Regulatory Story

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Blackstone / GSO Loan Financing Ltd - BGLF Half-year Report
Released 16:26 20-Sep-2019

RNS Number : 1778N
Blackstone / GSO Loan Financing Ltd
20 September 2019

20 SEPTEMBER 2019
FOR IMMEDIATE RELEASE
RELEASED BY BNP PARIBAS SECURITIES SERVICES S.C.A., JERSEY BRANCH
HALF-YEARLY RESULTS ANNOUNCEMENT

THE BOARD OF DIRECTORS OF BLACKSTONE / GSO LOAN FINANCING LIMITED ANNOUNCE HALF- YEARLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

Strategic report

Reconciliation of IFRS NAV to Published NAV

At 30 June 2019, there was a difference between the NAV per Ordinary Share and NAV per C Share as disclosed in the Condensed Statement of Financial Position, of €0.8798 per Ordinary Share and €0.5591, ("IFRS NAVs") compared to the published NAVs, of €0.9169 per Ordinary Share and €0.5738 per C Share, which was released to the LSE on 19 July 2019 ("Published NAVs"). A reconciliation is provided in Note 14. The entire difference between the two numbers is due to the different valuation bases used to determine the value of the investments.

Valuation Policy for the Published NAV

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

Valuation Policy for the IFRS NAV

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

In respect of the C Share class, the CLOs held directly are valued using a mark to market approach for both the Published NAV and the IFRS NAV. The underlying CLO investments held by BGCF are valued using modelling methodologies, described in the Company's Prospectus, that are based upon many assumptions.

The Directors, as set out in the Prospectus, will continue to assess the performance of the Company using the Published NAV. As noted in the Annual Report and Audited Financial Statements for the year ended 31 December 2018, going forward, the Directors, in conjunction with the Portfolio Adviser, are also considering presenting additional information and commentary on Market Colour, credit risk exposure and any material divergence from the different valuation bases referred to above.

Key Performance Indicators (1)

	Ordinary Share		C Share	
	NAV per the financial statements ("IFRS NAV")	Published NAV	NAV per the financial statements ("IFRS NAV")	Published NAV
NAV (1)	€0.8798 (31 Dec 2018: €0.8065)	€0.9169 (31 Dec 2018: €0.8963)	€0.5591 (31 Dec 2018: N/A)	€0.5738 (31 Dec 2018: N/A)
NAV total return (1)	15.30% (31 Dec 2018: (3.99)%)	8.13% (31 Dec 2018: 6.70%)	2.66% (31 Dec 2018: N/A)	5.37% (31 Dec 2018: N/A)
Discount (1)	(5.66)% (31 Dec 2018: (5.77)%)	(9.48)% (31 Dec 2018: (15.21)%)	(14.15)% (31 Dec 2018: N/A)	(16.35)% (31 Dec 2018: N/A)
Dividend-	€0.050 (30 Jun 2018: €0.050)	€0.050 (30 Jun 2018: €0.050)	€0.05642 (31 Jun 2018: N/A)	€0.05642 (31 Jun 2018: N/A)

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

Performance

Ticker	IFRS NAV per Share	Published NAV per Share	Share Price(2)	Discount IFRS NAV	Discount Published NAV	Dividend Yield
BGLF						
30 Jun 2019	€0.8798	€0.9169	€0.8300	(5.66)%	(9.48)%	12.05%
31 Dec 2018	€0.8065	€0.8963	€0.7600	(5.77)%	(15.21)%	13.16%
BGLP						
30 Jun 2019	£0.7881	£0.8213	£0.7300	(7.37)%	(11.12)%	12.27%
31 Dec 2018	£0.7251	£0.8058	£0.7175	(1.05)%	(10.95)%	12.53%
BGLC						
30 Jun 2019	€0.5591	€0.5738	€ 0.4800	(14.15)%	(16.35)%	15.67%
31 Dec 2018	N/A	N/A	N/A	N/A	N/A	N/A

	LTM Return(1)	3-Year Annualised	Annualised Since Inception	Cumulative Since Inception
BGLF IFRS NAV	9.56%	5.67%	6.50%	36.47%
BGLF Published NAV	14.18%	7.14%	7.39%	42.22%
BGLF Ordinary Share Price	5.11%	6.78%	5.55%	30.59%
BGLC IFRS NAV	N/A	N/A	N/A	2.66%
BGLC Published NAV	N/A	N/A	N/A	5.37%
BGLF C Share Price	N/A	N/A	N/A	1.90%
European Loans	2.75%	3.70%	3.31%	17.47%
US Loans	4.15%	5.43%	3.91%	20.86%

(1) Refer to Glossary for an explanation of the terms used above and elsewhere within this report

(2) Bloomberg closing price at period end

Dividend History

Whilst not forming part of the investment objective or policy of the Company, dividends will be payable in respect of each calendar quarter, two months after the end of such quarter. The Company declared dividends of €0.050 per Ordinary Share and dividends of €0.05642 per C Share for the first half of 2019.

Ordinary Share Dividends for the Period Ended 30 June 2019

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Ordinary Share
				€
1 Jan 2019 to 31 Mar 2019	18 Apr 2019	2 May 2019	31 May 2019	0.0250
1 Apr 2019 to 30 Jun 2019	18 Jul 2019	25 Jul 2019	23 Aug 2019	0.0250

Dividends paid on Ordinary Shares during the period ended 30 June 2019 amounted to €20,235,022.

C Share Dividends for the Period Ended 30 June 2019

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per C Share
				€
1 Oct 2018 to 31 Dec 2018	22 Jan 2019	31 Jan 2019	1 Mar 2019	0.01452
1 Jan 2019 to 31 Mar 2019	18 Apr 2019	2 May 2019	31 May 2019	0.0205

1 Apr 2019 to 30 Jun 2019	18 Jul 2019	25 Jul 2019	23 Aug 2019	0.0214

Dividends paid on C Shares during the period ended 30 June 2019 amounted to €4,673,458.

Ordinary Share Dividends for the Year Ended 31 December 2018

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

Dividends paid on Ordinary Shares during the year ended 31 December 2018 amounted to €40,470,044.

Period Highs and Lows

	2019 High	2019 Low	2018 High	2018 Low
Published NAV per Ordinary Share	€0.9215	€0.8824	€0.9183	€0.8837
Ordinary Share Price (last price)	€0.8500	€0.7500	€0.9875	€0.7600
GBP Ordinary Share Price (last price)	£0.7300	£0.7000	£0.8750	£0.7150
Published NAV per C Share	€0.5944	€0.5474	N/A	N/A
C Share Price (last price)	€0.5050	€0.4610	N/A	N/A

Schedule of Investments
As at 30 June 2019 - Ordinary Share

	Nominal Holdings	Market Value	% of Net Asset Value
		€	
Investment held in the Lux Subsidiary:			
CSWs	274,400,106	340,335,933	96.15
Shares (2,000,000 Class A and 1 Class B)	2,000,001	5,202,903	1.47
Other Net Assets	-	8,406,402	2.38
Net Assets Attributable to Ordinary Class Shareholders		**353,945,238**	**100.00**

As at 30 June 2019 - C Share

	Nominal Holdings	Market Value	% of Net Asset Value
		€	
Investment held in the Lux Subsidiary:			
CSWs	45,285,816	44,894,539	60.17
Investments held directly (CLOs):			
2 Mezzanine Notes	6,141,000	4,706,395	6.31
12 Income Notes	35,267,000	14,078,223	18.87
Other Net Assets		10,933,890	14.65
Net Assets Attributable to C Class Shareholders		**74,613,047**	**100.00**

Schedule of Significant Transactions

Date of Transaction	Transaction Type	Amount	Reason
		€	
CSWs held by the Ordinary Class			
14 Feb 2019	Redemption	10,396,087	To fund dividend
14 May 2019	Redemption	10,533,046	To fund dividend
CSWs held by the C Class			
1 February 2019	Subscription	8,000,000	Investments in PPNs
1 March 2019	Subscription	4,300,000	Investments in PPNs
1 April 2019	Subscription	8,500,000	Investments in PPNs
1 May 2019	Subscription	8,200,000	Investments in PPNs
14 May 2019	Redemption	220,490	To fund dividend
4 June 2019	Subscription	16,500,000	Investments in PPNs
CLOs directly held by the C Class			
January 2019	Disposal	5,651,234	Liquidation to re-invest in CSWs
February 2019	Disposal	2,046,492	Liquidation to re-invest in CSWs
March 2019	Disposal	8,845,776	Liquidation to re-invest in CSWs

April 2019	Disposal	7,943,124	Liquidation to re-invest in CSWs
May 2019	Disposal	19,847,233	Liquidation to re-invest in CSWs
June 2019	Disposal	2,457,288	Liquidation to re-invest in CSWs

CHAIR'S STATEMENT

Dear Shareholders,

Company Returns and Net Asset Value(3)

The Company delivered an IFRS NAV total return per Ordinary Share of 15.30% over the first six months of 2019 (1.04% in 2018), ending the period with a NAV of €0.8798 (€0.8970 at 30 June 2018). LTM dividend yield was 12.05% for the Ordinary Shares. The return was comprised 5.58% of dividend income and 9.72% of net portfolio movement.

On a Published NAV basis, the Company delivered a total return per Ordinary Share of 8.13% over the first six months of 2019 (1.04% in 2018), ending the period with a NAV of €0.9169 (€0.8970 at 30 June 2018). The return was composed of dividend income 5.58% and of net portfolio movement of 2.55%.

The Company delivered an IFRS NAV total return per C Share of 2.66% over the first six months of 2019 (N/A in 2018), ending the period at €0.5591 (N/A at 30 June 2018). The return was comprised 6.04% of dividend income and (3.38)% of net portfolio movement.

On a Published NAV basis, the Company delivered a total return per C Share of 5.37% over the first six months of 2019 (N/A in 2018), ending the period at €0.5738 (N/A at 30 June 2018). The return was composed of dividend income 6.04% and of net portfolio movement of (0.67)%.

During the first half of 2019, the Company took advantage of the continued market strength in order to further diversify and de-risk the BGCF portfolio. Returns were positively impacted by spread widening driving higher distributions from underlying CLOs and improvements in the mark-to-model valuations. The directly held loan component of the portfolio also benefitted from a recovery in loan prices.

The Company paid two dividends to Ordinary Shareholders in respect of the six month period ended 30 June 2019, totalling €0.50 per share. The Company paid two dividends to C Shareholders in respect of the six month period ended 30 June 2019, totalling €0.035 per share. Details of all dividend payments can be found within the Dividend History section at the front of this Half Yearly Financial Report.

