 4.25x to 4.45x while total leverage marginally fell from 4.96x to 4.93x. The average equity cushion is rising for European LBO transactions, which provides some reassurance for investors. Indeed, the average equity contribution in 2016 was 49.19%, compared with 43.18% for 2015 deals.

CLO Market Overview [6]
With an impressive end to the year, global CLO issuance surpassed the 2016 issuance projections. The US market saw $72 billion of issuance through 156 CLOs, versus 2015's $98.7 billion through 191 CLOs. In Europe, CLO managers issued €16.8 billion through 41 transactions, which not only surpassed the €13.8 billion / 34 deals issued in 2015 but also represented the third highest year of issuance since 2001. Strategists anticipate 2017 CLO issuance to remain in line with 2016 and generally forecast $50-75 billion of issuance in the US and €15-20 billion in Europe.

In addition to primary issuance, the CLO market was vigorously working to refinance and reset outstanding deals. During 2016, refinancing / reset volume totalled $42.4 billion in the US and €3.6 billion in Europe. Activity was heavily weighted to the fourth quarter, where 77% of US and 92% of European transactions occurred.

CLO liability costs generally tightened across both the US and European primary market throughout the year. New issue AAA spreads reached Libor + 141bps in the US and Euribor + 96bps in Europe by year-end. In the secondary market, CLO equity valuations increased significantly, with the average US CLO post-crisis equity price gaining 135% and average European post-crisis equity up 8.8% in 2016. Discount Margins ("DMs") also tightened globally across the capital structure, with both US and European post crisis CLO tranches trading at or near their 52-week lows.

Portfolio Update
During 2016, BGCF invested in €2.04 billion of loans and established three European CLOs, from which it retained a total €99 million par value of CLO Income Notes. In addition to this, BGCF invested in two USD warehouses and took a minority piece of the equity in one USD CLO.

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

	Closing Date	Currency	Deal Size	BGCF Position *(% of Tranche)*	Distributions through Last Payment Date Ann.	Cum.
Phoenix Park	Jul 14	EUR	€413m	51.4%	17.2%	39.0%
Sorrento Park	Oct 14	EUR	€517m	51.8%	18.8%	39.2%
Castle Park	Dec 14	EUR	€415m	100.0%	17.0%	31.1%
Dorchester Park	Feb 15	USD	$509m	60.9%	21.0%	34.6%
Dartry Park	Mar 15	EUR	€411m	51.1%	17.6%	28.5%
Orwell Park	Jun 15	EUR	€415m	51.0%	18.1%	24.9%
Tymon Park	Dec 15	EUR	€414m	51.0%	18.3%	15.5%
Elm Park	May 16	EUR	€558m	82.4%	17.3%	6.8%
Griffith Park	Sep 16	EUR	€454m	59.5%	n/a	n/a
Clarinda Park	Nov 16	EUR	€415m	51.2%	n/a	n/a

As at 31 December 2016, the portfolio was invested in line with BGCF's investment policy, diversified across 64 issuers held through the direct loan portfolio, 439 issuers through the CLO portfolio, and across 18 countries and 28 different industries. No individual borrower represented more than 2% of the overall portfolio.

Key Portfolio Statistics[7]

	BGCF Direct Loan Portfolio	BGCF Indirect Loans /CLO Portfolio
BGCF Net Assets	€118.3m	€214.0m
% of the Company's NAV	35.6%	64.4%
Number of Issuers	64	439
Senior Secured Loans / Notes	100.0%	99.5%
Floating Rate	95.9%	97.8%
Weighted Average Spread (including impact of Floors)	4.38%	4.53%
Weighted Average Loan MTM	100.0%	99.5%

Top 10 Holdings[7]

Asset	% of Portfolio
Eircom	1.92
Numericable Finance	1.85
Euro Garages	1.65
Ziggo Finance BV	1.64
Capio Sanidad	1.53
Ineos	1.36
Verallia	1.36
Concordia	1.35
Wind Acquisition	1.26
Labco / Synlab	1.25

Top 5 Industries[7]

Industries	% of Portfolio
Healthcare and Pharma	13.81
Hotel, Gaming and Leisure	8.71
Business Services	8.34
Broadcast and Subscription	6.91
Chemical, Plastic and Rubber	6.70

Top 5 Countries[7]

Countries	**% of Portfolio**
US	25.07
UK	15.59
France	12.81
Germany	9.79
Netherlands	7.78

Outlook

We believe the most important theme for the European credit markets is the overwhelmingly strong technical backdrop. We continue to see strong institutional inflows into managed accounts and appetite for CLO liabilities from investors remains robust. With volatility in rates, we think sponsors may favour issuance in the loan market and we have already seen an increased preference for loans over bonds.

Over the course of 2016, central banks, particularly those in Europe, added significantly to their monetary accommodation. The ECB and Bank of England lowered rates and instituted corporate bond buying programs, in addition to other measures. In turn, this kept sovereign yields low across the curve and deepened the bid for higher yield products like senior loans and high yield bonds. Furthermore, the central banks are participating in the corporate bond market directly as opposed to limiting their influence to indirect measures such as low interest rates that incentivise investors to take more risk. Through 2016, the ECB purchased €51.2bn of corporate bonds. The Bank of England also launched its own corporate bond program in September.

Over the medium term we expect the strong technicals to continue to support valuations in the European credit markets but we are monitoring developments that could disrupt this calm. Central banks have acknowledged the limits of an extraordinary monetary policy. For example, negative interest rates may be impairing the financial sector's ability to aid the economy's recovery. In addition, central banks are running low on sufficiently high-quality assets to purchase. Outside of monetary policy, the political landscape remains highly uncertain with Britain having notified the European Union of its intention to leave the Union, followed by UK, French, German and Dutch elections in 2017.

In the meantime we believe senior loans are well positioned, providing investors with yield and relative performance stability. High yield bonds should also continue to benefit from negative interest rates but provide yields similar to senior loans with more risks, in our view.

Risk Management

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

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

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

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

Blackstone / GSO Debt Funds Management Europe Limited
25 April 2017

(5) Source: S&P LCD, Credit Suisse.

(6) Source: JPMorgan, S&P/LCD, Wells Fargo.

(7) As at 31 December 2016.

EXECUTIVE SUMMARY

Principal Activities

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

The Company's share capital consists of an unlimited number of shares. As at 31 December 2016, the Company's issued share capital consisted of 324,600,700 Euro shares and 6,719,000 Euro shares held in treasury ("Treasury shares").

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. The Company also holds 295,083,704 Class B Cash Settlement Warrants (the "CSWs") issued by the Lux Subsidiary.

On 20 December 2016, the 15 Class B2 shares held in BGCF were redeemed. The proceeds were invested in new CSWs issued by the Lux Subsidiary and subsequently in new PPNs issued by BGCF. Please refer to the Schedule of Significant Transactions above for further details.

Significant Events during the Year

Change of administrator

BNP Paribas Securities Services S.C.A. (the "Administrator", the "Company Secretary", the "Custodian") took up their appointment as administrator, company secretary and custodian to the Company on 1 January 2016 replacing State Street Fund Services (Jersey) Limited and State Street Custodial Services (Jersey) Limited.

Finalisation of the Luxembourg restructure

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

i. In the first tranche the Company transferred Euro PPNs with a principal amount of €2,011,299 (together with any accrued but unpaid interest) in consideration for 1,980,000 Class A shares and 1 Class B share in the Lux Subsidiary;

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

Amendments to the Company's Investment Objective and Policy

On 29 February 2016, the Company's Shareholders approved amendments to the Company's Investment Objective and Policy. The amendments provide the Company greater flexibility by:

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

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

Publication of Prospectus and Supplementary Prospectus

On 29 February 2016, the Company's Shareholders approved the disapplication of pre-emption rights for the issue of up to 500 million shares by the Company without having previously offered such shares to Shareholders on a pre-emptive basis.

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

On 25 April 2016, the Company published a Supplementary Prospectus following the publication of the Company's and BGCF's annual report and audited financial statements for the year ended 31 December 2015.

Share Repurchase Programme
On 1 June 2016, the Company announced that, under the general authority to buy back shares as conferred by the Company's Shareholders at its Annual General Meeting on 18 June 2015, it intended to buy back shares in the secondary market using available cash.

The table below outlines the shares repurchased during the year ended 31 December 2016:

Date	Number of Euro shares	Price per Euro share
		€
1 June 2016	1,300,000	0.9150
10 June 2016	1,000,000	0.9369
15 June 2016	2,200,000	0.9400
22 June 2016	2,219,000	0.9419

The total cost of the above-mentioned share repurchases was €6,284,476.

Adoption of New Articles of Association
On 29 February 2016 and 29 June 2016, the Company's Shareholders approved new Articles of Association in substitution for, and to the exclusion of, the existing Articles of Association. The administrative changes allowed the Directors (at their discretion) to determine that the Annual Report and Half Yearly Report of the Company shall be published on a website notified to Shareholders with effect from 29 February 2016 rather than being sent by post. In addition, other amendments were made to the existing Articles which are intended to reflect recent legislative amendments to the Companies Law.

The amendments made also included provisions to:

i. enable the establishment of separate accounts as between different classes of Shares (as contemplated in the prospectus of the Company dated 31 March 2016);

ii. permit the conversion of shares of one class to another class; and

iii. permit borrowings by the Company and its subsidiary pursuant to intragroup loan arrangements from time to time.

Additional Investment
In December 2016, the Company further invested in the Lux Subsidiary through the purchase of an additional 18 million CSWs at a cost of €18 million. This investment was funded from the €15 million received from the cancellation of the 15 Class B2 shares in BGCF and €3 million of unused funds from the share repurchase programme. The Lux Subsidiary simultaneously made an additional investment in PPNs issued by BGCF for an amount of €18 million.

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

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

Investment Policy
Overview

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

The Risk Retention Companies will use the proceeds from the issue of the profit participating instruments (or similar securities) together with the proceeds from other funding or financing arrangements it has in place currently or may have in the future to invest predominantly in: (i) senior secured loans, CLO Securities and Loan Warehouses; or (ii) other Risk Retention Companies which, themselves, invest predominantly in senior secured loans, CLO Securities and Loan Warehouses. The Risk Retention Companies may invest predominantly in European or US senior secured loans, CLO Securities, Loan Warehouses and other assets in accordance with the investment policy of the Risk Retention Companies. Investments in Loan Warehouses, which are generally expected to be subordinated to senior financing provided by third-party banks ("First Loss"), 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 Risk Retention Companies are not expected to invest substantially directly in senior secured loans domiciled outside North America or Western Europe.

Investment Limits and Risk Diversification

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

The Risk Retention Companies may periodically securitise a portion of the loans into CLOs which may be managed either by such Risk Retention Company itself, by Blackstone / GSO Debt Funds Management Europe Limited ("DFME") or GSO / Blackstone Debt Funds Management LLC ("DFM") (or one of their affiliates), in its capacity as the CLO Manager. The Risk Retention Companies will retain exposures of each CLO, which may be held as:

i. 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

ii. 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 US risk retention rules, the retention by a Risk Retention Company may be structured as a combination of horizontal strip and vertical strip.

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

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

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

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

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

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

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

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

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

CLOs in which a Risk Retention Company may hold CLO Securities or Loan Warehouses in which a Risk Retention Company may invest are also expected to have certain other criteria and limits, which may include:

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

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

Company Borrowing Limit

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

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

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

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

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

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

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

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

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

Principal risk	Mitigant
Investment A key risk to the Company is an economic downturn along with continued political uncertainty could negatively impact global credit markets and the risk reward characteristics for CLO structuring which could result in a reduced number of suitable investment opportunities and/or lower shareholder demand.	Market events and political uncertainty poses a risk to capital for any asset class which by their nature (and outside efficient portfolio management by the Adviser) may not have any mitigating factors. The Board receives regular updates from the Adviser on the developments and overall health of the loan and CLO market. The Board takes comfort that a sufficient number of CLOs have been established by BGCF, the income from which should enable the Company (through its investment in the Lux Subsidiary) to cover its running costs and dividend policy for the foreseeable future.
Investment The Company holds one investment comprising CSWs in the Lux Subsidiary which in turn holds PPNs in BGCF. BGCF has also issued PPNs to third-party investors whose redemption requests could impact the level of cash available for distributions by BGCF, which could restrict the Company's ability to meet return targets and settle its obligations in full as they fall due.	Third-party investors in BGCF invest via limited liquidity funds that have restricted rights of redemption, severe penalties for redemption outside of BGCF's minimum five year 'lock-in' investment period and restricted timing of settlement of redemption proceeds. These measures ensure remaining investors will not be negatively impacted by redemptions. Third-party capital in BGCF is invested via drawdown funds whereby commitments are deployed only when investment opportunities present in the market. The drawdown nature of third-party capital mitigates the risk to the Company's return on investment. In addition, the Company's right to a return on investment ranks pari-passu to that of other investors.
Regulatory, legal, tax and compliance The Company, the Lux subsidiary and the underlying CLOs to which the Lux subsidiary is exposed, are subject to laws and regulations across multiple jurisdictions. This poses a risk to the Company in that the introduction of new laws and regulations, or changes to existing laws and regulations, may negatively impact or invalidate its structure, investment policy, tax efficiency or attractiveness to investors.	The Board retains the services and receives regular updates from its Adviser and other legal, accounting and tax specialists on any potential changes to or reinterpretation of existing laws and regulations to ensure their accurate implementation. Furthermore, the Board and Adviser believe that if a change or unfavourable interpretation of retention rules were to occur, the current investment structure has sufficient flexibility to allow proposals to be put to Shareholders such that it could continue to allow investment in senior secured loans whilst retaining compliance with applicable rules and regulations.
Operational The Company has no employees, systems or premises and is reliant on its Adviser and service providers for the delivery of its investment objective and strategy. Failure in delivery could be as a result of a number of factors including, but not limited to, poor investment decisions, poor due diligence on initial investment, loss of key portfolio managers and other operational risks	The day-to-day operations and functions of the Company have been delegated to third-party service providers who are subject to oversight of the Board. All the service providers of the Company are selected on their expertise and ability to carry out their respective functions. Annual monitoring of the service providers is carried out by the Management Engagement Committee

including cyber security breaches and conflicts of interest.

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

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

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

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

Key Performance Indicators

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

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

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

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

The NAV total return per Euro share has increased by 21.58% from inception.

ii. Quarterly dividends

The Company targeted a dividend in respect of the period from 1 January 2015 to 30 June 2016 equating to an 8% annualised return and thereafter 2.5% a quarter equating to a 10% annualised return (in each case, based on a placing price of €1.00 per share).

In respect of the period from 1 July 2016 to 31 December 2016 the Company paid a dividend of €0.025 per quarter (equivalent to a 10% annualised return).

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

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

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

Future Developments

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

Management Arrangements

The Company is a self-managed company. DFME acts as Adviser to the Company and, pursuant to the Advisory Agreement, provides advice and assistance to the Company in connection with its subscriptions in the CSWs. BNP Paribas Securities Services S.C.A. acts as Administrator, Company Secretary and Custodian to the Company.

The Board and Employees

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

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

Environmental, Employee, Social, Community and Human Rights Matters

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

Going Concern

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

The Directors have assessed the prospects of the Company over the four-year period to 24 April 2021. As detailed below, in determining this period, the Directors have considered the impact that various severe scenarios might have on the Company's cash flow and its ability to meet its liabilities. The Directors have also considered the market conditions, the Company's current position, investment objective and strategy, the performance of the Adviser and the principal risks of the Company as detailed in the Executive Summary.

BGCF's portfolio comprises the following categories of investments: (i) CLO Debt and CLO Income Notes securitised by BGCF, (ii) a portfolio of predominantly senior secured loans and (iii) preference shares. The CLO investments in the portfolio have a non-call period of approximately two years and cannot be redeemed until these expire.

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

The Directors also considered the other principal risks concerning unfavourable changes to global credit markets, including political risks and that of Brexit, or regulatory, legal, tax and other compliance risks and the failure of service providers, especially that of the Adviser. Whilst each of these risks are a principal risk and could have an impact on the long term sustainability of the Company, the Directors concluded that each was sufficiently mitigated and would therefore not impact the viability of the Company over a four-year period.

On the basis of the above, 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 four-year period of their assessment. However, it is worth noting that there is no intention for the life of the Company to be limited to this four-year period.

Director Biographies

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

Charlotte Valeur
Position: Chair of the Board and of the Remuneration and Nomination Committee

Date of appointment: 13 June 2014

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

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

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

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

Philip Austin MBE
Position: Director

Date of appointment: 13 June 2014

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

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

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

Gary Clark, ACA
Position: Chair of the Audit Committee and NAV Review Committee

Date of appointment: 13 June 2014

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

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

Joanna Dentskevich
Position: Chair of the Risk Committee

Date of appointment: 13 June 2014

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

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

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

Directors' Report

The Directors present the annual report and audited financial statements for the Company for the year ended 31 December 2016.

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

Share Capital
The Company's share capital consists of an unlimited number of shares. As at 31 December 2016, the Company's issued share capital consisted of 324,600,700 Euro shares excluding 6,719,100 Treasury shares (31 December 2015: 331,319,700 Euro shares).

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

Under this authority, from 1 June 2016 to 23 June 2016, the Company has repurchased 6,719,000 Euro shares for a total cost of €6,284,476.

At the 2016 AGM, held on 29 June 2016, the Directors were granted authority to repurchase 48,657,645 Euro shares (being equal to 14.99% of the aggregate number of Euro shares in issue at the date of the AGM) for cancellation or to be held as treasury shares.

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

Shareholders' Interests
As at 31 December 2016, 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 that had an interest of greater than 5% in the Company's issued share capital:

	Percentage of Voting Rights
BlackRock Inc	17.24%
Old Mutual Plc	15.40%
Blackstone Treasury Asia Pte Ltd	15.40%

FIL Limited	7.16%
CCLA Investment Management Ltd	5.10%
Seven Investment Management LLP	5.06%

Between 31 December 2016 and 24 April 2017, the following notifications were received:

	Percentage of Voting Rights
Seven Investment Management LLP	4.91%
BlackRock, Inc.*	13.05%
Old Mutual Plc	14.79%
BlackRock, Inc.**	16.94%

* Notification received on 13 February 2017
** Notification received on 7 March 2017

Statement of Disclosure of Information to the Auditor

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

Greenhouse Gas Emissions

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

Events since Year End

Dividends

On 20 January 2017, the Company declared a dividend of €0.025 per Euro share in respect of the period from 1 October 2016 to 31 December 2016. This dividend was paid on 24 February 2017 to Shareholders on the register as at the close of business on 3 February 2017.

On 24 April 2017, the Company declared a dividend of €0.025 per Euro share in respect of the period from 1 January 2017 to 31 March 2017. This dividend will be paid on 26 May 2017 to Shareholders on the register as at the close of business on 5 May 2017, and the corresponding ex-dividend date will be 4 May 2017.

Placing under Placing Programme

On 21 February 2017, the Company announced its intention to issue new Euro shares in the Company in response to current demand from investors, under the placing programme by way of a placing of new shares, as detailed in the Company's Prospectus dated 31 March 2016.

On 3 March 2017, the Company announced that the placing had closed, raising €72.8 million (before costs and expenses) through the issue of 71,380,746 new Euro shares of no par value at a price of €1.02 per share. The placing price represented a premium of approximately 2% to the unaudited NAV of 31 January 2017, adjusted for the dividend declared on 20 January 2017, which was for the period from 1 October 2016 to 31 December 2016.

On both the 8 March 2017 and the 14 March 2017, the Company announced that it had issued 1,000,000 new Euro shares of no par value at a placing price of €1.03 per share raising €1.03 million (before costs and expenses) to satisfy continued investor demand. The placing price represented a premium of approximately 3% to the unaudited NAV as at 31 January 2017, which was for the period from 1 October 2016 to 31 December 2016.

On 29 March 2017, the Company announced the sale of 6,719,000 Euro shares out of treasury at a price of €1.0304 per share. The sale raised gross proceeds of €6,923,258 and settlement took place on 31 March 2017.

All Euro shares issued subsequent to 31 December 2017 will be eligible for the dividend payable in respect of the period from 1 January 2017 to 31 March 2017.

Charlotte Valeur

Chair

25 April 2017

Corporate Governance Report

Statement of Compliance with Corporate Governance

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

However, recognising the importance of sound corporate governance, the Board has voluntarily committed to comply with both the UK Code and the AIC Code of Corporate Governance for Jersey-domiciled member companies as published by the Association of Investment Companies in July 2016 (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide").

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

The Board can therefore confirm that during the year ended 31 December 2016, the Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code as detailed below.

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

i. The role of the Chief Executive;
ii. Executive directors' remuneration; and
iii. The need for an internal audit function.

The Company will provide details in the future if it considers them to be relevant.

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

The Board

The Board consists of four non-executive directors, the biographies of whom can be found in the Director Biographies section.

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

Duties and Responsibilities

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

i. Statutory obligations and public disclosure;
ii. Strategic matters and financial reporting;
iii. Risk assessment and management including reporting, compliance, governance, monitoring and control; and
iv. Other matters having a material effect on the Company.

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

Board Attendance

The following table shows the number of meetings held by the Board and each committee for the year ended 31 December 2016, as well as the number of attendances at each meeting.

Meeting	Total	Charlotte Valeur	Philip Austin	Gary Clark	Joanna Dentskevich
Quarterly Board	**4**	4	4	4	4
Ad-hoc Board	**26**	17	20	23	24
Audit Committee	**6**	6	6	6	5
Management Engagement Committee	**2**	2	2	2	2
NAV Review Committee	**12**	3	8	10	10
Remuneration and Nomination Committee	**3**	3	3	3	3
Risk Committee	**4**	4	4	4	4

Chair

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

Board Independence

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

The Directors consider that there are no factors, as set out in principle 1 or 2 of the AIC Code, which compromise their independence, other than stated above, and that they all contribute to the affairs of the Company in an adequate manner. The Board reviews the independence of all Directors annually. The Company Secretary 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 Company Secretary and a meeting with the Adviser; and
- A feedback session with the Directors.

The interviews were conducted by means of a questionnaire which established the views of Directors on a number of issues associated with Director and Board effectiveness. The interviews collected both quantitative and qualitative data and were conducted on a confidential basis.

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 effective risk oversight; review its governance arrangements; and to understand the legal and regulatory context within which it operates.

The evaluation 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 bought to the attention of Shareholders.

Committees of the Board

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

Audit Committee

The Audit Committee comprises all Directors, with the exception of Mr Austin, and is chaired by Mr Clark.

Mr Austin has the right to attend all Audit Committee meetings. The terms of reference state that the Audit Committee will meet not less than three times a year and will meet the Auditor at least once a year. The report on the role and activities of this committee and its relationship with the Auditor is contained in the Audit Committee Report.