Market Conditions

As markets cross the midpoint for the year, it is hard to argue that the first half of the year has been anything but positive for global assets. The subsequent rebound in early 2019 after a disappointing 4th quarter of 2018 resulted in strong returns across the fixed income space. Global equity markets shrugged off weakening economic data as well as increasing trade tensions between the US and China to produce strong performance: the S&P 500 returned 17.4% for the first six months of 2019, while the Euronext 100 returned 16.8%. Returns were fuelled mainly by an increasingly dovish tilt in Federal Reserve commentary as well as the European Central Bank hinting at further monetary policy easing, the prospects of which propelled risk assets to new highs by the end of June.

US credit outperformed European credit over the first half of 2019, with high yield the general outperformer. Loans in the US and Europe returned 5.42% and 3.11%, respectively, compared to high yield bonds, which returned 9.95% in the US and 7.65% in Europe over the same period.

Clouds on the global economy have been forming in 2019, however. Subdued economic growth was recorded in the Eurozone, with gross domestic product ("GDP") quarter-on-quarter growth falling from 0.4% in Q1 to 0.2% in Q2. Eurozone Manufacturing PMI, a leading indicator of growth in the economy, contracted over the first six months of 2019 to below 50 (the demarcation line between growth and contraction), where it has remained to date. Business confidence was slightly more optimistic in the US, with GDP annualised quarter-on-quarter growth of 3.1% and 2.0% in Q1 and Q2, respectively. Employment data remained broadly encouraging in both markets. Volatility has been elevated in recent weeks in both the US and European markets, and we expect that may continue throughout the rest of 2019.

Discount Management

The share price discount to IFRS NAV narrowed from 5.77% at 31 December 2018 to 5.66% at 30 June 2019 and the share price discount to Published NAV narrowed from 15.21% at 31 December 2018 to 9.48% at 30 June 2019. The discount is 11.88% based on the Published NAV (31 July 2019) and the closing share price as at 18 September 2019. As a Board, we regularly weigh the balance between maintaining liquidity of the Euro shares, the stability of any discount or premium, and the desire of Shareholders to see the Euro shares trade as closely as possible to their intrinsic value.

On 23 January 2019, the Board announced that, under the general authority conferred by the Company's Shareholders at its Annual General Meeting on 22 June 2018; it would buy back shares in the market using available cash with the goal of reducing the discount. This was undertaken in the first half of 2019, and the purchased shares were held in treasury. Further details on the share repurchase programme can be found below.

Blackstone / GSO Loan Financing C Share Update
In January 2019, in connection with the Rollover Opportunity whereby shareholders in Carador Income Fund plc were provided the opportunity to rollover their existing investment into an investment in newly issued C Shares of BGLF ("BGLC"), BGLF issued 133.5 million of such C shares. The intention was that, over time, the assets attributed to the rollover pool would be sold. We actively traded the BGLC portfolio of Rollover Assets liquidating 98.4 million of par (approximately 75% of the initial par rolled over) given the recovery in loan and CLO prices. We plan to continue the liquidation of the remaining portfolio as quickly as possible, albeit selectively considering the softer tone of the current CLO equity market.

Brexit Update
Geopolitical volatility has been a key driver of uncertainty, and will remain one over the next few years. The board continues to monitor the ongoing negotiations regarding the UK's exit from the European Union ("Brexit") and the working group within Blackstone and the Portfolio Adviser continue to consider the potential implications, risks and preparations required. The potential implications to BGLF continue to be evaluated across its service providers as the Brexit situation evolves, including areas such as counterparty relationships, supply chains, macroeconomic, and regulatory policy, as well as with regards to its marketing registrations. At this point in time, the implications are considered to have a limited impact on the long-term sustainability of the Company. Further information can be found on in the Risk Overview section of this report. The longer-term impact of Brexit will continue to be monitored as the situation evolves.

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 period, convening a total of 6 Board meetings and 12 Committee meetings, as well as undertaking an onsite due diligence review in July 2019 of Blackstone / Debt Funds Management Europe Limited and GSO / Blackstone Debt Funds Management LLC (together, the "Adviser"). The Board used this visit to discuss various aspects of operational risk and controls, the loan and CLO markets, and the current market conditions.

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

The work of the Board is assisted by the Audit Committee, Management Engagement Committee, the Remuneration and Nomination Committee and the Risk Committee.

The 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 2018 (the "UK Code").

Effective 8 January 2019, the Board appointed Mark Moffat as a non-executive director. Mark has been involved in the structuring, managing and investing in CLOs for over 20 years. As Mark was employed by GSO Capital Partners LP ("GSO") until early 2015, the Board does not consider him to be an independent director; however, we believe that his knowledge and experience will be a valuable addition to the Board.

Shareholder Communications
During 1H19, using our Adviser and Brokers, we continued our programme of engagement with current and prospective Shareholders. We sincerely hope that you found the monthly factsheets and other information valuable. We are always pleased to have contact with Shareholders and we welcome any opportunity to meet with you and obtain your feedback.

Prospects and Opportunities in 2019
Looking ahead to the remainder of 2019, there continues to be a myriad of factors including weakening global macro data, escalating trade war tensions and the impact of Brexit that may affect investor sentiment within the global credit markets. Central banks in the US, Europe, Japan, China and elsewhere are preparing to flood the markets with liquidity again. With a potential new round of quantitative easing (QE) on the horizon, investors can again expect asset buy-backs to create liquidity allowing portfolios in receipt of new cash to rebalance. This should ultimately lead to an increase in demand over a broad range of assets, supporting prices in the near term and compressing yields. From a relative value basis, given recent price increases and potential impact of QE we currently favour loans over high yield.

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

As we move into the second half of 2019, the Board continues to believe that the Company is well positioned to access favourable investment opportunities in 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
20 September 2019

(3) Past performance is not necessarily indicative of future results, and there can be no assurance that the Company will achieve comparable results, will meet its target returns, achieve its investment objectives, or be able to implement its investment strategy.

PORTFOLIO ADVISER'S REVIEW

We are pleased to present our review of the first six months of 2019 and outlook for the remainder of the year.

Bank Loan Market Overview(4)(5)

During the first half of 2019, monetary policy transitioned globally from coordinated tightening to coordinated easing, and central banks in the US, Europe, Japan, China and elsewhere are preparing to flood the markets with liquidity again. In Europe, after nearly a year of trying to convince markets that it would end quantitative easing, the European Central Bank ("ECB") has now acknowledged the extent of Europe's economic problems and will likely begin to pursue rate cuts and balance sheet expansion in the second half of 2019 in order to stave off recession. In the US, hawkish monetary policy was also reversed as the Federal Reserve ("Fed") bowed to pressure from investors who saw slowing growth in Europe and China and weak inflation in the US as threats to the global economy. The prospect of coordinated easing propelled risk assets to new highs in the first half of 2019, turning the relationship between markets and central banks on its head. Risk assets are meant to rally after the Fed cuts, not before, but over the first six months of 2019 the S&P 500, for example, was up over 20%.

European Loans, as represented by the Credit Suisse Western European Leveraged Loan Index, returned 3.11% for the first half of 2019 with gains largely driven by the strong rebound of prices in January and February following weakness in the final quarter of 2018. Low levels of new loan issuance year-to-date, coupled with strong CLO formation, resulted in increased demand for secondary loans, which further supported prices. The average price of European Loans increased from €96.54 in December 2018 to €98.01 in June 2019. US Loans also exhibited a meaningful performance comeback in the first half of 2019 following a volatile 4Q18 returning 5.42% in the six months ending 30 June. This represents the best first half-year performance in 10 years as lower levels of new issue loan supply offset the headwind of continued outflows from mutual funds and ETFs. Higher quality loans outperformed lower quality loans over the first six months of the year with gains of 319bp and 246bp, respectively, for BB and B-rated loans as compared to their CCC-rated counterparts. BB and B-rated loans have now more than recuperated any losses suffered during the 4Q18 sell-off. CCC-rated loans, however, have returned -1.2% for the same period (01/10/18 through 30/6/19).(5)

Gross total loan issuance was €39.3 billion in Europe and $243.4 billion in the US for the first half of 2019, representing a decline of 36% and 37%, respectively, over last year. The largest use of this capital in both markets was related to M&A activity (59.2% in Europe and 47.6% in the US). Dovish rhetoric from both the Fed and the ECB in 2Q19 fuelled investor demand for fixed rate, longer duration assets. As a result, the shift in issuance away from loans and towards high yield bonds has continued to proliferate in the credit markets and resulted in lower loan issuance year-to-date than previously expected globally. Despite the lower volumes of issuance, both the European loan market and the US loan market experienced growth in the first half of 2019. The Credit Suisse Western European Leveraged Loan Index par outstanding rose from €283 billion in December 2018 to €294 billion in June 2019 (+4%), while the Credit Suisse Leveraged Loan Index par outstanding rose from $1,232 billion to $1,250 billion (+1%). We expect global gross new issue loan supply to decline year-over-year for 2019, due in part to the slow start to issuance in 2019 year-to-date ($287 billion compared to $455 billion for the same period in 2018).

Default rates for loans remained below historical averages throughout the first half of 2019 with the trailing 12-month par default rate registering 0.9% in the US and 0.0% in Europe.(5) We expect that loan default rates will remain below 1.5% throughout the remainder of 2019 as loan issuer fundamentals remain strong but remain cognisant of the impact that Brexit and heightened trade tensions could have on the global economy.

1Q19 financial results for the European issuers in GSO's Liquid Credit Strategies portfolios show that, on average, quarterly revenue growth slowed year-over-year while quarterly EBITDA growth accelerated. 1Q19 year-over-year revenue grew by 3.7%, down from 4.9% in 4Q18 and despite the slowing of top line revenue growth, year-over-year EBITDA growth increased in 1Q19 to 6.4% from 5.8% in 4Q18. Quarterly year-over-year net total leverage increased to 5.2x from 5.0x through 1Q19 and interest coverage decreased from 5.3x to 4.9x over the same time period.(6) For the US issuers in GSO's Liquid Credit Strategies portfolios, quarterly revenue growth slowed year-over-year and continuing pricing pressure decelerated quarterly EBITDA growth, however, both metrics remain positive. 1Q19 year-over-year revenue grew by 3.3%, down from 4.4% in 4Q18, and quarterly EBITDA grew at a rate of 2.8% year-over-year as of 1Q19, down from 4.8% in 4Q18. Net Leverage remained stable quarter-over-quarter at 5.1x (Gross Total Leverage 5.5x), the lowest level since 4Q17. Interest coverage, however, has decreased this quarter from 5.3x to 5.1x but remains higher than the market average of 4.7x.(6)

CLO Market Overview

European CLO new issuance in the first six months of 2019 totalled €14.3 billion, the highest issuance of the first six months of any year in the post-crisis era. In fact, this represents the largest volume for any half-year period since 2007, surpassing the €13.3 billion of issuance in 1H18 despite the current challenging conditions for CLO arbitrage. Meanwhile, US CLO new issuance totalled $65.1 billion in 1H19, roughly in-line with last year's record pace of $69.1 billion, despite experiencing some recent regulatory headwinds from Japan. Global refinancing and resetting activities year-to-date globally total $26.7 billion composed of $23.1 billion US CLOs and €2.6 billion ($3.6 billion) of European CLOs.(4)

In the first half of 2019, the Japanese FSA increased their regulatory scrutiny of both US and European CLO assets due to the increased scale of these holdings among a concentrated group of large Japanese banks. As a result, Japanese AAA CLO buyers have slowed their pace of purchase in 2019, even after a favourable ruling on CLOs from the Japanese FSA. Existing and new AAA buyers have emerged to fill the void and have pushed the market toward a more syndicated AAA distribution which has also resulted in increased levels of risk tiering based on a manager's track record, portfolio, and strength of document. AAA-rated US CLO tranches with five year reinvestment periods issued by top-tier managers contracted to as low as L+128bp in May and June, compared to the broad market average of L+137 at the end of March. Amidst record levels of CLO issuance, primary AAA spreads of European CLOs averaged E+111bp in the second quarter of 2019 compared to E+99bp recorded in the final quarter of 2018.