Management Engagement Committee

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

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

NAV Review Committee

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

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

Remuneration and Nomination Committee

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

The terms of reference state that the Remuneration and Nomination Committee will meet not less than twice a year and shall be responsible for all aspects of the appointment and remuneration of Directors. The remuneration duties of the committee include determining and agreeing with the Board the framework or broad policy for the remuneration of the Directors and 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 on the Board, as well as identifying, nominating and recommending, for approval of the Board, candidates to fill Board vacancies as they arise.

Director Re-Election and Tenure

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

Risk Committee

The Risk Committee comprises all Directors and is chaired by Joanna Dentskevich.
The terms of reference state that the Risk Committee shall meet at least four times a year. The activities of this committee are outlined in the Risk Committee Report.

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

Internal Controls
The Board has applied principle 15 of the AIC Code by establishing a continuous process for identifying, evaluating and managing the significant risks that the Company faces and as such regularly reviews the process put in place from the start of the reporting period to the date of approval of this report. The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

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

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

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

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

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

The Company has appointed Fidante Partners Europe Limited (trading as Fidante Capital) and Nplus 1 Singer Advisory LLP as its Joint Brokers. Together with these parties, the Adviser assists the Board in communicating with the Company's major Shareholders.

On 9 June 2016, the Company appointed BNPP as its depositary for the purposes of Article 36 of the Alternative Investment Fund Managers Directive ("AIFMD").

Risk Committee Report

Membership

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

Key Objectives

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

Responsibilities

During 2016, 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 ensure a risk register documenting identified risks, their mitigants, likelihood and impact is maintained, reviewed regularly by the Board with action points and newly identified risks being appropriately dealt with;
- 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 2016, the Risk Committee met on four occasions to consider: risk reporting and monitoring, including the risk register; newly identified risks, their impact and required mitigants; the integration of any new service provider such as our Administrator and Depositary; the Board's risk appetite; and Principal Risks and Viability Statement.

Risk Monitoring

Being internally managed, the Company is responsible for both portfolio and risk management. However, due to the nature of the investment and the limited ability to look through, traditional market and credit risk techniques do not apply at the Company level.

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.

During the year, our auditors carried out a review of DFME's operating and control framework outlining their business structure, governance (including compliance monitoring), roles and responsibilities and a detailed description of the key control procedures. This was done at our request to obtain further assurance on the soundness of both DFME's control environment and the reporting received, partly due to the Luxembourg restructuring and amendments to the Company's Investment Objective and Policy, as stated in the Executive Summary. This document will form part of the basis of the Directors' due diligence visit to DFME planned for 2017.

Risk Register and Risk Appetite Statement

The Risk Committee has also spent time introducing a methodology that will allow the Board to relate its significant residual risks to their potential impact on the Company's strategy, the relevance and effectiveness of the mitigants in place and the Company's risk appetite.

The result of this work has been the Risk Appetite Statement which, whilst still in development, is now being used to drive the Risk Committee agenda, aid identification of new risks and areas needing further attention and for ongoing consideration of Principal Risks. This oversight has certainly helped highlight key concerns around the integration of the structural and investment objective changes into all our service provider's processes, controls and reporting.

Conclusion

In 2016, the Company's second full year of operation, the Committee, with the support of its advisors and Administrator, worked hard to ensure all the progress made during the year was successfully and fluidly integrated into day-to-day processes.

Joanna Dentskevich
Risk Committee Chair
25 April 2017

Statement of Directors' Responsibility

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

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

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

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

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

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

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

- The financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities and financial positions of the Company as at 31 December 2016, and its profits for the year then ended;
- The Strategic Report and the Directors' Report include a fair review of the information required by DTR 4.1.8 (indication of important events up to 31 December 2016 and a description of principal risks and uncertainties);
- The Strategic Report and the Directors' Report include a fair review of the information required by DTR 4.1.9 and 4.1.10 (analysis of the development and performance of the Company aided by the use of key performance indicators; and, where appropriate, information relating to environmental factors);
- The Strategic Report and the Directors' Report include a fair review of the information required by DTR 4.1.11 (disclosure of important events that have occurred after 31 December 2016; future developments; financial risk management objectives and policies and Company exposure to price, credit, liquidly and cash flow risk); and
- The annual report and financial statements, taken as a whole, provide the information necessary to assess the Company's performance, position, business model and strategy and are fair, balanced and understandable.

Charlotte Valeur **Gary Clark**

Chair Audit Committee Chair

25 April 2017

Directors' Remuneration Report
Dear Shareholder,

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

Directors' Remuneration
The Directors' remuneration for the year is as follows:

	Annual Fee	Additional Fee	Total fee for the year ended 31 December 2016	Total fee for the year ended 31 December 2015
	£	£	£	£
Ms Charlotte Valeur	50,000	10,000	60,000	50,000
Mr Philip Austin	35,000	10,000	45,000	35,000
Mr Gary Clark	35,000	15,000	50,000	40,000
Ms Joanna Dentskevich	35,000	15,000	50,000	40,000
Total Directors' Remuneration			**205,000**	**165,000**

Mr Clark and Ms Dentskevich receive an additional fee of £5,000 for the additional responsibilities and time commitment involved in chairing the Audit and Risk Committees respectively.

The Directors received a one off payment fee of £10,000 each (31 December 2015: £Nil) due to the additional work carried out during the year as a result of the Luxembourg restructuring and the publication of the prospectus.

Directors' remuneration is payable quarterly in arrears in Sterling.

No other remuneration 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.

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

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

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

In addition, the Remuneration Policy allows for up to £5,000 per Director per year for reasonable travelling, hotel and other expenses incurred in the course of performing their duties or from their performance of a special service on behalf of the Company.

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

Directors' Interests
The Directors held the following number of Euro shares in the Company:

	As at 31 December 2016	As at 24 April 2017
Charlotte Valeur	-	11,500
Philip Austin	-	-
Gary Clark	53,700	73,700
Joanna Dentskevich	-	-

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

Charlotte Valeur
Remuneration and Nomination Committee Chair
25 April 2017

Audit Committee Report
The Audit Committee comprises all Directors with the exception of Mr Austin. The Chair of the Audit Committee has recent and relevant financial experience in accounting. The Audit Committee as a whole has competence relevant to the sector in which the Company operates.

In addition to these formal meetings, the Audit Committee has worked with the Adviser and Auditor to document and assess the operations and controls of BGCF 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 Auditors, the Adviser and the Administrator around the annual audit process and both the Company's and BGCF's reporting and control of expenditure.

Role of the Audit Committee
The function of the Audit Committee is to ensure that the Company maintains high standards of integrity, financial reporting and internal controls.
The Audit Committee's main roles and responsibilities include, but are not limited to, the following:

i. Monitoring the integrity of the financial statements;
ii. Report to the Board on any significant financial reporting issues and judgements;
iii. Reviewing and monitoring the effectiveness of the Company's risk management and internal control arrangements;
iv. Monitoring the statutory audit of the annual accounts of the Company and its effectiveness;
v. Reviewing the external auditor's performance, independence and objectivity;
vi. Making recommendations to the Board in relation to the appointment, re-appointment and/or removal of the external auditor, the approval of the external auditor's remuneration and the terms of the engagement;
vii. Implementing policies surrounding the engagement of the external auditor to supply non-audit services, where appropriate;
viii. Reviewing and challenging where necessary significant accounting policies and practices; and
ix. Reporting to the Board on how it has discharged its responsibilities.

How the Audit Committee Has Discharged Its Responsibilities
The Audit Committee met six times during the year. Representatives of the Company's Auditor and the Administrator were invited to the meetings as appropriate.

Monitoring the Integrity of the Financial Statements Including Significant Judgements
i. We reviewed the Company's 2016 Half Yearly and Annual Reports prior to discussion and approval by the Board, and the significant financial reporting issues and judgements which they contain and reviewed the external auditor's reports thereon; and
ii. 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

i. We reviewed, prior to making any recommendations to the Board, the Annual Report and Audited Financial Statements for the year ended 31 December 2016. In undertaking this review, we discussed with the Auditor, the Adviser and the Administrator the critical accounting policies and judgements that have been applied.
   The Auditor reported to the Committee on any misstatements that they had found during the course of their work and confirmed that under ISA (UK and Ireland) no material amounts remained unadjusted.

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

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

Significant Area	How Addressed
Assessment of consolidation and related disclosure requirements	The Audit Committee has considered compliance with the accounting treatment for investments relating to consolidation requirements for the Company and its investee entities and the related disclosures in accordance with the provisions of IFRS 10 and IFRS 12. The Audit Committee critically reviewed reports from the Adviser and Administrator, as well as evaluating and consulting with them and with the Auditor, and has concluded that the Company is not required to consolidate the Lux Subsidiary given the Company meets the definition of an investment entity as defined in IFRS 10. Accordingly investments are recognised at fair value through profit or loss. Please see Note 2 in the financial statements for further details provided. Consideration was also given to the disclosures provided with respect to BGCF including details of the underlying investments, leverage and financial instruments disclosures, including classification levels. Disclosures have been provided from the financial statements of BGCF to provide details of the activities and operations of BGCF as a non-consolidated entity.

Significant Area	How Addressed
Valuation of investments	Following the completion of the restructuring, the investment in BGCF was transferred to a wholly owned subsidiary in Luxembourg. Under Luxembourg GAAP, investments are carried at cost less impairment. For the purposes of these financial statements, the investment in the Lux Subsidiary is accounted for at fair value through profit or loss and the investment in BGCF held by the Lux Subsidiary is at fair value. Investments in BGCF are illiquid investments, not traded on an active market and are valued using valuation techniques determined by the Directors and classified as Level 3 under IFRS 13 "Fair Value Measurement." Valuation is therefore considered a significant area and is monitored by the Board, the Audit Committee, the 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 13.

	Please see Notes 2, 6 and 10 in the financial statements for further details provided.

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 critically review, on the basis of input from the Service Providers, the process of ongoing identification and measurement of these risks disclosures.

Other Accounting Matters

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

Risk Management and Internal Controls

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

External Audit

It is the responsibility of the Audit Committee to monitor the performance, independence, objectivity and re-appointment of Deloitte. The Audit Committee met with the Auditor 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, which allows the opportunity to discuss any matters the auditor may wish to raise without the Adviser or other Service Providers being present. Deloitte provides feedback at each Audit Committee meeting on topics such as the key accounting matters, mandatory communications and the control environment.

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

The Audit Committee continues to be satisfied with the performance of 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 at the forthcoming Annual General Meeting. Accordingly a resolution proposing the reappointment of Deloitte as the Company's auditor will be put to the Shareholders at the 2017 AGM.

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

The Audit Committee has agreed the types of permitted and non-permitted ongoing non-audit services and those which require explicit prior approval. During the year, Deloitte were contracted to provide services related to the interim financial statements, US tax compliance, tax advisory services and as reporting accountants with respect to the prospectus issuance, the control environment and the Board's ability to rely thereon. The value of non-audit services provided by Deloitte and charged in the period amounted to approximately €323,608. The overall quantum of non-audit services and the one-off fees incurred for this work in 2016 in these roles is material to the overall audit fee. This has been considered, including the role of the respective engagement teams and the independence of individuals from the audit engagement team, and the Audit Committee is satisfied that the auditors have acted in an independent and professional manner.

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

Gary Clark
Audit Committee Chair
25 April 2017

Independent Auditor's Report to the Members of Blackstone / GSO Loan Financing Limited
Opinion on financial statements of Blackstone/GSO Loan Financing Limited

In our opinion the financial statements:

- **give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;**
- **have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and**
- **have been properly prepared in accordance with the Companies (Jersey) Law 1991.**

The financial statements that we have audited comprise:

- the Statement of Financial Position;
- the Statement of Comprehensive Income;
- the Statement of Changes in Equity;
- the Statement of Cash Flow;
- the Significant Accounting Policies; 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.