Collateral quality tests in global CLO portfolios remain stable, per data from Wells Fargo. As of June 2019, Weighted Average Spread ("WAS") test results in both European and US CLOs were 367bp and 345bp, respectively, compared to 363bp and 339bp in December 2018. Average exposure to CCC-rated assets within CLO portfolios remains low at 1.2% for European CLOs and 3.3% for US CLOs. Exposure to distressed assets also remained subdued, as evidenced by average global Weighted Average Rating Factor ("WARF") test results of 2856 in European CLOs and 2818 in US CLOs, which are in-line with 2018's results of 2858 and 2807, respectively.

Portfolio Update

BGCF

As at 30 June 2019, the Ordinary Share class and the C Share class held 35.4% and 4.7% in BGCF respectively through their holding in CSWs in the Lux Subsidiary which in turns holds PPNs in BGCF. BGLF, through its investment in BGCF, increased its exposure to US assets during the first half of 2019. As at 30 June, based on NAV, 47% of BGCF's portfolio was composed of US CLO Income Notes and CLO warehouses, compared to 46% in December 2018 (42% June 2018). Exposure to directly held loans, net of leverage, increased from 18% to 21% from December 2018 to June 2019 (27% June 2018), and European CLO Income Notes dipped slightly to 35% in June 2019 from 37% at the end of 2018 (33% June 2018).

BGCF continues to generate positive cash flows from its CLO Income Note investments ("CLO Income Notes") and from its portfolio of directly held and warehoused loans, generally in-line with the BGCF's target cash on cash returns.

	Directly Held Loan Portfolio	European CLOs	US CLOs	US CLO Warehouse First Loss
Target Cash on Cash Return (7)	Gross: 9-10%	Approximately 15-20%	Approximately 15-20%	Approximately 15-20%
Actual Cash on Cash Return (8)	Gross: 8.5% / Net: 6.6%	15.8%	17.7%	14.0%

As of 30th of June, CLO Income Notes produced a weighted average annualised distribution rate of 15.6%, representing distributions from 28 of BGCF's CLO Income Notes.(9) This compares to a distribution rate of 15.7% at the end of 2018. Four CLOs in the portfolio have recently priced and, as of the end of June 2019, have not yet paid their first distribution.

CLO Vintage	European CLO Income Notes(10)				US CLO Income Notes(10)				Global CLO Income Notes (10)	
	Par (€mm)	# of CLOs	2Q 2019 Annualised Distribution	Average Annualised Distribution	Par ($mm)	# of CLOs	2Q 2019 Annualised Distribution	Average Annualised Distribution	2Q 2019 Annualised Distribution	1Q 2019 Annualised Distribution
2014	89.8	3	14.2%	16.7%	-	-	-	-	14.2%	13.4%
2015	69.7	3	17.1%	15.8%	48.5	1	13.9%	16.6%	15.9%	15.4%
2016	84.0	3	11.4%	11.3%	-	-	-	-	11.4%	10.9%
2017	80.4	3	18.3%	15.8%	261.0	6	15.1%	17.4%	15.9%	15.5%
2018	119.9	4	18.5%	18.1%	351.1	6	15.4%	18.1%	16.4%	18.2%
2019	34.0	1	n/a	n/a	55.5	2	n/a	n/a	n/a	n/a
Total/Wtd Avg	**€ 477.7**	**17**	**16.0%**	**15.8%**	**$ 716.1**	**15**	**15.2%**	**17.7%**	**15.6%**	**15.9%**

Throughout the first half of 2019, BGCF originated €1.2 billion of loans, and invested €27.7 million (€34.0 million par) in one European CLO and $49.1 million ($55.5 million par) in two US CLOs. BGCF also invested a total of €42.2 million ($47.5 million) in two US CLO warehouses.

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

Portfolio vintage diversification remains an important part of the Fund's strategy which provides for greater investment flexibility to participate in the primary loan market and the ability to take advantage of secondary loan market dislocations. BGCF's concentration in newer vintage CLOs with longer reinvestment periods has increased, albeit at a more measured pace, due to a less consistently favourable arbitrage between CLO liability cost and the underlying CLO portfolio asset spreads in 2019 versus 2018. In addition to new investment activity, BGCF refinanced the liabilities of Clarinda Park CLO, which resulted in the reduction of the weighted average liability cost by 22 basis points and an extension of the reinvestment period by an additional one year. While achieving a lower cost of liabilities is not the sole reason to refinance a CLO, the other benefits are outweighed by a higher cost of refinanced liabilities and therefore we continue to evaluate the cost/benefit trade-offs of refinancing or resetting opportunities on a case by case basis.

With the pace of loan refinancings and loan spread compression finally subsided, we are now beginning to see a turnaround and an improvement in the net interest margins across much of the CLO portfolio. As of 30 June 2019, the weighted average asset coupon of the portfolio was 4.73%, compared to 4.67% as at 31 December 2018. The average cost of liabilities across BGCF's CLO positions have widened to a lesser degree from 2.66% to 2.70%, resulting in a marginal improvement to the net interest margin on the overall portfolio.

CLO Income Note Investments	Closing / [Expected Close] Date	EUR / USD	Deal Size (mm)	Position Owned (mm)	% of Tranche	% of BGCF NAV	RP Remain-ing	Current Asset Coupon	Current Liability Cost	Net Interest Margin	NIM 3M Prior	Distributions Through Last Payment Date	
												Ann.	Cum.
Phoenix Park	Jul-14	EUR	€ 418	€ 23.3	51.4%	1.6%	3.83	3.72%	1.77%	1.94%	1.81%	15.4%	73.5%
Sorrento Park	Oct-14	EUR	€ 507	€ 29.5	51.8%	1.6%	0.00	3.65%	1.46%	2.19%	2.21%	17.1%	78.5%
Castle Park	Dec-14	EUR	€ 415	€ 37.0	80.4%	2.4%	0.00	3.64%	1.53%	2.11%	2.13%	17.2%	74.2%
Dorchester Park	Feb-15	USD	$ 533	$ 48.5	73.0%	2.3%	0.81	5.86%	4.01%	1.85%	1.79%	16.6%	68.7%
Dartry Park	Mar-15	EUR	€ 411	€ 22.8	51.1%	1.3%	0.00	3.69%	1.63%	2.06%	2.00%	15.2%	62.6%
Orwell Park	Jun-15	EUR	€ 415	€ 24.2	51.0%	1.7%	0.05	3.78%	1.44%	2.35%	2.29%	16.5%	63.9%
Tymon Park	Dec-15	EUR	€ 414	€ 22.7	51.0%	1.8%	0.56	3.71%	1.31%	2.40%	2.38%	15.7%	52.4%
Elm Park	May-16	EUR	€ 558	€ 31.9	56.1%	2.9%	0.79	3.74%	1.37%	2.37%	2.29%	12.8%	37.0%
Griffith Park	Sep-16	EUR	€ 458	€ 29.0	59.5%	2.1%	3.89	3.74%	1.82%	1.92%	1.86%	10.4%	28.1%
Clarinda Park	Nov-16	EUR	€ 415	€ 23.1	51.2%	1.5%	1.38	3.77%	1.81%	1.96%	1.69%	10.5%	26.2%
Grippen Park	Mar-17	USD	$ 611	$ 35.6	60.0%	2.1%	2.81	5.88%	4.32%	1.56%	1.46%	13.4%	28.1%
Palmerston Park	Apr-17	EUR	€ 415	€ 28.0	62.2%	1.9%	1.80	3.78%	1.74%	2.03%	1.91%	14.5%	29.3%
Thayer Park	May-17	USD	$ 515	$ 29.8	54.6%	1.7%	2.81	5.91%	4.35%	1.55%	1.46%	17.5%	33.8%
Catskill Park	May-17	USD	$ 1,029	$ 65.1	60.0%	3.6%	2.81	5.88%	4.32%	1.57%	1.48%	16.5%	31.8%
Clontarf Park	Jul-17	EUR	€ 414	€ 29.0	66.9%	2.1%	2.10	3.68%	1.58%	2.10%	2.03%	15.1%	27.4%
Dewolf Park	Aug-17	USD	$ 614	$ 36.9	60.0%	2.3%	3.29	5.96%	4.32%	1.64%	1.52%	16.7%	27.2%
Gilbert Park	Oct-17	USD	$ 1022	$ 60.2	59.0%	3.8%	3.30	5.95%	4.28%	1.67%	1.55%	17.0%	25.2%
Willow Park	Nov-17	EUR	€ 412	€ 23.4	60.9%	1.9%	3.04	3.69%	1.58%	2.11%	2.03%	18.2%	25.1%
Long Point Park	Dec-17	USD	$ 611	$ 33.4	56.9%	2.2%	3.55	5.95%	4.01%	1.94%	1.87%	24.4%	31.7%
Stewart Park	Jan-18	USD	$ 878	$ 126.9	69.0%	3.2%	3.51	5.89%	4.06%	1.83%	1.74%	16.6%	20.6%
Marlay Park	Mar-18	EUR	€ 413	€ 24.6	60.0%	2.0%	2.79	3.69%	1.40%	2.29%	2.22%	19.4%	20.3%
Greenwood Park	Mar-18	USD	$ 1,075	$ 63.6	59.1%	4.2%	3.80	5.94%	3.97%	1.97%	1.85%	20.8%	23.1%
Cook Park	Apr-18	USD	$ 1,025	$ 60.0	56.1%	4.1%	3.80	5.87%	3.93%	1.94%	1.86%	20.9%	21.2%
Milltown Park	Jun-18	EUR	€ 410	€ 24.1	65.0%	2.2%	3.04	3.73%	1.49%	2.24%	2.16%	18.8%	15.8%
Fillmore Park	Jul-18	USD	$ 561	$ 30.2	54.3%	2.4%	4.04	5.89%	4.11%	1.77%	1.68%	14.5%	10.3%
Richmond Park	Jul-18	EUR	€ 549	€ 46.2	68.3%	2.6%	2.04	3.72%	1.53%	2.19%	2.10%	17.6%	13.1%
Myers Park	Sep-18	USD	$ 510	$ 26.8	51.0%	2.1%	4.31	5.93%	4.16%	1.76%	1.87%	17.1%	9.9%
Sutton Park	Oct-18	EUR	€ 409	€ 25.0	69.4%	2.2%	3.87	3.69%	1.72%	1.97%	1.86%	17.1%	9.8%
Harbor Park	Dec-18	USD	$ 716	$ 43.6	55.0%	3.6%	4.56	5.92%	4.34%	1.59%	1.64%	n/a	n/a
Crosthwaite Park	Feb-19	EUR	€ 513	€ 34.0	66.7%	2.8%	4.21	3.69%	2.00%	1.69%	1.74%	n/a	n/a
Buckhorn Park	Mar-19	USD	$ 502	$ 29.0	60.0%	2.3%	4.80	5.99%	4.51%	1.48%	1.44%	n/a	n/a
Niagara Park	Jun-19	USD	$ 453	$ 26.5	60.0%	2.1%	5.05	n/a	3.91%	n/a	n/a	n/a	n/a

Note - Table above excludes CLOs directly held by the C Share class.

As at 30 June 2019, the portfolio was invested in accordance with BGCF's investment policy and was diversified across 697 issuers (683 issuers in June 2018) through the directly held loans and CLO portfolio, and across 18 countries (19 countries in June 2018) and 31 different industries (30 in 2018). No individual borrower represented more than 2% of the overall portfolio at the end of June 2019.

Key Portfolio Statistics [11]

	Current WA Asset Coupon	Current WA Liability Cost	WA Leverage	WA Remaining CLO Reinvestment Periods

Euro CLOs	3.71%	1.60%	8.5x	2.0 Yrs
US CLOs	5.91%	4.16%	8.9x	3.4 Yrs
US CLO Warehouses	5.93%	3.47%	4.0x	n/a
Directly Held Loans	3.78%	1.45%	2.5x	n/a
Total Portfolio	**4.73%**	**2.70%**	**7.2x**	**2.8 Yrs**

Top 10 Holdings

Asset	Country	Industry	% of Portfolio
Euro Garages	UK	Retail	1.1
Paysafe	UK	Banking, Finance, Insurance and Real Estate	1.1
Refinitiv	USA	Services Business	1.1
Amaya Gaming Group, Inc.	USA	Hotels, Gaming and Leisure	0.9
Ziggo	Netherlands	Media Broadcasting and Subscription	0.9
BMC Software	USA	High Tech Industries	0.9
Numericable	France	Media Broadcasting and Subscription	0.8
McAfee, LLC	USA	High Tech Industries	0.8
AkzoNobel Specialty Chem	Netherlands	Chemicals, Plastics and Rubber	0.8
Ion Trading	Ireland	Banking, Finance, Insurance and Real Estate	0.7

Top 5 Industries

Industries		% of Portfolio
	As at 30 June 2019	As at 31 December 2018
Healthcare and Pharma	15.2	16.0
High Tech Industries	9.8	10.3
Banking, Finance, Insurance and Real Estate	9.7	9.5
Services Business	9.3	9.2
Hotel, Gaming and Leisure	7.7	7.0

Top 5 Countries

Countries		% of Portfolio
	As at 30 June 2019	As at 31 December 2018
United States	57.7	57.2
France	8.2	8.4
Luxembourg	7.9	7.5
Netherlands	5.1	5.6
United Kingdom	5.1	5.2

Directly Held CLOs

BGLC's portfolio composition has rotated from 100% Rollover Assets and cash at the issuance date of BGLC shares to 25% of Rollover Assets and 61% BGCF PPNs (invested via the Lux Subsidiary) as at 30 June 2019 (14% net cash and expenses). Sales of Rollover Assets were more concentrated within the first quarter, following a broader recovery in loan and CLO prices. Since then, a softer tone in the CLO equity market has resulted in a slower pace of sales of the remaining Rollover Assets. While the vast majority of the remaining Rollover Assets are managed by top tier, more liquid CLO managers, we continue to monitor and consider the risks within each of the remaining positions as it relates to a sale decision. We expect that these remaining positions will be sold as and when greater liquidity returns to the market.

Risk Management

Heading into the second half of 2019, slowing corporate profits and trade tensions are likely to be a source of volatility that may cause credit spreads to widen. However, we do not see evidence of an immediate economic downturn and we recognize that the Fed's activities are geared toward extending a credit cycle that is already in its tenth year. Thus, we have been taking advantage of the market liquidity to selectively prune risk and position the portfolio more defensively, ensuring ample cushions within each CLO relative to their respective tests.

In addition to our general analysis and fundamental credit review, we have developed a proprietary system to weight and score key document attributes. We acknowledge that loan documents have recently become more flexible to the borrower, partially due to strong investor demand for the asset class, creating a borrower-friendly market. In response to the increased flexibility, we have standardised our document review process, tracking key attributes, and incorporating them into our portfolio and risk management approach with the goal of tracking individual document quality on an ongoing basis as an input to our investment and portfolio management decisions. In cases where we believe the document creates uncertainty regarding recovery, our seniority in the capital structure, or collateral protection, we may choose to pass on the deal or actively reduce positions at the first sign of underperformance.

BGCF's non-Euro denominated assets comprise roughly 35% of the gross portfolio and while these assets are hedged back to the Euro, should there be an increase in volatility in currency exchange rates as a result of the trade war turned currency war, BGCF may experience greater volatility in both the value of and income from these assets.

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

Based on our outlook, we currently view pullbacks in the loan market to be potential opportunities for which the Fund is well positioned to access through its investment in BGCF.

Blackstone / GSO Debt Funds Management Europe Limited
20 September 2019

(4) Source: S&P LCD, data as of 30 June 2019
(5) Source: Credit Suisse, as of 30 June 2019
(6) Source: Axiom (GSO). Q1 figures sourced from 126 out of 222 European issuers and 599 out of 798 US issuers. Data may be restated for prior quarters as additional companies report quarterly financials.
(7) As of 30 June 2019. Expected cashflows are provided as indicators of how GSO intends to manage the portfolio and are not intended to be viewed as indicators of likely performance returns. Expected cashflows are not guarantees, projections or predictions of future performance and are presented solely to provide you with insight into the portfolio's anticipated risk and reward characteristics. There can be no assurance that the expected cashflows will be achieved or that GSO will be able to implement its investment strategy, achieve its objectives or avoid substantial losses. Actual realized net IRR will depend on numerous factors, all of which may differ from the assumptions on which the expected cashflows are based.
(8) As of 30 June 2019. Represented by: the average monthly annualised distribution, gross and net of leverage costs, from 31 December 2017 for Directly Held Loan Portfolio; annualised distributions of each CLO's respective inception date through its last payment date for European and US CLOs; average annualised distributions of each US CLO Warehouse position for US CLO Warehouse First Loss.
(9) Source: Intex - Annualised quarterly cash distribution based on cost for those CLOs that have paid a distribution.
(10) As of 30 June 2019. Distributions are based off local currency.
(11) Source: GSO Internal data, as at 30 June 2019

STRATEGIC OVERVIEW

Purpose

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

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

Values

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

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

Opportunity - The ability to see and seize opportunity in the best interests of shareholders.

Sustainability - As an investment company we aim to maintain and deliver attractive and sustainable returns for our shareholders.

Principal Activities

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

The Company's share capital consists of an unlimited number of shares of any class. As at 30 June 2019, the Company's issued share capital was 402,319,490 Ordinary Shares and 133,451,107 C 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. All of the Class A and Class B shares were held by the Company as at 30 June 2019 together with 319,685,922 Class B CSWs issued by the Lux Subsidiary. The Lux Subsidiary invests in PPNs issued by BGCF, an Underlying Company.

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

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

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

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

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

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

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

Where compliance with the European Risk Retention Requirements is sought (which, with certain exceptions, will not be the case for the US CLOs) the Underlying Companies will retain exposures of each CLO, which may be held as:

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

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

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

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

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

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

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

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

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

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

In addition, each CLO in which an Underlying Company holds CLO Securities and each Loan Warehouse in which an Underlying Company invests will have its own eligibility criteria and portfolio limits. These limits are designed to ensure that: (i) the portfolio of assets within the CLO meets a prescribed level of diversity and quality as set by the relevant rating agencies 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 an Underlying Company may hold CLO Securities or Loan Warehouses in which an Underlying Company may invest also have certain other criteria and limits, which may include:

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

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

Changes to Investment Policy

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

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

If a substantial Underlying Company proposes to make any changes (material or otherwise) to its investment policy, the Directors will seek Ordinary Shareholder approval of any changes which are either material in their own right or, when viewed as a whole together with previous non-material changes, constitute a material change from the published investment policy of the Company. If Ordinary Shareholders do not approve the change in investment policy of the Company such that it is once again materially consistent with that of such substantial Underlying Company, the Directors will redeem the Company's investment in such substantial Underlying

Company (either directly or, if the Company's investment in a subsidiary is invested by such subsidiary in such substantial Underlying Company (either directly or through one or more other Underlying Companies), by redeeming the securities held by the Company in such subsidiary and procuring that the subsidiary redeems its investment in such substantial Underlying Companies (either directly or through one or more other Underlying Companies)), as soon as reasonably practicable but at all times subject to the relevant legal, regulatory and contractual obligations.

The Board considers BGCF to be a substantial Underlying Company.

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

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

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

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

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

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

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

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

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

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

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

Corporate Activity

Rollover Offer Proposal

On 3 January 2019, the Company announced that the 133,451,107 C Shares arising from the Rollover transaction would be allotted and admitted to trading on the SFS of the Main Market of the LSE with effect from Monday 7 January 2019.

Allotment and admission to trading on the SFS of the LSE was completed on the 7 January 2019.

Voting Rights

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

Dividends

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

The Company has delegated portfolio management of the Rollover Assets to DFM (the "Rollover Portfolio Manager") by way of a Rollover Portfolio Management Agreement but has retained risk management and overall supervision and control of the Rollover Assets' CLO Managers.

Directorate Change

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

Share Repurchase Programme

On 23 January 2019, the Company announced that, under the general authority to buy back shares conferred by the Company's Ordinary Shareholders at its AGM on 22 June 2018, it intended to buy back shares in the market using available cash.

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

Broker Update

On 24 June 2019, Fidante Partners Europe Limited gave the Company notice of the termination of the agreements for asset management services between the Company and themselves due to a winding down of the Fidante Capital business. This termination became effective as from 30 June 2019.