Summary of our audit approach

Key risks	The key risks that we identified in the current year were: • Compliance with consolidation requirements; • Valuation of Investments. Within this report, identified risks are the same as the prior year.
Materiality	The materiality that we used in the current year was €6.6m which was determined on the basis of approximately 2% (2015: 2%) of the Net Asset Value of the Company.
Scoping	All audit work for this company was performed directly by the audit engagement team.

Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the Company

We are required to state whether we have anything material to add or draw attention to in relation to: • the directors' confirmation above that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures below that describe those risks and explain how they are being managed or mitigated;	**We confirm that we have nothing material to add or draw attention to in respect of these matters.** **We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.**

- the directors' statement below 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; and
- the directors' explanation 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.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and confirm that we are independent of the Company and we have fulfilled our other ethical responsibilities in accordance with those standards.	**We confirm that we are independent of the Company and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.**

Our assessment of risks of material misstatement

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

Compliance with consolidation requirements

Risk description	As disclosed in note 10(a) to the financial statements, investments at the year-end comprised of class B Cash Settlement Warrants (the "CSWs") €329,213,705 and class A and B shares €2,000,001 issued by the Company's wholly owned subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.a.r.l. (the "Lux Subsidiary"). Compliance with accounting treatment for investments relating to consolidation requirements and related disclosures in accordance with the provisions of IFRS 10 are essential for financial statements to give a true and fair view of the financial position and results of the Company. As a result of the restructuring completed during year, we have two separate matters to consider: **Non-Consolidation of BGCF** Management's assessment is that the Company is not required to consolidate BGCF as it is not deemed to have control and accordingly recognises its investment in BGCF at Fair Value Through Profit or Loss. Following the transfer of its investment in BGCF to a new subsidiary in Luxembourg, as disclosed in note 1 to the financial statements, management has revisited the assessment to demonstrate that the Company meets the "Investment Entity" criteria and the investment in subsidiary should be accounted for as an 'Investment in Subsidiary' at fair value through profit and loss rather than consolidating the results of the subsidiary in the financial statements. **Disclosure of Interests in Other Entities** There is a key judgement around this risk and whether the Company has the ability through legal agreements or through its activities to

	control BGCF. Connected to this, the level of disclosures, whilst prescribed in accounting standards, does involve management judgement in determining the appropriate level and detail to be disclosed in the financial statements. Refer to the Audit Committee Report, Significant Accounting Policies and Note 11 to the Financial statements.
How the scope of our audit responded to the risk	Our procedures included: • we inquired of management on regulatory matters and reviewed the legal framework, contractual terms, transactions and overall relationship between the Company, either directly or indirectly through its subsidiary and BGCF; • we assessed the review performed by management on the ability of the Company or its subsidiary to control BGCF. Our assessment also considered the changes in the Company's structure, activities or contractual terms as well as any development in the relevant financial reporting framework and regulatory requirements; and • we assessed the adequacy and quality of the "IFRS 12 - *Disclosure of Interests in Other Entities*" against best practice using our technical compliance tools and experience in the other listed entities.
Key observations	No matters were identified by our procedures which required reporting to those charged with governance.

Valuation of Investments	
Risk description	Following the completion of the restructuring, as disclosed in note 1 to the financial statements, the Company's investment in the EU PPNs, issued by BGCF, was transferred to a wholly owned subsidiary in Luxembourg. For the purpose of the Company's financial statements, as an investment entity, the investment in the subsidiary accounted for as "Investment in subsidiary at Fair Value Through Profit and Loss" and the investment in BGCF held by the subsidiary is fair valued. Investments in BGCF, €331,213,706 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 13 - Fair Value Measurement*. 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 Company holds one investment in CSWs in the Lux Subsidiary. The fair value of CSWs is based on the NAV of the Lux Subsidiary which is based substantially in turn on the NAV of BGCF attributable to PPNs. As disclosed within note 2.11 (a) to the financial statements, the fair value of investment is determined using fair value techniques. The directors use their judgement, with the assistance of the Adviser, in selecting an appropriate valuation technique and refer to techniques commonly used by market practitioners. For investments in BGCF and underlying CLOs and equity tranches retained by BGCF, 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 of BGCF or inappropriate assumptions are used concerning market information.

	Refer to Audit Committee Report, Significant Accounting Policies and Note 6 to the Financial statements).
How the scope of our audit responded to the risk	Our procedures on valuation of investments included: • We assessed the valuation methodology for the financial instruments issued by BGCF against industry standards and IFRS 13; • As the financial information used to determine the fair value of the investments is that of BGCF, we have reviewed the 2016 and 2015 audited financial statements of BGCF and related audit procedures performed by the auditor of BGCF. We instructed BGCF's auditor to report to us on a full audit scope after we reviewed their audit plan for the year ended 31 December 2016. We also physically met with BGCF's auditor to review and discuss their working papers; • We involved a member of our specialist complex financial instruments team to review the valuation of investments and related disclosures in the financial statements; • We tested the valuation by comparing information and assumptions used by management to information available from external independent sources such as Bloomberg or Intex; and • We have reviewed the calculations of the change in value of PPNs held by the Subsidiary in Luxembourg and Cash Settled Warrants (CSWs) held by the Company for the period and its recognition in the statement of comprehensive income.
Key observations	No differences were identified by our testing which required reporting to those charged with governance.

Our application of materiality

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

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

Materiality	€6,600,000 (2015: €6,500,000)
Basis for determining materiality	We determined materiality for the Company, which is approximately 2% (2015: 2%) of the Net Asset Value of the Company.
Rationale for the benchmark applied	The reason for using Net Asset Value is that this is the key performance indicator for investments in the Company.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of €132,000 (2015: €130,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Our audit scope included the assessment of design and implementation of accounting processes and controls in place at third party accounting service provider. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion: • we have not received all the information and explanations we require for our audit; or • adequate accounting records have not been kept by the Company; or the financial statements are not in agreement with the accounting records.	***We have nothing to report in respect of these matters.***
Our duty to read other information in the Annual Report Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.	***We confirm that we have not identified any such inconsistencies or misleading statements.***

Other matter

Corporate Governance Statement Although not required to do so, the directors have voluntarily chosen to make a corporate governance statement detailing the extent of their compliance with the UK Corporate Governance Code. We reviewed the part of the Corporate Governance Statement relating to the Company's compliance with certain provisions of the UK Corporate Governance Code.	***We have nothing to report arising from our review.***

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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

Scope of the audit of the financial statements

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

Andrew Isham
for and on behalf of Deloitte LLP
Chartered Accountants and Recognized Auditor
St. Helier
Jersey, UK
25 April 2017

Statement of Financial Position

As at 31 December 2016

	Notes	As at 31 December 2016 €	As at 31 December 2015 €
Current assets			
Cash and cash equivalents	7 & 10	813,119	252,610
Other receivables	5	709,343	62,365
Financial assets designated at fair value through profit or loss	6 & 10	331,213,706	326,032,708
Total current assets		**332,736,168**	**326,347,683**
Current liabilities			
Payables	8	(397,848)	(377,323)
Total current liabilities		**(397,848)**	**(377,323)**
Net assets	15	**332,338,320**	**325,970,360**
Capital and reserves			
Stated capital	9	325,023,176	331,307,652
Retained earnings		7,315,144	(5,337,292)
Equity Shareholders' funds		**332,338,320**	**325,970,360**
Net Asset Value per Euro share	14	**1.0238**	**0.9839**

These financial statements were authorised and approved for issue by the Directors on 25 April 2017 and signed on their behalf by:

Charlotte Valeur
Chair

Gary Clark
Director

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

Statement of Comprehensive Income
For the year ended 31 December 2016

	Notes	Year ended 31 December 2016 €	Year ended 31 December 2015 €
Income			
Realised gain on foreign exchange		1,002	504

Net gains on financial assets designated at fair value through profit or loss	6	42,879,937	26,220,359
Total income		**42,880,939**	**26,220,863**
Expenses			
Operating expenses	3	(2,361,651)	(1,444,877)
Profit before taxation		**40,519,288**	**24,775,986**
Taxation	2	-	-
Profit after taxation		**40,519,288**	**24,775,986**
Interest expense		(7,033)	(3,856)
Total comprehensive income for the year attributable to Shareholders		**40,512,255**	**24,772,130**
Basic and diluted earnings per Euro share	13	**0.1237**	**0.0771**

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 acquired or 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 2016

	Notes	Stated capital	Retained earnings	Total
		€	€	€
Equity Shareholders' funds at 1 January 2016	9	**331,307,652**	**(5,337,292)**	**325,970,360**
Total comprehensive income for the year attributable to Shareholders		-	40,512,255	**40,512,255**
Transactions with owners, recorded directly to equity				
Repurchase of shares	9	(6,284,476)	-	**(6,284,476)**
Dividends to Shareholders		-	(27,859,819)	**(27,859,819)**
		(6,284,476)	**(27,859,819)**	**(34,144,295)**
Equity Shareholders' funds at 31 December 2016		**325,023,176**	**7,315,144**	**332,338,320**

For the year ended 31 December 2015

	Notes	Stated capital	Retained earnings	Total
		€	€	€
Equity Shareholders' funds at 1 January 2015	9	**301,200,000**	**(2,248,440)**	**298,951,560**
Total comprehensive income for the year attributable to Shareholders		-	24,772,130	**24,772,130**
Transactions with owners, recorded directly to equity				
Proceeds from issuance of shares	9	30,107,652	-	**30,107,652**
Dividends to Shareholders		-	(27,860,982)	**(27,860,982)**
		30,107,652	**(27,860,982)**	**2,246,670**
Equity Shareholders' funds at 31 December 2015		**331,307,652**	**(5,337,292)**	**325,970,360**

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

Statement of Cash Flow
For the year ended 31 December 2016

	Year ended 31 December 2016	Year ended 31 December 2015
	€	€
Cash flow from operating activities		
Total comprehensive income for the year attributable to Shareholders	40,512,255	24,772,130
Adjustments to reconcile profit after tax to net cash flows:		
- Unrealised (gain) / loss on financial assets designated at fair value through profit and loss	(34,130,662)	3,243,967
- Realised gain on financial assets designated at fair value through profit and loss	(1,322,881)	-
Purchase of financial assets designated at fair value through profit or loss	(18,000,000)	(29,999,526)
Proceeds from sale of financial assets designated at fair value through profit or loss	48,272,545	-
Changes in working capital		
Increase in other receivables	(646,978)	(41,142)
Increase / (decrease) in payables	20,525	(56,433)
Net cash generated from / (used in) operating activities	**34,704,804**	**(2,081,004)**
Cash flow from financing activities		
Proceeds from subscriptions	-	30,107,652
Repurchase of shares	(6,284,476)	-
Dividends paid	(27,859,819)	(27,860,982)
Net cash (used in) / generated from financing activities	**(34,144,295)**	**2,246,670**
Net increase in cash and cash equivalents	**560,509**	**165,666**
Cash and cash equivalents at the start of the year	252,610	86,944
Cash and cash equivalents at the end of the year	**813,119**	**252,610**

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

Notes to the Financial Statements
For the year ended 31 December 2016

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

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

At 31 December 2016, all shares in issue were Euro shares. The Company may issue one or more additional classes of shares in accordance with the Articles of Association.

The Company's registered address is Liberté House, 19-23 La Motte Street, St Helier, Jersey, JE2 4SY, Channel Islands.