Risk Overview

Principal Risks and Uncertainties

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

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

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 performance	
A key risk to the Company is unsatisfactory investment performance due to an economic downturn along with continued political uncertainty which could negatively impact global credit markets and the risk reward characteristics for CLO structuring. This could directly impact the performance of the underlying CLOs that the Company invests in and it could also result in a reduced number of suitable investment opportunities and/or lower shareholder demand.	Market conditions, events and political uncertainty pose a risk to capital for any asset class which by their nature (and outside efficient portfolio management by the Portfolio Adviser) may not have any mitigating factors. The Board receives regular updates from the Portfolio Adviser on the developments and overall health of the loan and CLO market. The Board takes comfort in the Portfolio Adviser's track record and 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.

Share price discount The price of the Company's shares may trade at a discount relative to the underlying net asset value of the shares.	The Board continually monitors the Company's share price discount or premium to the Published NAVs and regularly consults with the Company's brokers regarding share trading volumes, significant buyers and sellers, and comparative data from the Company's peer group. In order to manage the discount existing at the time, on 23 January 2019 the Board announced that under its general authority to buy back shares in the market, it intended to do so using available cash. In June 2019, the Company bought back 2,380,956 Ordinary Shares at a weighted average price of €0.81.
Investment valuation The investment in the Lux Subsidiary is accounted for at fair value through profit or loss and the investment in PPNs issued by BGCF held by the Lux Subsidiary are at fair value. Investments in BGCF (the PPNs) are illiquid investments, not traded on an active market and are valued using valuation techniques determined by the Directors. The underlying CLO investments held by BGCF are valued using modelling methodologies, described in the Company's Prospectus, that are based upon many assumptions. The valuation of the Company's investments therefore requires a significant judgement and there is a risk that they are incorrectly valued due to calculation errors or incorrect assumptions. The CLOs held directly by the C Share class are valued using the mark-to-market approach.	The Directors use their judgement, with the assistance of the Portfolio Adviser, in selecting an appropriate valuation technique and refer to techniques commonly used by market practitioners. The board of directors of BGCF likewise use their judgement in determining the valuation of investments and underlying CLOs and equity tranches retained by BGCF. As detailed further in Note 12 of the Annual Report and Audited Financial Statements as at 31 December 2018, independent valuation service providers are involved in determining the fair value of underlying CLOs. The Company determines the fair value of the directly held CLOs by the C Share class using third party valuations.
Income distribution model The Company receives cash flows from its underlying exposure to debt and CLO investments held by BGCF. Each underlying CLO will pay out a mixture of income and capital return over its life with a terminal capital value in the 70 to 80% range. BGCF aims to distribute most of the proceeds that it receives from CLO investments to the Company (via PPNs) whilst reinvesting some of the proceeds back into CLOs to maintain capital invested. In turn, the Company aims to distribute income received to shareholders, in accordance with its distribution policy, without eroding capital. There is a risk that the distribution policy at the Company level may be too generous or re-investment at the BGCF level may not be sufficient, resulting in the erosion of underlying capital invested.	The Directors use their judgement, with the assistance of the Portfolio Adviser, in setting the Company's distribution policy to ensure that it is appropriate given the performance of the underlying CLOs. In the last six months the Directors have carried out a review of this risk with the Portfolio Adviser. The Directors are comfortable that the distribution policy is currently sustainable and will consider any early warning signs that the policy may be too generous.

Brexit

The Directors do not believe that any outcome from the Brexit process is a significant risk to the Company other than any impact reflected generally in international markets and the global economy. The Directors held discussions with the Portfolio Adviser's Brexit planning team to gain comfort that any other Brexit associated risk is mitigated. In addition, the Portfolio Adviser's credit research team of 29 investment professionals has reviewed BGCF's portfolio of UK-exposed issuers, based on potential impact as a result of Brexit. When considering Brexit's impact on the portfolio, it is important to look at not just where the credit is domiciled, but what the exposure is to the UK and the impact of Brexit specifically related to that business. The team identified and analysed what they believe to be the main risks for UK businesses that could potentially have an impact on margins, availability of goods, and employees, which include but are not limited to: foreign exchange risk, tariffs, supply chain impacts, availability of workers, consumer confidence, and regulatory changes.

Given the global focus of the strategy, the exposure to any one individual European country is low. As at 30 June, 6.6% of BGCF directly held assets were classified as UK companies.

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.

As noted above, the Published NAV and the IFRS NAV may diverge because of different key assumptions used to determine the valuation of the BGCF portfolio. Key assumptions which are different between the two bases as at 30 June 2019 are detailed below:

Asset	Valuation Methodology	Input	IFRS NAV	Published NAV
CLO Securities	Discounted Cash Flows	Constant default rate	1.89%	2.00%
		Conditional prepayment rate	25%	20%
		Reinvestment spread (bp over LIBOR)	349.45	379.83
		Recovery rate Loans	70%	70%
		Recovery lag (Months)	-	12
		Discount rate	14.16%	12.69%

All of the assumptions above are based on weighted averages.

Certain assumptions, which underpin the period-end Published NAV, such as a lower conditional prepayment rate and a 12-month recovery lag on assumed defaulted assets, are generally more conservative. The below table further explains the rationale regarding the differences in the assumptions that significantly contributed to the valuation divergence as at 30 June 2019.

Assumptions	IFRS NAV	Published NAV
Reinvestment Spread	Largely weighted by a CLO's current portfolio weighted average spread, which assumes that the CLO investment manager will continue to reinvest in collateral with a similar spread and rating composition to the existing collateral pool. In addition, weighting may be given to primary loan spreads to the extent current primary market opportunities suggest different spreads than the existing portfolio.	Represents a normalised, long-term view of loan spreads to be achieved over the life of the CLO's remaining reinvestment period. Initially informed by the underwriting model at issuance, the assumption is periodically reviewed and updated to the extent of secular changes in loan spreads.
Discount Rate	Intended to reflect the market required rate of return for similar securities and is informed by market research, BWICs, market colour for comparable transactions, and dealer runs. The discount rate may vary based on underlying loan prices, exposure to distressed assets or industries, manager performance, and time remaining in reinvestment period. Discount rates tend to widen in periods of illiquidity, as experienced in Q2 2019. While market colour on CLO Income Notes was limited during this period, the volatility in underlying loan prices and temporary market illiquidity led to an increase in discount rates to reflect the perceived portfolio risk.	Based on the yield calibrated at the time of initial underwriting in order to reflect the original transaction price and the long-term view of the investment. The discount rate is periodically reviewed and updated to the extent of secular changes in the market required rate of return.

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

The Company redeems CSWs on a quarterly basis to transfer the income from the Lux Subsidiary. As detailed above, the Company redeemed 16,943,106 CSWs in the Lux Subsidiary during the period with a fair value of €20,929,133 to fund the quarterly dividend.

Source of the Company's Dividend - C Class
The Company receives interest income, on a quarterly basis, from the CLOs held within the C Class portfolio. Additionally, the Company, as mentioned above, redeems CSWs on a quarterly basis to augment the interest income from the CLOs. As detailed above, the Company redeemed 214,185 CSWs in the Lux Subsidiary during the period with a fair value of €220,490 to fund the quarterly dividend.

Directors' Interests
The Directors held the following number of Ordinary Shares in the Company as at the period end and the date these condensed financial statements were approved:

Ordinary Shares	As at 30 June 2019	As at 31 December 2018
Charlotte Valeur	11,500	11,500
Gary Clark	108,200	73,700
Heather MacCallum	-	-
Steven Wilderspin	20,000	20,000
Mark Moffat (appointed 8 January 2019)	601,028	601,028

The Directors held the following number of C Shares in the Company as at the period end and the date these condensed financial statements were approved:

C Shares	As at 30 June 2019	As at 7 January 2019
Charlotte Valeur	-	-
Gary Clark	-	-
Heather MacCallum	-	-
Steven Wilderspin	-	-
Mark Moffat	291,068	291,068

Future Developments

Significant Events after the Reporting Period

On 18 July 2019, the Company declared a dividend of €0.025 per Ordinary Share in respect of the period from 1 April 2019 to 30 June 2019. A total payment of €10,057,987 was made on 23 August 2019.

On 18 July 2019, the Company declared a dividend of €0.0214 per C Share in respect of the period from 1 April 2019 to 30 June 2019. A total payment of €2,855,854 was made on 23 August 2019.

Outlook

The Directors continue to believe that the investment strategy and policy adopted by the Company is appropriate and is capable of meeting the Company's objectives.

The overall strategy remains unchanged and it is the Directors' assessment that there are sufficient resources to properly manage the Company's portfolio in the current and anticipated investment environment.

The Portfolio Adviser's Report detail the performance to date of the investment portfolio and the main trends and factors likely to affect its future development, performance and position.

The Directors are confident that the realisation of the Rollover Assets is on track and should complete within the timeframe stipulated within the Prospectus subject to no market dislocations.

Directors' Biographies

The Directors appointed to the Board as at the date of approval of this Half Yearly Financial Report are:

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

Date of appointment: 13 June 2014

Charlotte Valeur has more than 35 years of experience in financial markets and is the managing director of GFG Ltd, a governance consultancy company.

Effective 3 September 2018, Ms Valeur was appointed Chair of the Institute of Directors.

She also currently serves as a non-executive director on the boards of listed and unlisted companies including non-executive director of JP Morgan Convertible Bond Income Fund, an LSE-listed investment company; non-executive director of Phoenix Spree Deutschland Ltd, an LSE-listed company; non-executive director of Laing O'Rourke, a construction company; and a non-executive director of NTR Plc, a renewable energy company. She previously served as chair of the boards of Kennedy Wilson Europe Real Estate Plc and DW Catalyst Ltd and as a non-executive director of 3i Infrastructure plc.

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 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.

Gary Clark, ACA

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

Date of appointment: 13 June 2014

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

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

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

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

Date of appointment: 7 September 2017

Heather MacCallum was a partner of KPMG Channel Islands Limited from 2001, retiring from the partnership on 30 September 2016. She was with KPMG's financial services practice for 20 years, predominantly providing audit and advisory services to the investment management sector.

Ms MacCallum currently serves as a non-executive director on boards of several companies, including Jersey Water, an unlisted company; Kedge Capital Fund Management Limited, an asset management business; and Aberdeen Latin American Income Fund Limited and City Merchants High Yield Trust Limited, LSE-listed investment companies.

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

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

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

Date of appointment: 11 August 2017

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

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

In September 2018 Mr Wilderspin was appointed as a director of Vannin Capital.

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

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

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

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

Date of appointment: 8 January 2019
Mark Moffat has been involved in structuring, managing and investing in CLOs for over 20 years. Mr Moffat left GSO Capital Partners LP, part of the credit businesses of The Blackstone Group L.P., in April 2015 to pursue other interests.

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

Mr Moffat joined GSO in January 2012 following the acquisition by GSO of Harbourmaster Capital Management Limited where he was co-head. Prior to joining Harbourmaster in 2007, Mr Moffat was head of European debt and equity capital markets and the European CLO business of Bear Stearns. At Bear Stearns, Mr Moffat was responsible for the origination, structuring and execution of CLOs in Europe over a seven-year period. Prior to Bear Stearns, Mr Moffat was global head of CLOs at ABN AMRO and a Director in the principal finance team of Greenwich NatWest.
With over 20 years of experience structuring, managing and investing in CLOs Mr Moffat brings a deep knowledge of how CLO structures and markets perform over the credit cycle.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The Directors are responsible for preparing the Half Yearly Financial Report and condensed interim financial statements in accordance with applicable law and regulations.

The Directors confirm to the best of their knowledge that:

- the condensed interim financial statements within the Half Yearly Financial Report have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as at 30 June 2019, as required by the UK's FCA's DTR 4.2.4R;

- the Chair's Statement, the Portfolio Adviser's Report, the Strategic Report and the notes to the condensed interim financial statements includes a fair review of the information required by:

    i. DTR 4.2.7R, being an indication of important events that have occurred during the first six months, the financial period ended 30 June 2019 and their impact on the condensed interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

    ii. DTR 4.2.8R, being related party transactions that have taken place in the first six months, the financial period ended 30 June 2019 and that have materially affected the financial position or performance of the Company during the period.

Charlotte Valeur
Director
20 September 2019

Heather MacCallum
Director

INDEPENDENT REVIEW REPORT TO THE SHAREHOLDERS OF BLACKSTONE / GSO LOAN FINANCING LIMITED
We have been engaged by the Company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2019 which comprises the condensed statement of comprehensive income, condensed statement of financial position, condensed statement of changes in equity, condensed statement of cash flows and related notes 1 to 17. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
St. Helier Jersey
20 September 2019

Condensed Statement of Financial Position
As at 30 June 2019

		As at 30 June 2019 (unaudited)	As at 30 June 2019 (unaudited)	As at 30 June 2019 (unaudited)	As at 31 December 2018 (audited)
		Ordinary Share class	**C Share class**	**Total**	**Ordinary Share class**
	Notes	**€**	**€**	**€**	**€**
Current assets					
Cash and cash equivalents		8,968,810	10,936,389	19,905,199	11,219,224
Other receivables	5	26,987	61,210	88,197	811,675
Financial assets at fair value through profit or loss - Lux	6	345,538,836	44,894,539	390,433,375	315,890,482
Financial assets at fair value through profit or loss - CLOs	6	-	18,784,618	18,784,618	-
Total current assets		**354,534,633**	**74,676,756**	**429,211,389**	**327,921,381**
Non-current liabilities					
Intercompany loan	7	(382,933)	-	(382,933)	(237,057)
Total non-current liabilities		**(382,933)**	**-**	**(382,933)**	**(237,057)**
Current liabilities					
Payables	8	(206,462)	(63,709)	(270,171)	(1,297,180)
Total current liabilities		**(206,462)**	**(63,709)**	**(270,171)**	**(1,297,180)**
Total liabilities		**(589,395)**	**(63,709)**	**(653,104)**	**(1,534,237)**
Net assets	13,14	**353,945,238**	**74,613,047**	**428,558,285**	**326,387,144**
Capital and reserves					
Stated capital	9	403,034,162	77,270,167	480,304,329	404,962,736
Retained earnings		(49,088,924)	(2,657,120)	(51,746,044)	(78,575,592)
Shareholders' Equity		**353,945,238**	**74,613,047**	**428,558,285**	**326,387,144**
Net Asset Value per Share	**13**	**0.8798**	**0.5591**	**N/A**	**0.8065**

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

These financial statements were authorised and approved for issue by the Directors on 20 September 2019 and signed on their behalf by:

Charlotte Valeur
Director

Heather MacCallum
Director

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

Condensed Statement of Comprehensive Income

For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 (unaudited) Ordinary Share class €	Six months ended 30 June 2019 (unaudited) C Share class €	Six months ended 30 June 2019 (unaudited) Total €	Six months ended 30 June 2018 (unaudited) Ordinary Share class €
Income					
Realised loss on foreign exchange		(3,539)	(10,125)	(13,664)	(1,044)
Net gain on financial assets at fair value through profit or loss - Lux	6	50,370,482	(384,971)	49,985,511	4,294,913
Net loss on financial assets at fair value through profit or loss - CLOs	6	-	(5,249,194)	(5,249,194)	-
Income distribution from CLOs	2.5(b)	-	7,746,872	7,746,872	-
Total income		**50,366,943**	**2,102,582**	**52,469,525**	**4,293,869**
Expenses					
Operating expenses	3	(605,610)	(98,390)	(704,000)	(563,155)
Profit before taxation		**49,761,333**	**2,004,192**	**51,765,525**	**3,730,714**
Taxation	2.4	-	-	-	-
Profit after taxation		**49,761,333**	**2,004,192**	**51,765,525**	**3,730,714**
Loan interest expense	7	(2,460)	-	(2,460)	-
Bank interest income/(expense)		(37,183)	12,146	(25,037)	(16,822)
Total interest income/(expense)		**(39,643)**	**12,146**	**(27,497)**	**(16,822)**
Total comprehensive income for the period attributable to Shareholders		**49,721,690**	**2,016,338**	**51,738,028**	**3,713,892**
Basic and diluted earnings per share	12	**0.1230**	**0.0151**	**N/A**	**0.0092**

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

The Company has no items of other comprehensive income, and therefore the profit for the period 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 period.

Condensed Statement of Changes in Equity
For the six months ended 30 June 2019 (Unaudited)

	Note	Stated Capital Ordinary Share €	Retained Earnings Ordinary Share €	Stated Capital C Share €	Retained Earnings C Share €	Total €
Shareholders' Equity at 1 January 2019		**404,962,736**	**(78,575,592)**	**-**	**-**	**326,387,144**
Total comprehensive income for the period attributable to Shareholders		-	49,721,690	-	2,016,338	**51,738,028**
Transactions with owners						
Issuance of Shares	9	-	-	77,270,167	-	**77,270,167**
Dividends		-	(20,235,022)	-	(4,673,458)	**(24,908,480)**
Share buy backs	9	(1,928,574)	-	-	-	**(1,928,574)**
		(1,928,574)	**(20,235,022)**	**77,270,167**	**(4,673,458)**	**50,433,113**
Shareholders' Equity at 30 June 2019		**403,034,162**	**(49,088,924)**	**77,270,167**	**(2,657,120)**	**428,558,285**

For the six months ended 30 June 2018 (Unaudited)

	Stated Capital Ordinary Share	Retained Earnings Ordinary Share	Total
	€	€	€
Shareholders' Equity at 1 January 2018	**404,962,736**	**(25,422,415)**	**379,540,321**
Total comprehensive profit for the period attributable to Shareholders	-	3,713,892	**3,713,892**
Transactions with owners			
Dividends	-	(20,235,024)	**(20,235,024)**
		(20,235,024)	**(20,235,024)**
Shareholders' Equity at 30 June 2018	**404,962,736**	**(41,943,547)**	**363,019,189**

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

Refer to Dividend History above for more details on the dividend during the period.

Condensed Statement of Cash Flows
For the six months ended 30 June 2019

	Six months ended 30 June 2019 (unaudited)	Six months ended 30 June 2019 (unaudited)	Six months ended 30 June 2019 (unaudited)	Six months ended 30 June 2018 (unaudited)
	Ordinary Share class	C Share class	Total	Ordinary Share class
	€	€	€	€
Cash flow from operating activities				
Total comprehensive income for the period attributable to Shareholders	49,721,690	2,016,338	51,738,028	3,713,892
Adjustments to reconcile profit after tax to net cash flows:				
- Unrealised (gain) / loss on financial assets at fair value through profit and loss	(46,591,461)	3,394,178	(43,197,283)	(1,773,885)
- Realised (gain) / loss on financial assets at fair value through profit and loss	(3,779,021)	2,239,987	(1,539,034)	(2,521,028)
Purchase of financial assets at fair value through profit or loss	-	(45,500,000)	(45,500,000)	-
Proceeds from sale of financial assets at fair value through profit or loss	20,722,128	46,791,147	67,513,275	24,150,997
Changes in working capital				
Decrease / (increase) in other receivables	784,688	(61,210)	723,478	22,656
(Decrease) / increase in payables	(1,090,718)	63,709	(1,027,009)	17,853
Net cash generated from operating activities	**19,767,306**	**8,944,149**	**28,711,455**	**23,610,485**
Cash flow from financing activities				
Proceeds from issuance of shares	-	7,446,204	7,446,204	-
Issue cost	-	(780,506)	(780,506)	-
Ordinary Shares repurchased	(1,928,574)	-	(1,928,574)	-
Increase in intercompany loan	145,876	-	145,876	67,811
Dividends paid	(20,235,022)	(4,673,458)	(24,908,480)	(20,235,024)
Net cash (used in) / generated from financing activities	**(22,017,720)**	**1,992,240**	**(20,025,480)**	**(20,167,213)**
Net (decrease) / increase in cash and cash equivalents	**(2,250,414)**	**10,936,389**	**8,685,975**	**3,443,272**
Cash and cash equivalents at the start of the period	11,219,224	-	11,219,224	2,546,969
Cash and cash equivalents at the end of the period	**8,968,810**	**10,936,389**	**19,905,199**	**5,990,241**

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

Cash proceeds from Rollover Offer	**7,446,204**

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

Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2019

1 General information

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

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

As at 30 June 2019, the Company's stated capital comprised 402,319,490 Ordinary Shares of no par value, each carrying the right to 1 vote; 2,380,956 Ordinary Shares held in treasury; and 133,451,107 C Shares of no par value, carrying no voting rights. The Company may issue one or more additional classes of shares in accordance with the Articles of Association.

The Company has a wholly owned Luxemburg subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.à r.l., which has an issued share capital of 2,000,000 Class A shares and 1 Class B share held by the Company. The Company also holds 319,685,922 Class B CSWs issued by the Lux Subsidiary.

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

2 Significant accounting policies

2.1 Statement of compliance

The Annual Report and Audited Financial Statements (the "Annual Report") are prepared in accordance with the Disclosure Guidance and Transparency Rules of the FCA and with IFRS as adopted by the EU, which comprise standards and interpretations approved by the International Accounting Standards Board, and interpretations issued by the International Financial Reporting Standards and Standing Interpretations Committee as approved by the International Accounting Standards Committee which remain in effect. The Half Yearly Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period.

The Half Yearly Financial Report has been prepared on a going concern basis. After reviewing the Company's budget and cash flow forecast for the next financial period, the Directors are satisfied that, at the time of approving the condensed interim financial statements, it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements.

There have been no changes in accounting policies during the period.

The accounting policies in respect of financial instruments are set out below in Note 2.2 respectively due to the significance of financial instruments to the Company.