Change in structure
In July 2015, upon advice, the Company resolved to change its structure. Accordingly, on 23 July 2015, a wholly owned Luxemburg subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.à r.l. (the "Lux Subsidiary"), was incorporated with an issued share capital of 20,000 Class A shares held by the Company. Subsequently, the 15 Class B2 BGCF shares held in Blackstone / GSO Loan Financing 2 Limited (the "Subsidiary") were transferred to the Company and the Subsidiary was dissolved on 23 December 2015.

On 3 February 2016, the Luxembourg restructuring took place. This comprised the Company transferring its entire holding of unsecured Profit Participating Notes ("PPNs") to the Lux Subsidiary. The transfer was undertaken in two tranches:

i. In the first tranche, the Company transferred Euro PPNs with a principal amount of €2,011,299 (together with any accrued but unpaid interest) in exchange for 1,980,000 Class A shares and 1 Class B share in the Lux Subsidiary;

ii. In the second tranche the Company transferred Euro PPNs with a principal amount of €313,918,227 (together with any accrued but unpaid interest) in exchange for 309,033,367 CSWs issued by the Lux Subsidiary.

On 20 December 2016, the 15 Class B2 BGCF shares were redeemed by BGCF. The proceeds were invested in new CSWs issued by the Lux Subsidiary and subsequently in new PPNs issued by BGCF.

2 Significant accounting policies

2.1 Statement of compliance

The Annual Report and Financial Statements ("Annual Report") are prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with International Financial Reporting Standards ("IFRS") as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Standards and Standing Interpretations Committee as approved by the International Accounting Standards Committee ("IASC") which remain in effect. 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.

The accounting policies in respect of financial instruments are set out below in Note 2.7 respectively due to the significance of financial instruments to the Company. In addition, please refer to Note 2.11 for details of the impact of IFRS 10 "Consolidated Financial Statements" ("IFRS 10") on the presentation of the results of the Company as a result of the Luxembourg restructuring.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

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 Euros. Therefore, the 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 Euros, 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 Executive Summary.

2.3 Interest income and expense on cash and cash equivalents

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

2.4 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.

2.5 Fees and charges

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

2.6 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. They are held for the purpose of meeting short term cash commitments rather than for investments or other purposes. 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 2016 (31 December 2015: € Nil).

2.7 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets

(a) Classification

The Company classifies its investments in accordance with IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") as financial assets at fair value through profit or loss. These are financial instruments held for investment purposes. Financial assets also include cash and cash equivalents and other receivables.

Financial assets designated at fair value through profit or loss at inception

Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy.

The Company's policy requires the Adviser and the Board to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(b) Recognition, measurement and derecognition

Purchases and sales of investments are recognised on the trade date - the date on which the Company commits to purchase or sell the investment. Financial assets designated at fair value through profit or loss are measured initially and subsequently at fair value. Transaction costs are expensed as incurred and movements in fair value are recorded in the Statement of Comprehensive Income.

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.

(c) 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 2016, the Company held 295,083,704 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary (the "Investments") (31 December 2015: 311,012,708 PPNs and 15 Class B2 shares issued by BGCF and 20,000 Class A shares in the Lux Subsidiary). 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.

The fair value of the CSWs is based on the NAV of the Lux Subsidiary which is based substantially in turn on the NAV of BGCF attributable to the PPNs. The fair values of the Class A and Class B shares held in the Lux Subsidiary are deemed to approximate to their cost.

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

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

The Investments
The investments are valued by the Administrator based on information from the Adviser and are reviewed and approved by the Directors, taking into consideration a range of factors including the unaudited NAV of both the Lux Subsidiary and BGCF, and other relevant available information. The other relevant information includes the review of available financial and trading information of BGCF and its underlying portfolio, advice received from the 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 investment is assessed on an ongoing basis by the Board.

BGCF Portfolio
The Directors discuss BGCF's monthly valuation process to understand the methodology regarding valuation of Level 3 assets. The majority of Level 3 assets in BGCF are comprised of collateralised loan obligations (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.

Loan asset fair value prices used in the valuation of the BGCF portfolio are based on prices provided by Markit Group Limited ("Markit") which represent a consensus price based on an aggregation of broker quotes received. Where available, the fair value of loan assets is based on their quoted market mid prices at the period end date without any deduction for estimated future selling costs. Investments in loan assets for which Markit indicates limited broker quotes are available and for which no other evidence of liquidity exists are classified as Level 3. If a quoted market price is not available on a recognised stock exchange or from Markit for non-exchange traded financial instruments, the fair value of the instrument is estimated using the valuation techniques of the Adviser, which are discussed, reviewed and accepted by the Board of BGCF and independent service provider. These valuation techniques include use of recent arm's length market transactions, reference to the current market fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The CLO subordinated notes are valued by Thomson Reuters using a mark to model approach based on discounted cash flows. The key model input assumptions are the loan prepayment rates, loan default rates, loan recovery given default rates and reinvestment rates. For the avoidance of doubt, to the extent there are market clearing levels, broker quotations or bids wanted in competition related to a CLO retention security, such data points may be considered in the selection of scenario assumptions and/or discount rates by Thomson Reuters, however, the market colour will not replace the mark to model approach outright. The CLO retention securities typically represent a controlling interest which entitles the holder to certain rights and optionality which a non-controlling interest would not benefit from. There is significant judgement and subjectivity related to the assumptions and inputs used to determine the fair values. Additionally, Thomson Reuters review each CLO indenture and the latest underlying CLO loan portfolio forming various projections based on the quality of the collateral and general macroeconomic conditions. CLOs are classified as Level 3 as certain inputs which have a substantial impact on the fair value at period end are considered unobservable.

The following table summarises the inputs and assumptions used in determining the fair value of the CLO subordinated notes held by BGCF as of 31 December 2016. The table is not meant to be all inclusive, but rather provide information on the significant Level 3 inputs as they relate to the fair value measurement of the CLO subordinated notes held by BGCF as of 31 December 2016.

Asset	**Valuation Methodology**	**Unobservable Input**	**Weighted Average**
CLO Subordinated Notes	Discounted Cash Flows	Constant Default Rate	2%
		Conditional Prepayment Rate	20%
		Reinvestment Spread (bp over LIBOR)	411.4
		Recovery Rate	70%
		Recovery Lag (Months)	12
		Discount Rate	9.94%

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

Financial liabilities
(e) 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.

(f) 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.

2.8 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 the "Realised gains on foreign exchange". There were no foreign currency gains or losses on financial assets classified at fair value through profit or loss for the year ended 31 December 2016.

2.9 Taxation

Profit arising in the Company for the 2016 year of assessment will be subject to Jersey tax at the standard corporate income tax rate of 0% (31 December 2015: 0%).

2.10 Dividends

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

2.11 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.

(a) Fair value

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

Refer to Note 2.7 for further details on the significant estimates applied in the valuation of the underlying financial instruments.

(b) Non-consolidation of the Lux Subsidiary undertaking

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

The Company has multiple unrelated investors and holds 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:

i. The Company has obtained funds for the purpose of providing investors with investment management services;
ii. 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
iii. 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.

(b) Non-consolidation of BGCF

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

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

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

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

Accordingly, BGCF has been determined not to be a subsidiary undertaking as defined under IFRS 10 and the Lux Subsidiary's investment in the PPNs issued by BGCF are accounted for at fair value through profit or loss.

(c) Presentation and functional currency

As outlined in Note 2, the Directors have used their judgement to determine that the Company's presentation and functional currency is Euro.

2.12 New standards and interpretations applicable to future reporting periods

New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2016

There are no new standards, amendments or interpretations issued and effective for the financial year beginning 1 January 2016 that have a significant impact on the Company.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2016 and not early adopted

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

IFRS 15 "Revenue from contracts with customers" ("IFRS 15") establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective for the periods beginning on or after 1 January 2018. The Company is yet to assess IFRS 15's full impact.

Amendments to IAS 7: Disclosure Initiative requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. Amendments to IAS 7: Disclosure Initiative has not yet been endorsed by the EU.

3 Operating expenses

	Year ended 31 December 2016	**Year ended 31 December 2015**
	€	**€**
Administration fees	290,871	336,477
Brokerage fees	404,647	358,386
Directors' fees (see Note 4)	251,901	252,500
Regulatory fees	34,351	75,039
Audit fees	116,730	100,742
Professional fees	1,079,102	288,479
Registrar fees	28,767	-
Sundry expenses	155,282	33,253
	2,361,651	**1,444,877**

Administration fees

Under the administration agreement, the Administrator is entitled to receive variable fees based on the NAV of the Company for the provision of administrative and compliance 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 2016 was €290,871 (31 December 2015: €336,477) and the amount due at 31 December 2016 was €21,996 (31 December 2015: €55,196).

Advisory fees

Under the Advisory Agreement, the Adviser is entitled to receive out of pocket expenses, all reasonable third-party costs, and other expenses incurred in the performance of its obligations. The overall charge for the above-mentioned fees for the Company for the year ended 31 December 2016 was €Nil (31 December 2015: €Nil) and the amount due at 31 December 2016 was €Nil (31 December 2015: €Nil).

Professional fees

An amount of €643,850 of professional expenses related to the Luxembourg restructuring and legal advice regarding the amended investment policy to include loan warehouses and additional risk retention companies.

Audit and non-audit fees

The Company incurred €116,730 (31 December 2015: €100,742) in audit fees during the year of which €76,148 (31 December 2015: €80,501) was outstanding at the year end.

Other Deloitte member firms	Type of service provided	Year ended 31 December 2016	Year ended 31 December 2015
		€	€
Deloitte LLP Guernsey[(1)]	Advisory work on prospectus	138,136	-
Deloitte Ireland	Tax advisory	80,200	-
Deloitte Luxembourg	Tax advisory	105,272	30,000
Non audit fees		**323,608**	**30,000**

[(1)] These costs have been capitalised and are included in Other assets. Refer to Note 5 for further details.

4 Directors' fees and interests

During the year ended 31 December 2016, the Directors were each remunerated for their services at a fee of £35,000 per annum (£50,000 for the Chair). The Chairs of the Audit Committee and Risk Committee received an additional £5,000 for their services in these roles.

During the year ended 31 December 2016, the Directors received a one off payment fee of £10,000 each (31 December 2015: £Nil) due to the additional work carried out during the year as a result of the Luxembourg restructuring and prospectus.

The Company has no employees. Directors' fees payable as at 31 December 2016 were €48,325 (31 December 2015: €51,048).

No Director, except Mr Clark, had any beneficial interest in the shares of the Company during the year ended 31 December 2016. Mr Clark purchased 25,000 Euro Shares in the Company pursuant to the placing in 2014. Mr Clark purchased an additional 28,700 Euro Shares on 2 June 2016 and as at 31 December 2016 held 53,700 (31 December 2015: 25,000). Refer to Note 20 for purchases made by the Directors after the end of the reporting period.

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

Mr Austin is also a Director of Blackstone / GSO Debt Funds Europe Limited, an affiliate of DFME.

5 Other receivables

	As at 31 December 2016	As at 31 December 2015
	€	€
Prepayments	33,298	32,365
Intercompany loan receivable from Lux Subsidiary	-	30,000
Other assets	676,045	
	709,343	**62,365**

The intercompany loan receivable due from the Lux Subsidiary, which related to an interest free loan in respect to working capital for setup and ongoing operating costs, was repaid in December 2016.

Other assets relate to costs incurred with respect to the prospectus. These costs will be offset against future placings.

6 Financial assets designated at fair value through profit or loss

	As at 31 December 2016	As at 31 December 2015
	€	€
Financial assets designated at fair value through profit or loss	331,213,706	326,032,708

Financial assets designated at fair value through profit or loss consists of 295,083,703 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary (31 December 2015: 315,929,526 PPNs and 15 Class B2 shares issued by BGCF and 20,000 Class A shares issued by the Lux Subsidiary).

Please refer to Note 1 for further details of the Luxembourg restructuring that took place on 3 February 2016 and the redemption of the 15 Class B2 shares that took place on 20 December 2016.

CSWs

The Company has the right, at any time during the exercise period (being the period from the date of issuance, 3 February 2016, and ending on earlier of the 3 February 2046 or the date on which the liquidation of the Lux Subsidiary is closed), to request that the Lux Subsidiary redeems all or part of the CSWs at the redemption price (see below), by delivering a redemption notice, provided that the redemption price will be due and payable only if and to the extent that (a) the Lux Subsidiary will have sufficient funds available to settle its liabilities to all other ordinary or subordinated creditors, whether privileged, secured or unsecured, prior in ranking to the CSWs, after any such payment, and (b) the Lux Subsidiary will not be insolvent after payment of the redemption price.

The redemption price is the amount payable by the Lux Company on the redemption of CSWs outstanding, which shall be at any time equal to the fair market value of the ordinary shares, (that would have been issued in case of exercise of all CSWs), as determined by the Board on a fully diluted basis on the date of redemption, less a 13.5bps 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 nominal share capital).

Dividend distributions are paid in the following order of priority:

i. 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.
ii. Each Class B share is entitled to the Class B dividend (if any), being any income such as but not limited to interest or revenue deriving from the receivable from the PPN's held by the Lux Subsidiary, less any non-recurring costs attributable to the Class B shares.

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

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

Class B2 shares held in BGCF
Class B2 shares are redeemable and have a par value of one Euro per share (and share premium of €999,999 per share). The Class B2 shares do not carry any right to receive a dividend nor have any voting rights attached. All Class B2 shares held in BGCF were redeemed on 20 December 2016. Refer to Note 1 for more details.

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 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
	€	**€**	**€**	**€**
Financial assets designated at fair value through profit or loss	-	-	331,213,706	**331,213,706**

31 December 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
	€	**€**	**€**	**€**
Financial assets designated at fair value through profit or loss	-	-	326,032,708	**326,032,708**

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

31 December 2016	**Total**
	€
Balance as at 1 January 2016	326,032,708
Movements:	
Lux restructuring	

Issuance - CSWs, Class A and B shares	311,013,368
Transfer - PPNs	(311,013,368)
Purchases - CSWs	18,000,000
Sale proceeds - CSWs and Class B2 Shares	(48,272,545)
Realised gain on financial assets designated at fair value through profit or loss	1,322,881
Unrealised gain on financial assets designated at fair value through profit or loss	34,130,662
Balance as at 31 December 2016	**331,213,706**
Total change in unrealised gains on financial assets for the year	34,130,662
Realised gain on financial assets designated at fair value through profit or loss	1,322,881
Investment income[1]	7,426,394
Net gains on investments designated at fair value through profit or loss	**42,879,937**

[1] Investment income relates to PPN interest received from the Company's holding of PPNs in BGCF prior to the Luxembourg restructuring. Please refer to Note 1 for further details of the Luxembourg restructuring that took place on the 3 February 2016.

During the year ended 31 December 2016, there were no reclassifications between levels of the fair value hierarchy.

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

31 December 2015	**Total**
	€
Balance as at 1 January 2015	299,277,149
Movements:	
Purchases	29,999,526
Unrealised gain on financial assets designated at fair value through profit or loss	(3,243,967)
Balance as at 31 December 2015	**326,032,708**
Total change in unrealised gains on financial assets for the year	**(3,243,967)**

During the year ended 31 December 2015, there were no reclassifications between levels of the fair value hierarchy.

Please refer to Note 2.7 for valuation methodology of financial assets designated 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.

The following tables detail the investment holding of the Lux Subsidiary at the BGCF level, categorising these assets according to the fair value hierarchy in accordance with IFRS 13 and detailing the quantitative information of significant unobservable inputs of the Level 3 investments held. The disclosures have been included to provide an insight to Shareholders, of the asset class mix held by BGCF portfolio.

It is important to note that as at 31 December 2016, the Lux Subsidiary held a 73.1% (2015: 100%) 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.

Financial assets and liabilities at fair value through profit or loss - for BGCF

31 December 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
	€	**€**	**€**	**€**
Financial assets at fair value through profit or loss:				

Designated at fair value through profit or loss:				
- Investments	-	330,505,793	289,954,556	620,460,349
Held for trading				
- Derivative financial assets	-	-	-	-
Total financial assets	**-**	**330,505,793**	**289,954,556**	**620,460,349**
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- PPNs	-	-	(451,337,094)	(451,337,094)
Held for trading				
- Derivative financial liabilities	-	(1,481,665)	-	(1,481,665)
Total financial liabilities	**-**	**(1,481,665)**	**(451,337,094)**	**(452,818,759)**

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

31 December 2015	**Level 1** **€**	**Level 2** **€**	**Level 3** **€**	**Total** **€**
Financial assets at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- Investments	-	137,816,910	185,090,584	322,907,494
Held for trading				
- Derivative financial assets	-	-	-	-
Total financial assets	**-**	**137,816,910**	**185,090,584**	**322,907,494**
Financial liabilities at fair value through profit or loss:				
Designated at fair value through profit or loss:				
- PPNs	-	-	(311,012,708)	(311,012,708)
Held for trading				
- Derivative financial liabilities	-	(939,403)	-	(939,403)
Total financial liabilities	**-**	**(939,403)**	**(311,012,708)**	**(311,952,111)**

The following table shows the movement in Level 3 of BGCF's fair value hierarchy for the year ended 31 December 2016:

BGCF	**Financial assets at fair value through profit or loss**	**Financial liabilities at fair value through profit or loss**
	€	**€**
Opening balance	185,090,584	(311,012,708)
Movement out of Level 3	(1,628,098)	-
Net gains or losses in comprehensive income	(14,972,436)	(16,527,988)
Purchases / Issuances	217,623,612	(134,000,000)
Sales / Redemptions	(96,159,106)	10,000,000
Closing Balance	**289,954,556**	**(451,337,094)**

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

BGCF	**Financial assets at fair value through profit or loss**	**Financial liabilities at fair value through profit or loss**

	€	€
Opening balance	135,541,185	(284,277,149)
Movement out of Level 3	(25,441,206)	-
Net gains or losses in comprehensive income	(13,891,197)	3,243,967
Purchases / Issuances	161,640,730	(29,979,526)
Sales / Redemptions	(72,758,928)	-
Closing Balance	**185,090,584**	**(311,012,708)**

The movement out of Level 3 represents holdings that were priced by Markit Group Limited ("Markit") as at 31 December 2015 with only one price input resulting in a fair value hierarchy classification of Level 3. However, these same holdings were priced by Markit as at 31 December 2016 with more than one price input resulting in a fair value hierarchy classification of Level 2.

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.

Sensitivity of Level 3 holdings to unobservable inputs

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

A number of holdings in BGCF's portfolio as at 31 December 2016 were priced using Markit where the input into the Markit price was only one price so they were classified as Level 3. These loan assets are not modelled on analysts' prices but are from dealers' runs; therefore, there are no unobservable inputs into the prices. The CLO Income Notes were priced by Thomson Reuters and were classified as Level 3 as this is a single pricing source. The CLO prices are determined independently by consideration of several factors including the following: loan prepayment rates, discount rates, loan default rates, loan recovery given default rates, recovery lag and reinvestment rates. These factors are highly sensitive, and variations may materially affect the fair value of BGCF's asset.

The assets classified as Level 3 represented 46.7% (31 December 2015: 57.3%) of BGCF's total financial assets. If the price of the holdings classified as Level 3 increased or decreased by 5% it would result in an increase or decrease in the value of BGCF's financial assets of €14,497,728 (2.34% of BGCF's total financial assets) (31 December 2015: €9,254,529 (2.87% of BGCF's total financial assets)). There also would be an equal and opposite effect on the valuation of the PPNs (3.21%) (31 December 2015: (2.98%)).

The CLO Income Notes are valued by Thomson Reuters. The key model input assumptions are the loan prepayment rates, discount rates, loan default rates, loan recovery given default rates, recovery lag and reinvestment rates. These metrics are accumulated from various market sources independent of DFME. Additionally, Thomson Reuters review each CLO indenture and the latest underlying CLO loan portfolio forming various projections based on the quality of the collateral, the collateral manager capabilities and general macroeconomic conditions.

The financial liabilities of BGCF at fair value through profit or loss consist of the PPNs. The PPNs are valued using a model based on the fair value of the underlying assets and liabilities. The amortised cost of the variable funding notes and cash and cash equivalents and receivables and payables included in the underlying assets and liabilities equate to their fair value due to the floating interest rates and short term nature of the balances. If the value of the underlying assets or liabilities changes then there would be an equal and opposite effect on the valuation of the PPNs - as discussed in the previous paragraph.

The elements of debt (CLO Income Notes) issued by BGCF's subsidiaries and purchased by BGCF are valued by Thomson Reuters. If the valuation had increased or decreased by 5% the value of the CLO Income Notes would move by €13,583,883 (31 December 2015: €8,555,110).

7 Cash and cash equivalents

Cash and cash equivalents are held with the Custodian.

8 Payables

	Year ended	Year ended

	31 December 2016	31 December 2015
	€	€
Administration fees	21,996	55,196
Directors' fees	48,325	51,048
Audit fees	76,148	80,501
Placement costs	202,646	-
Brokerage fees	-	89,807
Other payables	48,733	100,771
Total payables	**397,848**	**377,323**

9 Stated capital

Authorised

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

Allotted, called up and fully-paid

Euro shares	Number of shares	Stated capital
		€
As at 1 January 2016	331,319,700	331,307,652
Euro shares issued during the year	-	-
Euro shares repurchased during the year and held in treasury	(6,719,000)	(6,284,476)
Total issued share capital as at 31 December 2016	324,600,700	325,023,176

Euro shares	Number of shares	Stated capital
		€
As at 1 January 2015	301,200,000	301,200,000
Euro shares issued during the year	30,119,700	30,107,652
Total issued share capital as at 31 December 2015	**331,319,700**	**331,307,652**

Euro shares

260,500,000 Euro shares were issued and admitted to trading on the SFS on 23 July 2014. A further 40,700,000 Euro shares were issued and admitted to trading on the SFS of the LSE on 28 August 2014. These shares were issued at a price of €1 per Euro share.

On 29 April 2015, the Company issued a further 30,119,700 Euro shares at a price of €1.02 per Euro share, raising gross proceeds of €30,722,094 (net proceeds of €30,107,652).

At the 2015 AGM, held on 18 June 2015, the Directors were generally and unconditionally authorised for the purposes of Article 57 of the Companies (Jersey) Law 1991, as amended, to make one or more on-market purchases of shares in the Company for cancellation or to be held as Treasury shares.

Pursuant to this authority, a total of 6,719,000 Euro shares were purchased during the year and held as Treasury shares as detailed below:

Date	Number of shares	Price per Euro share €
1 June 2016	1,300,000	0.9150
10 June 2016	1,000,000	0.9369
15 June 2016	2,200,000	0.9400
22 June 2016	2,219,000	0.9419

This authority was renewed at the 2015 AGM, held on 29 June 2016, when Shareholders gave the Directors authority to make one or more on-market purchases, up to a maximum of 48,657,645 shares. This authority will expire at the 2017 AGM. Please refer below for further details regarding share buybacks.

As at 31 December 2016, the Company had 324,600,700 Euro shares (31 December 2015: 331,319,700) in issue, excluding 6,719,000 Treasury shares (31 December 2015: Nil).