2.2 Financial instruments

Investments and other financial assets

(i) Initial recognition

The Company recognises a financial asset or a financial liability in its Condensed Statement of Financial Position when, and only when, the Company becomes party to the contractual provisions of the instrument.

Purchases and sales of investments are recognised on the trade date - the date on which the Company commits to purchase or sell the investment.

(ii) Classification

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

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

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

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

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

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

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

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

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

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

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

As at 30 June 2019, the Company held 319,685,922 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary (the "Investments") (31 December 2018: 291,343,213 CSWs, 2,000,000 Class A shares and 1 Class B share). These Investments are not listed or quoted on any securities exchange, are not traded regularly and, on this basis, no active market exists. The Company is not entitled to any voting rights in respect of the Lux Subsidiary by reason of their ownership of the CSWs, however, the Company controls the Lux Subsidiary through its 100% holding of the shares in the Lux Subsidiary.

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

The Company determines the fair value of the CLOs held directly by the C Share class using third party valuations.

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

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

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

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

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

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

Financial liabilities

(vii) Classification

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

(viii) Recognition, measurement and derecognition

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

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised.
The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

2.3 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 Condensed Statement of Changes in Equity, net of the incremental issuance costs.

2.4 Taxation

Profit arising in the Company for the period of assessment will be subject to Jersey tax at the standard corporate income tax rate of 0% (30 June 2018: 0%).

2.5 Income

2.5a Interest income and expense

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

2.5b Income distributions from CLOs

Income from the financial assets at fair value through profit or loss - CLOs is recognised in the Statement of Comprehensive Income as Income distributions from CLOs. Income from the CLO Mezzanine Notes is recognised on an accruals basis and income from the CLO Income Notes is recognised when it is received.

2.6 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 2.2 for further details on the significant estimates applied in the valuation of the company's financial instruments.

Judgements

(b) Non-consolidation of the Lux Subsidiary

The Company meets the definition of an Investment Entity as defined by IFRS 10 and is required to account for its 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:

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

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

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

Refer to Note 10 for further disclosures relating to the Company's interest in the Lux Subsidiary.

(c) Non-consolidation of BGCF

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

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

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

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

(d) Non-consolidation of CLOs

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

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

(e) Presentation and functional currency

As outlined in Note 2.2 of the Annual Report and Audited Financial Statements for the year ended 31 December 2018, the Directors have used their judgement to determine that the Company's presentation and functional currency is Euro.

3 Operating expenses

	Six months ended 30 June 2019 (unaudited)	**Six months ended 30 June 2018 (unaudited)**
	€	**€**
Professional fees	153,139	86,534
Administration fees	185,732	162,131
Brokerage fees	45,726	85,829
Regulatory fees	15,209	4,950
Directors' fees and other expenses (see Note 4)	140,239	98,200
Audit fees and audit related fees	126,723	81,260
Non-audit fees	-	15,535
Registrar fees	12,336	11,219
Sundry expenses	24,896	17,497
	704,000	**563,155**

Administration fees

Under the administration agreement, the Administrator is entitled to receive variable fees based on the Published NAVs 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 six months ended 30 June 2019 was €185,732 (30 June 2018: €162,131) and the amount due at 30 June 2019 was €55,446 (31 December 2018: €47,573).

Advisory fees

Under the Advisory Agreement, the Portfolio Adviser is entitled to receive out of pocket expenses, all reasonable third-party costs, and other expenses incurred in the performance of its obligations. The overall charge for the above-mentioned fees for the Company for the period ended 30 June 2019 was €Nil (30 June 2018: €Nil).

Audit and non-audit fees

The Company incurred €105,799 (30 June 2018: €81,260) in audit and audit-related fees during the period of which €94,208 (31 December 2018: €81,333) was outstanding at the period end. An additional amount of €20,924 was incurred in relation to the audit of the Annual Report and Financial Statements for the year ended 31 December 2018.

The Company incurred €Nil (30 June 2018: €15,535) in non-audit fees during the period of which €Nil (31 December 2018: €Nil) was outstanding at the period end. The table below outlines the audit, audit related and non-audit services received during the period.

	Six months ended 30 June 2019	Six months ended 30 June 2018
	€	€
Audit of the Company for the year ending 31 December 2019	41,894	40,630
Additional fee for the audit for the year ended 31 December 2018	20,924	
Audit related services - review of interim financial report	54,734	40,630
Other audit related services - Reporting Accountant	9,171	-
Total audit and audit related services	**126,723**	**81,260**
Tax advisory services	-	15,535
Total non-audit services	**-**	**15,535**
Total fees to Deloitte LLP and member firms	**126,723**	**96,795**

Professional fees

Professional fees comprise €96,380 in legal fees and €56,759 in other professional fees. In 2018, professional fees comprised €11,127 in legal fees and €75,407 in other professional fees.

4 Directors' fees and interests

The Directors were remunerated for their services per the table below:

	Six months ended 30 June 2019 (unaudited)	Six months ended 30 June 2018 (unaudited)
	£	£
Charlotte Valeur	30,500	25,000
Gary Clark	23,000	20,000
Heather MacCallum	22,250	20,000
Steven Wilderspin	22,250	20,000
Mark Moffat	19,000	-
Total (£)	**117,000**	**85,000**
Total (€)	**131,156**	**98,116**

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

The Company has no employees. The Company incurred €131,156 (30 June 2018: €98,116) in Directors' fees (consisting exclusively of short-term benefits) during the period of which €64,652 (31 December 2018: €54,593) was outstanding at the period end. Charlotte Valeur, Steven Wilderspin, Gary Clark and Mark Moffat held beneficial interests in the shares of the Company during the period ended 30 June 2019. Charlotte Valeur held 11,500 Ordinary Shares as at 30 June 2019 (31 December 2018: 11,500). Steven Wilderspin held 20,000 Ordinary Shares as at 30 June 2019 (31 December 2018: 20,000). Gary Clark held 108,200 Ordinary Shares as at 30 June 2019 (31 December 2018: 73,700). Mark Moffat held 601,028 Ordinary Shares and 291,069 C Shares as at 30 June 2019.

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

5 Other receivables

	As at 30 June 2019 (unaudited)	As at 31 December 2018 (audited)
	€	€
Prepayments	88,197	31,040
Other assets	-	780,635
	88,197	**811,675**

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

6 Financial assets at fair value through profit or loss

	As at 30 June 2019	As at 30 June 2019	As at 30 June 2019	As at 31 December 2018

	(unaudited)	(unaudited)	(unaudited)	(audited)
	Ordinary Share class	C Share class	Total	Ordinary Share class
	€	€	€	€
Financial assets at fair value through profit or loss - Lux	345,538,836	44,894,539	**390,433,375**	**315,890,482**
Financial assets at fair value through profit or loss - CLOs	-	18,784,618	**18,784,618**	-

Financial assets at fair value through profit or loss - Lux consists of 319,685,922 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary (31 December 2018: 291,343,213 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary). Financial assets at fair value through profit or loss - CLOs consists of 12 CLO Income Notes and 2 Mezzanine Notes, which formed part of the Rollover Assets, are yet to be realised and re-invested in CSWs and then used by Lux Subsidiary to invest in PPNs issued by BGCF.

CSWs

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

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

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

CSWs listed in an exercise notice may not be redeemed.

Class A and Class B shares held in the Lux Subsidiary

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

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

Dividend distributions are paid in the following order of priority:

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

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

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

Fair value hierarchy

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

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

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

- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable variable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2019 (unaudited)	**Level 1 €**	**Level 2 €**	**Level 3 €**	**Total €**
Financial assets at fair value through profit or loss - Lux	-	-	390,433,375	**390,433,375**
Financial assets at fair value through profit or loss - CLOs	-	-	18,784,618	**18,784,618**

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

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

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

During the six months ended 30 June 2019 and the year ended 31 December 2018, there were no reclassifications between levels of the fair value hierarchy.

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

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

Financial assets at fair value through profit or loss - Lux

30 June 2019 (unaudited)	**Ordinary Share class**	**C Share class**	**Total**
	€	**€**	**€**
Balance as at 1 January 2019	315,890,482	-	315,890,482
Movements:			
Purchases - Lux	-	45,500,000	45,500,000
Sale proceeds - Lux	(20,722,128)	(220,490)	(20,942,618)
Realised gain on financial assets at fair value through profit or loss - Lux	3,779,021	6,306	3,785,327
Unrealised gain on financial assets at fair value through profit or loss - Lux	46,591,461	(391,277)	46,200,184
Balance as at 30 June 2019	**345,538,836**	**44,894,539**	**390,433,374**
Realised gain on financial assets at fair value through profit or loss - Lux	3,779,021	6,306	3,785,327
Total change in unrealised gain on financial assets for the period - Lux	46,591,461	(391,277)	46,200,184
Net gain on financial assets at fair value through profit or loss - Lux	**50,370,482**	**(384,971)**	**49,985,510**

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

Financial assets at fair value through profit or loss - CLOs

30 June 2019 (unaudited)	**Ordinary Share class**	**C Share class**	**Total**
	€	**€**	**€**

Balance as at 1 January 2019	-	-	-
Movements:			
Purchases - CLOs	-	70,604,469	70,604,469
Sale proceeds - CLOs	-	(46,570,657)	(46,570,657)
Realised loss on financial assets at fair value through profit or loss - CLOs	-	(2,246,293)	(2,246,293)
Unrealised loss on financial assets at fair value through profit or loss - CLOs	-	(3,002,901)	(3,002,901)
Balance as at 30 June 2019	**-**	**18,784,618**	**18,784,618**
Realised loss on financial assets at fair value through profit or loss - CLOs	-	(2,246,293)	(2,246,293)
Total change in unrealised loss on financial assets for the year - CLOs	-	(3,002,901)	(3,002,901)
Net loss on financial assets at fair value through profit or loss - CLOs	**-**	**(5,249,194)**	**(5,249,194)**

Financial assets at fair value through profit or loss - Lux

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

Please refer to Note 2.2 for the valuation methodology of financial assets at fair value through profit and loss.