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

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

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

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

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

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

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

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

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

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

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

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

The Company's objectives for managing capital are:

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

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

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.

10A Market risk

Market risk is the risk that the Company's performance will be adversely affected by changes in the markets in which it invests. The Company holds three investments in the Lux Subsidiary in the form of CSWs, Class A and Class B shares. The CSWs are the main driver of the Company's performance. 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. 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.

BGCF invests predominantly in below investment grade senior secured loans domiciled in Western Europe and/or North America. As such, the Company through its holding in the Lux Subsidiary and BGCF could be particularly exposed to any deterioration in the current European and/or American economic climates.

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

Financial market disruptions may have a negative effect on the valuations of BGCF's investments and, by extension, on the NAV 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 NAV of the Company, if the fair value of the Company's investment in the Lux Subsidiary at the year-end increased or decreased by 5%:

Current value	**Year ended 31 December 2016 Total**	**Increase by 5%**	**Decrease by 5%**
	€	**€**	**€**
Financial assets held at fair value through profit or loss:			
CSWs	329,213,705	345,674,390	312,753,020
Investment in the Lux Subsidiary - Class A and Class B shares	2,000,001	2,100,001	1,900,001

Current value	**Year ended 31 December 2015 Total**	**Increase by 5%**	**Decrease by 5%**
	€	**€**	**€**
Financial assets held at fair value through profit or loss:			
PPNs	311,012,708	326,563,343	295,462,073
Investment in BGCF	15,000,000	15,750,000	14,250,000
Investment in the Lux Subsidiary	20,000	21,000	19,000

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 following tables detail the Company's interest rate risk as at 31 December 2016 and 31 December 2015:

31 December 2016	**Interest bearing**	**Non-interest bearing**	**Total**
	€	**€**	**€**
Assets			
Cash and cash equivalents	813,119	-	813,119
Other receivables	-	709,343	709,343
Financial assets designated at fair value through profit or loss	-	331,213,706	331,213,706
Total assets	**813,119**	**331,923,049**	**332,736,168**
Liabilities			
Payables	-	(397,848)	(397,848)
Total liabilities	**-**	**(397,848)**	**(397,848)**
Total interest sensitivity gap	**813,119**		

31 December 2015	**Interest bearing**	**Non-interest bearing**	**Total**
	€	**€**	**€**
Assets			
Cash and cash equivalents	252,610	-	252,610
Other receivables	-	62,365	62,365
Financial assets designated at fair value through profit or loss	311,012,708	15,020,000	326,032,708
Total assets	**311,265,318**	**15,082,365**	**326,347,683**
Liabilities			
Payables	-	(377,323)	(377,323)
Total liabilities	**-**	**(377,323)**	**(377,323)**
Total interest sensitivity gap	**311,265,318**		

As at 31 December 2016, the Company no longer held PPNs. The CSWs held in the Lux Subsidiary are not interest bearing.

As at 31 December 2015, the majority of the Company's interest rate exposure arose in the fair value of the underlying BGCF portfolio which is largely invested in below investment grade senior secured loans of companies predominantly in Western Europe or North America. Most of the investments in senior secured loans carry variable interest rates and various maturity dates.

The following tables detail BGCF's exposure to interest rate risk. They include BGCF's assets and trading liabilities at fair values, categorised by whether the asset or liability has a floating rate or is non-interest bearing, measured by the carrying value of the assets and liabilities as at 31 December 2016 and as at 31 December 2015:

BGCF - 31 December 2016	**Floating rate**	**Non-interest bearing**	**Total**
	€	**€**	**€**
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Investments	620,460,349	-	620,460,349
Receivable for investments sold	-	184,379,820	184,379,820
Other receivables	-	11,171,514	11,171,514
Cash and cash equivalents	30,013,469	-	30,013,469
Total assets	**650,473,818**	**195,551,334**	**846,025,152**
Financial liabilities at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Notes and credit facilities	(748,725,328)	-	(748,725,328)
Held for trading			

- Derivative financial liability	-	(1,481,665)	(1,481,665)
Payable for investments purchased	-	(94,478,627)	(94,478,627)
Other payables and accrued expenses	-	(1,336,872)	(1,336,872)
Total liabilities	**(748,725,328)**	**(97,297,164)**	**(846,022,492)**
Total interest sensitivity gap	**(98,251,510)**		

BGCF - 31 December 2015	**Floating rate**	**Non-interest bearing**	**Total**
	€	**€**	**€**
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Investments	322,907,494	-	322,907,494
Receivable for investments sold	-	163,280,093	163,280,093
Other receivables	-	1,836,439	1,836,439
Cash and cash equivalents	46,030,319	-	46,030,319
Total Assets	**368,937,813**	**165,116,532**	**534,054,345**
Financial liabilities at fair value through profit or loss:			
Designated at fair value through profit or loss:			
- Notes and credit facilities	(371,201,885)	-	(371,201,885)
Held for trading			
- Derivative financial liability	-	(939,403)	(939,403)
Payable for investments purchased	-	(145,433,283)	(145,433,283)
Other payables and accrued expenses	-	(1,478,014)	(1,478,014)
Total liabilities	**(371,201,885)**	**(147,850,700)**	**(519,052,585)**
Total interest sensitivity gap	**(2,264,072)**		

Sensitivity analysis

At 31 December 2016, had the base interest rates strengthened / weakened by 2% (31 December 2015: 2%) in relation to all holdings subject to interest with all other variables held constant, BGCF's finance income would increase / decrease by €1,965,030 (31 December 2015: €45,281) 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 historic data. Future price movements and correlations between securities could vary significantly from those experienced in the current financial year.

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

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 is the Euro.

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

The functional currency of BGCF is the Euro. BGCF's financial statements are 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 BGCF's investments. 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.

As at 31 December 2016, BGCF held a foreign currency forward hedge on its investments in Dorchester Park CLO Designated Activity Company, Bristol Park CLO Limited and Grippen Park CLO Warehouse (held by Warehouse Parent Limited) since they have a base currency of US Dollars. The unrealised loss on the foreign currency swap as at 31 December 2016 was €1,481,665.

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

The 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 2016 and 31 December 2015:

		Year ended 31 December 2016		Year ended 31 December 2015	
		£	$	£	$
Financial assets at fair value through profit or loss	€	39,674,341	63,656,441	13,756,152	41,269,827
VFNs	€	(54,599,521)	(43,174,666)	(13,898,116)	(36,691,061)
Derivative assets and liabilities	€	-	(1,481,665)	-	(939,403)
Cash	€	721,800	5,668,561	477,117	5,665,918
Other assets and liabilities	€	15,741,368	14,547,306	130,118	(5,791,074)
Net exposure	€	1,537,988	39,215,978	465,271	3,514,207
Sensitivity 10%	€	153,799	3,921,598	46,527	351,421

Sensitivity analysis
At 31 December 2016, had the Euro strengthened by 10% (31 December 2015: 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 the currencies above and below, would have resulted in an equal but opposite effect than that on the table above and below, on the basis that all other variables remain constant. The calculations were based on historical data. Future currency movements and correlations between holdings could vary significantly from those experienced in the past.

iii. Price risk
Price risk is the risk that the valuation of the Company's indirect investments in BGCF through its holding in the Lux Subsidiary, and accordingly the periodic calculation of the NAV of the Company's Euro shares, does not reflect the true value of BGCF's underlying investment portfolio.

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

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

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

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

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.

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 2016	**As at 31 December 2015**
	€	**€**
Cash and cash equivalents	813,119	252,610
Other receivables	709,343	62,365
Financial assets designated at fair value through profit or loss	331,213,706	326,032,708
Total assets	**332,736,168**	**326,347,683**

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.

During the year ended 31 December 2016 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 (31 December 2015: State Street Corporation - credit rating of A) from Standard & Poor's.

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

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

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

In purchasing sub-participations, BGCF generally will not have the right to enforce compliance by the obligor with the terms of the applicable debt agreement nor directly benefit from the supporting collateral for the debt in respect of which it has purchased a sub-participation. As a result, BGCF will assume the credit risk of both the obligor and the institution selling the sub-participation. There were no sub-participations in the portfolio as at 31 December 2016 (31 December 2015: Nil).

BGCF's credit risk concentration is spread between a number of counterparties. The top ten largest holdings represented 30.03% (31 December 2015: 65.65%) of BGCF's assets. The carrying amounts of financial assets best represent the maximum credit risk exposure at the year-end date.

The Adviser, through its investment strategy for BGCF, endeavours to avoid losses relating to defaults on the underlying assets. In-house research is used to identify asset allocation opportunities amongst potential borrowers and industry segments and to take advantage of episodes of market mispricing. Segments and themes that are likely to be profitable are subjected to rigorous analysis and risk is allocated to these opportunities consistent with investment objectives. All transactions involve credit research analysts having relevant sector experience. In addition, each of BGCF's subsidiaries is restricted by its prospectus; and the subsidiaries have narrow and well-defined objectives to provide investment opportunities to investors. In order to avoid excessive concentration of risk, the policies and procedures include specific guidelines to focus on maintaining a diversified portfolio.

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

BGCF held investments with the following credit quality as rated by Moody's:

Rating	**2016**	**2015**
B1	18.4%	9.8%
B2	20.4%	13.3%
B3	1.9%	11.4%
Ba1	1.2%	1.1%
Ba2	2.4%	-
Ba3	8.8%	2.3%
Caa1	0.5%	-
Not Rated	46.4%	62.1%
Total	**100%**	**100%**

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

	2016	**2015**
	€	€
Financial assets designated at fair value through profit or loss	620,460,349	322,907,494
Derivative financial assets	-	-
Receivables for investments sold	184,379,820	163,280,093
Other receivables	11,171,514	1,836,439
Cash at bank	30,013,469	46,030,319
Total	**846,025,152**	534,054,345

All the cash held by BGCF is held with Citibank N.A., London Branch which has a credit rating of A1 from Moody's as at 31 December 2016 (31 December 2015: A1).

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, 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 NAV.

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

Consequently, in the event of a materially adverse event occurring in relation to BGCF or the market generally, the ability of the Company to realise its investment and prevent the possibility of further losses could, therefore, be limited by its restricted ability to realise its investment 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, NAV and/or the market price of the shares.

The liquidity risk of BGCF as at 31 December 2016 is as follows:

	Within 6 months	**6 months - 2 years**	**Greater than 2 years**	**Total**
	€	**€**	**€**	**€**
Payable for investments purchased	(94,478,627)	-	-	(94,478,627)
Financial liabilities at fair value	-	-	(451,337,094)	(451,337,094)
Variable funding notes	-	(297,388,234)	-	(297,388,234)
Derivative financial liabilities	(1,481,665)	-	-	(1,481,665)
Other payables and accrued expenses	(1,336,872)	-	-	(1,336,872)
	(97,297,164)	**(297,388,234)**	**(451,337,094)**	**(846,022,492)**

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

	Within	**6 months - 2**	**Greater than 2**	**Total**

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

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:

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

Involvement with unconsolidated structured entities

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

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

Interests in subsidiary

As at 31 December 2016, the Company has a 100% notional holding of the entire outstanding notional balance of its Lux Subsidiary being 2,000,000 Class A shares and one Class B share (31 December 2015: 20,000 Class A shares).

The Company held 100% of the entire outstanding notional balance in the Subsidiary until it was subsequently dissolved on 23 December 2015.

The 15 Class B2 shares held by the Subsidiary in BGCF were transferred in-specie to the Company. Each share had a nominal value of €1 and a share premium of €999,999, resulting in the in-specie transfer being valued at €15,000,000. On 20 December 2016, the 15 Class B2 shares were cancelled and the proceeds were invested in CSWs issued by the Lux Subsidiary.

Other than the investments noted above, the Company did not provide any financial support for the years ended 31 December 2016 and 31 December 2015, nor had it any intention of providing financial or other support. In 2015, the Company provided an intercompany loan of €30,000 to the Lux Subsidiary. This intercompany loan was settled in December 2016. Refer to Note 5 for further details.

12 Segmental reporting

As required by IFRS 8 "Operating Segments", the information provided to the Board, who are the chief operating decision-makers, can be classified into one segment for the years ended 31 December 2016 and 31 December 2015. The only share class in issue during the years ended 31 December 2016 and 31 December 2015 is the Euro share class.

For the years ended 31 December 2016 and 31 December 2015, the Company's primary exposure was to Europe.

13 Basic and diluted earnings per Euro share

	As at 31 December 2016	As at 31 December 2015
	€	€
Total comprehensive income for the year	40,512,255	24,772,130
Weighted average number of shares during the period	327,635,459	321,499,853
Basic and diluted earnings per Euro share	**0.1237**	**0.0771**

14 Net asset value per Euro share

	As at 31December 2016	As at 31 December 2015
	€	€
Net asset value	332,338,320	325,970,360
Number of shares at year end	324,600,700	331,319,700
Net asset value per Euro share	**1.0238**	**0.9839**

15 Reconciliation of NAV to published NAV

	As at 31 December 2016		As at 31 December 2015	
	NAV	NAV per share	NAV	NAV per share
	€	€	€	€
NAV attributable to Shareholders	332,338,320	1.0238	325,970,360	0.9839
Amortisation adjustment	(7,168)	(0.0000)	-	-
Published NAV	**332,331,152**	**1.0238**	**325,970,360**	**0.9839**

16 Related party transactions

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

Transactions with entities with significant influence

In accordance with IAS 24 "Related Party Disclosures", the related parties and related party transactions during the year comprised transactions with an affiliate of DFME. As at 31 December 2016 and 31 December 2015, Blackstone Asia Treasury Pte held 50,000,000 Euro shares in the Company.

Blackstone Asia Treasury Pte undertook, by entering into a Lock-Up Agreement with the Company and Joint Brokers, not to dispose the placing shares it acquired in the Company pursuant to the placing for a period of 12 months following Admission. This agreement expired on 23 July 2015 and Blackstone Asia Treasury Pte continues to hold 50,000,000 Euro shares in the Company.

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 2016, current employees of the Adviser and its affiliates, and accounts managed or advised by them, hold 524,875 Euro shares (31 December 2015: 524,875) which represents approximately 0.162% (31 December 2015: 0.162%) of the issued shares of the Company.

The Company has exposure to the CLOs, originated by BGCF, through its investment in the Lux Subsidiary. The Adviser is also appointed as a service support provider to BGCF and as the Collateral Manager to most of the CLOs. DFM has been appointed as the Collateral Manager to Dorchester Park CLO Designated Activity Company and Bristol Park CLO Limited.

Transactions with Subsidiaries

The Company purchased 309,033,367 CSWs from the Lux Subsidiary during the year and held 295,083,703 CSWs as at 31 December 2016 (31 December 2015: Nil). Refer to Note 6 for further details.

As at 31 December 2016, 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 2015: 20,000 Class A shares with a nominal value of €20,000 in the Lux Subsidiary, 15 Class B2 shares with a nominal value of €15 and share premium of €14,999,985 in BGCF).

During the year ended 31 December 2016, the intercompany loan receivable of €30,000 from the Lux Subsidiary was repaid.

17 Controlling party

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

18 Other events of BGCF

On 13 October 2016, Blackstone / GSO Corporate Funding EUR Fund (the "EUR Fund") and Blackstone / GSO Corporate Funding USD Fund (the "USD Fund") were approved by the Central Bank of Ireland as sub-funds of Blackstone / GSO Investment Funds, a unit trust authorised on 29 April 2008 under the Unit Trusts Act, 1990. On 1 November, BGCF issued a PPN to the value of €116,000,000 to the EUR Fund which represented the initial investment.

BGCF established three new originated subsidiaries, namely Elm Park CLO Designated Activity Company, Griffith Park CLO Designated Activity Company, and Clarinda Park CLO Designated Activity Company. BGCF established two new significant investments in Bristol Park CLO Limited and Grippen Park CLO Warehouse, both of which are considered to be under BGCF's control and hence are consolidated in BGCF's financial statements.

BGCF entered into a Forward Purchase Agreement with Elm Park CLO Designated Activity Company. This matured on 26 May 2016 when BGCF purchased €46,930,000 of its subordinated notes, representing 82.43% ownership in conjunction with the purchase of the underlying assets by Elm Park CLO Designated Activity Company.

BGCF entered into a Forward Purchase Agreement with Griffith Park CLO Designated Activity Company. This matured on 8 September 2016 when BGCF purchased €29,000,000 of its subordinated notes, representing 59.55% ownership in conjunction with the purchase of the underlying assets by Griffith Park CLO Designated Activity Company.

On 8 December 2016, BGCF purchased US $10,000,000 of Bristol Park CLO Limited's subordinated notes, representing 18.25%.

On 31 August 2016, BGCF invested US $5,000,000, and a further US $6,000,000 on 7 December 2016, in the form of preference shares in Grippen Park CLO Warehouse managed by an affiliate of Blackstone / GSO Debt Funds Management Europe Limited.

BGCF entered into a Forward Purchase Agreement with Clarinda Park CLO Designated Activity Company. This matured on 15 November 2016 when BGCF purchased €23,100,000 of its subordinated notes, representing 51.22% ownership in conjunction with the purchase of the underlying assets by Clarinda Park CLO Designated Activity Company.

On 1 November 2016, the total maximum funding amount for variable funding notes was reduced to €300,000,000.

On 20 December 2016, the Class B2 shares were cancelled and the value of €15 plus €14,999,985 premium was repaid to the Company.

The Company subsequently invested €15,000,000 in additional Blackstone / GSO Loan Financing (Luxembourg) S.à.r.l. CSWs. The proceeds from the issuance of the CSWs were then invested in additional PPNs.

BGCF's objective was updated on 3 February 2016. The update was incorporated in an amendment to the Profit Participating Note Issuing and Purchase Agreement between, amongst others, BGCF and the Company. In summary the new investment objective is:

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) (such investments being made directly or through investments in Loan Warehouses; (ii) CLO Securities; and (ii) other Risk Retention Companies.
As at 31 December 2016, BGCF has majority ownership of the subordinated notes of 10 CLO subsidiaries.

19 Significant events of the Company during the year
Please refer to the Executive Summary for details of significant events of the Company during the year.

20 Events after the reporting period
The Board has evaluated subsequent events for the Company through to 24 April 2017, 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:

On 20 January 2017, the Board declared a dividend of €0.025 per Euro share in respect of the period from 1 October 2016 to 31 December 2016 with an ex-dividend date of 2 February 2017. A total payment of €8,115,018 was processed on 24 February 2017.

On 21 February 2017, the Company announced its intention to issue new Euro shares in the Company in response to current demand from investors, under the placing programme by way of a placing of new Euro shares, as detailed in the Company's Prospectus dated 31 March 2016.

On 3 March 2017, the Company announced that the placing had closed, raising €72.8 million (before costs and expenses) through the issue of 71,380,746 Euro shares of no par value at a price of €1.02 per share. The placing price represented a premium of approximately 2% to the unaudited NAV as at 31 January 2017, adjusted for the dividend declared on 20 January 2017 for the period to 31 December 2016. The new shares will be eligible for the dividend payable in respect of the period from 1 January 2017 to 31 March 2017.

On 3 March 2017, Charlotte Valeur and Gary Clark purchased 11,500 and 20,000 Euro shares respectively pursuant to the placing. As at the date of approval of these financial statements, Charlotte Valeur and Gary Clark held 11,500 and 73,700 Euro shares respectively in the Company.

On 8 March 2017 and on 14 March 2017, the Company announced that it had issued 1,000,000 new Euro shares of no par value respectively. These shares were issued at a placing price of €1.03 per share raising €1.03 million (before costs and expenses) to satisfy continued investor demand. The placing price represented a premium of approximately 3% to the unaudited NAV as at 31 January 2017, adjusted for the dividend declared on 20 January 2017 for the period from 1 October 2016 to 31 December 2016. The new shares will be eligible for the dividend payable in respect of the period from 1 January 2017 to 31 March 2017.

On 29 March 2017, the Company announced the sale of 6,719,000 Euro shares out of treasury at a price of €1.0304 per share. The sale raised gross proceeds of €6,923,258 and settlement took place on 31 March 2017.

On 24 April 2017, the Company declared a dividend of €0.025 per Euro share in respect of the period from 1 January 2017 to 31 March 2017. This dividend will be paid on 26 May 2017 to Shareholders on the register as at the close of business on 5 May 2017, and the corresponding ex-dividend date will be 4 May 2017.

The events after the reporting period for BGCF are disclosed below:

On 30 January 2017, with regard to the notes issued by Phoenix Park CLO Designated Activity Company, refinancing took effect on the Class A-1 Notes, the Class A-2 Notes and the Class B Notes, pursuant to the supplemental trust deed. The refinancing was notified to noteholders via the Irish Stock Exchange's company announcements section on 23 December 2016.

On 13 March 2017, Blackstone / GSO US Corporate Funding Limited, the US Majority Owned Affiliate ("US MOA") was funded. Blackstone Holdings IV L.P and BGCF invested in Class A Preference shares issued by the US MOA.

On 14 March 2017, with regard to the classes of notes issued by Castle Park CLO DAC, refinancing took effect on the Class A-1 Notes, the Class A-2A Notes, the Class A-2B Notes, the Class B Notes and the Class C Notes, pursuant to the Supplemental Trust Deed. The refinancing was notified to noteholders via the Irish Stock Exchange's company announcements section on 9 February 2017.

On 15 March 2017, BGCF redeemed its preference shares in the Grippen Park CLO Warehouse. Blackstone / GSO US Corporate Funding Limited purchased US $35,622,000 of the subordinated notes in Grippen Park CLO Limited, representing 60.00% ownership in conjunction with the purchase of the underlying assets by the Grippen Park CLO Warehouse.

Company Information
Management and Administrators

Director

Ms Charlotte Valeur (Chair)
Mr Philip Austin
Mr Gary Clark
Ms Joanna Dentskevich
All c/o the Company's registered office

Registered Office (from 1 January 2016)

Liberte House
19-23 La Motte Street
St Helier
Jersey, JE2 4SY, Channel Islands

Adviser

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

Registrar

Capita Registrars (Jersey) Limited
12 Castle Street
St Helier
Jersey, JE2 3RT, Channel Islands

Joint Broker

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

Joint Broker

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

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

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

Reporting Accountant and Auditor

Administrator / Company Secretary / Custodian (from 1 January 2016) / Depository (from 9 June 2016)

Deloitte LLP
Gaspe House
66-72 Esplanade
St Helier
JE2 3QT
Channel Islands (As from 10 April 2017)

44 Esplanade
St. Helier
Jersey
JE4 8WA
Channel Islands (Up to 9 April 2017)

BNP Paribas Securities Services S.C.A.
Liberté House
19-23 La Motte Street
Jersey
JE4 5RL
Channel Islands

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

BNP Paribas Securities Services S.C.A., Jersey Branch
Liberté House 19-23
La Motte Street St
Helier Jersey
JE2 4SY

Tel: +44 (0) 1534 709181

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, 19-23 La Motte Street, St Helier, Jersey, JE2 4SY), 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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