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

Quantitative information of significant unobservable inputs - Level 3 - CSWs

The significant unobservable inputs used in the fair value measurement of the financial assets at fair value through profit or loss - Lux within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 30 June 2019 and 31 December 2018 are as shown below:

Asset Class	**Fair Value**	**Unobservable Inputs**	**Ranges***	**Weighted average**	**Sensitivity to changes in significant unobservable inputs**
	€				
CSWs	385,230,472	NAV of BGCF	N/A	N/A	5% increase/decrease will have a fair value impact of +/- € 19,261,524
Class A and Class B shares	5,202,903	NAV of the Lux Subsidiary	N/A	N/A	5% increase/decrease will have a fair value impact of +/- € 260,145
Total	**390,433,375**				

Asset Class	**Fair Value**	**Unobservable Inputs**	**Ranges***	**Weighted average**	**Sensitivity to changes in significant unobservable inputs**
CSWs	310,753,454	NAV	N/A	N/A	5% increase/decrease will have a fair value impact of +/- € 15,537,672
Class A and Class B shares	5,137,028	NAV	N/A	N/A	5% increase/decrease will have a fair value impact of +/- € 256,851
Total	**315,890,482**				

Quantitative information of significant unobservable inputs and sensitivity analysis to significant changes in unobservable inputs - Level 3 - Financial assets at fair value through profit or loss - CLOs

The significant unobservable inputs used in the fair value measurement of the financial assets at fair value through profit or loss - CLOs within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 30 June 2019 are as shown below:

Asset Class	Fair Value	Unobservable Inputs	Ranges*	Weighted average	Sensitivity to changes in significant unobservable inputs
	€				
Income Notes					
Directly Held CLO Income Notes	14,078,223	Third party valuations	0% - 70.6%	45.5%	1% increase/decrease will have a fair value impact of +/- € 140,782
Mezzanine Notes					
Directly Held CLO Mezzanine Notes	4,706,396	Third party valuations	82.3% - 93.6%	87.3%	1% increase/decrease will have a fair value impact of +/- € 47,064
Total	**18,784,618**				

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

7 Intercompany loan

	As at 30 June 2019 (unaudited)	As at 31 December 2018 (audited)
	€	€
Payable to the Lux Subsidiary	**382,933**	**237,057**

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

8 Payables

	As at 30 June 2019 (unaudited)	As at 31 December 2018 (audited)
	€	€
Professional fees	-	1,090,305
Administration fees	55,446	47,573
Directors' fees	64,652	54,593
Audit fees	94,208	81,333
Intercompany loan interest payable	3,862	1,402
Regulatory fees	3,717	-
Other payables	48,286	21,974
Total payables	**270,171**	**1,297,180**

All payables are due within the next twelve months.

9 Stated capital

Authorised

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

Allotted, called up and fully-paid - Ordinary Share

Ordinary Shares	Number of shares	Stated capital
		€
As at 1 January 2019	404,700,446	404,962,736
Shares repurchased during the period and held in treasury	(2,380,956)	(1,928,574)
Total Ordinary Shares as at 30 June 2019 (unaudited)	**402,319,490**	**403,034,162**

Allotted, called up and fully-paid - C Share

C Shares	Number of shares	Stated capital
		€
As at 1 January 2019	-	-

Shares issued during the period	133,451,107	77,270,167
Total C Shares as at 30 June 2019 (unaudited)	**133,451,107**	**77,270,167**
Total issued share capital as at 30 June 2019 (unaudited)	**535,770,597**	**480,304,329**

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

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

As at 30 June 2019, the Company had 402,319,490 Ordinary Shares in issue and 2,380,956 Ordinary Shares in treasury (31 December 2018: 404,700,446 Ordinary Shares in issue and nil Ordinary Shares in treasury).

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

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

C Shares
On 7 January 2019, the Company issued 133,451,107 C Shares in specie as a result of the Rollover Offer. The Rollover Offer included a transfer of assets amounting to €70,604,468, cash proceeds amounting to €7,446,206 and incurred €780,506 in costs. The C Shares were admitted to trading on the SFS of the main market of the LSE.

As at 30 June 2019, the Company had 133,451,107 C Shares in issue (31 December 2018: Nil).

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

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

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

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

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

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

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

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

Please refer to Note 17 for dividends declared after the period end.

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

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

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

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

The Company's objectives for managing capital are:

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

Please refer to Note 10 C Liquidity Risk in the Annual Report and Audited Financial Statements for the year ended 31 December 2018 for further discussion on capital management, particularly on how the distribution policy is managed.

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

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

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

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

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

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

Interests in subsidiary
As at 30 June 2019, the Company owns 100% of the Class A and Class B shares in the Lux Subsidiary comprising 2,000,000 Class A shares and one Class B share (31 December 2018: 2,000,000 Class A shares and one Class B share).

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

Other than the investments noted above, the Company did not provide any financial support for the years ended 30 June 2019 and 31 December 2018, nor had it any intention of providing financial or other support.

The Company has an intercompany loan payable to the Lux Subsidiary as at 31 December 2018 and 30 June 2019. Refer to Note 7 for further details.

11 Segmental reporting
As per IFRS 8 Operating Segments, an operating segment is a component of an entity

- that engages in business activities from which it may earn revenues and incur expenses;

- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

As required by IFRS 8 Operating Segments, the information provided to the Board, who are the chief operating decision-makers, can be classified into two segments for the period ended 30 June 2019 (31 December 2018: one segment). This change in the number of segments is due to the completion of the Rollover Offer as detailed above. The share classes in issue as at 30 June 2019 are the Ordinary Share class and the C Share class (31 December 2018: Ordinary Share class only). The Board has classified the entity into two operating segments as the C Share assets are 10% or more of the combined assets of all operating segments.

During the period ended 30 June 2019 and year ended 31 December 2018, the Company's primary exposure was to the Lux Subsidiary in Europe. The Lux Subsidiary's primary exposure is to BGCF, an Irish entity. BGCF's primary exposure is to the US and Europe.

During the period ended 30 June 2019, there were no transactions between the two segments with the exception of a settlement of intercompany balances amounting to €360,008.

12 Basic and diluted earnings per share

	As at 30 June 2019 (unaudited)	**As at 30 June 2018 (unaudited)**
Ordinary Share	**€**	**€**
Total comprehensive income for the period	49,721,690	3,713,892
Weighted average number of shares during the period	404,373,379	404,700,446
Basic and diluted earnings per Ordinary share	**0.1230**	**0.0092**
C Share		
Total comprehensive income for the period	2,016,338	-
Weighted average number of shares during the period	133,451,107	-
Basic and diluted earnings per C Share	**0.0151**	**-**

13 Net asset value per share

	As at 30 June 2019 (unaudited)	**As at 31 December 2018 (audited)**
Ordinary Share	**€**	**€**
IFRS Net asset value	353,945,238	326,387,144
Number of Ordinary Shares at period end	402,319,490	404,700,446
IFRS Net asset value per Ordinary Share	**0.8798**	**0.8065**
C Share		
IFRS Net asset value	74,613,047	-
Number of C Shares at period end	133,451,107	-
IFRS Net asset value per C Share	**0.5591**	**-**

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

Ordinary Shares		**As at 30 June 2019 (unaudited)**		**As at 31 December 2018 (audited)**
	NAV	**NAV per share**	**NAV**	**NAV per share**
	€	**€**	**€**	**€**
Published NAV attributable to Shareholders	368,873,156	0.9169	362,725,238	0.8963
Adjustment - valuation	(14,927,918)	(0.0371)	(36,028,424)	(0.0890)
Adjustment - accrued expenses	-	-	(309,670)	(0.0008)
NAV per the financial statements	**353,945,238**	**0.8798**	**326,387,144**	**0.8065**

C Shares		**As at 30 June 2019 (unaudited)**		**As at 31 December 2018 (audited)**
	NAV	**NAV per share**	**NAV**	**NAV per share**
	€	**€**	**€**	**€**
Published NAV attributable to Shareholders	76,580,769	0.5738	-	-
Adjustment - valuation	(1,967,722)	(0.0147)		
NAV per the financial statements	**74,613,047**	**0.5591**	**-**	**-**

As noted above, there can be a difference between the Published NAV and the IFRS NAV per the financial statements, mainly because of the different bases of valuation. The above tables reconcile the Published NAV to the IFRS NAV for each share class per the financial statements.

15 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 30 June 2019, Blackstone Asia Treasury Pte held 43,000,000 Ordinary shares in the Company (31 December 2018: 43,000,000).

Transactions with key management personnel

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

Transactions with other related parties

At 30 June 2019, current employees of the Portfolio Adviser and its affiliates, and accounts managed or advised by them, hold 24,875 Ordinary shares (31 December 2018: 24,875) which represents 0.006% (31 December 2018: 0.006%) of the issued shares of the Company.

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

Transactions with Subsidiaries

The Company held 319,685,922 CSWs as at 30 June 2019 (31 December 2018: 291,343,213) following the redemption of 17,157,291 CSWs by the Lux Subsidiary. Refer to Note 6 for further details.

As at 30 June 2019, the Company held 2,000,000 Class A shares and 1 Class B share in the Lux Subsidiary with a nominal value of €2,000,001 (31 December 2018: 2,000,000 Class A shares and 1 Class B share in the Lux Subsidiary with a nominal value of €2,000,001).

As at 30 June 2019, the Company held an intercompany loan payable to the Lux Subsidiary amounting to €382,933 (31 December 2018: €237,057).

16 Controlling party

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

17 Events after the reporting period

The Board has evaluated subsequent events for the Company through to 19 September 2019, the date the condensed interim 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 18 July 2019, the Company declared a dividend of €0.025 per Ordinary Share in respect of the period from 1 April 2019 to 30 June 2019. A total payment of €10,057,987 was made on 23 August 2019.

On 18 July 2019, the Company declared a dividend of €0.0214 per C Share in respect of the period from 1 April 2019 to 30 June 2019. A total payment of €2,855,854 was made on 23 August 2019.

Company Information

Directors

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

Registered Office

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

Portfolio Adviser

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

Registrar

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

Joint Broker

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

Joint Broker (to 30 June 2019)

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)

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

Auditor

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

Administrator / Company Secretary / Custodian / Depositary

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

Glossary

TERM	**DEFINITION**
"AGM"	Annual General Meeting
"AIC"	the Association of Investment Companies, of which the Company is a member
"AIC Code"	the AIC Code of Corporate Governance for Jersey companies
"Articles"	the Articles of Incorporation of the Company
"BGCF"	Blackstone / GSO Corporate Funding Designated Activity Company
"BGCF Facility"	BGCF entered into a facility agreement dated 1 June 2017, as amended, between (1) BGCF (as borrower), (2) Citibank Europe plc, UK Branch (as administration agent), (3) Bank of America N.A. London Branch (as an initial lender), (4) BNP Paribas (as an initial lender), (5) Deutsche Bank AG, London Branch (as initial lender), (6) Citibank N.A. London Branch (as account bank, custodian and trustee) and (7) Virtus Group LP (as collateral administrator)
"BGLC"	Ticker for the Company's C Share Quote
"BGLF" or the "Company"	Blackstone / GSO Loan Financing Limited
"BGLP"	Ticker for the Company's Sterling Quote
"Board"	the Board of Directors of the Company
"CSWs"	Cash Settlement Warrants
"CLOs"	Collateralised Loan Obligations
"DFM or the "Portfolio Manager" or the "Rollover Portfolio Manager"	GSO / Blackstone Debt Funds Management LLC
"DFME" or the "Portfolio Adviser"	Blackstone / GSO Debt Funds Management Europe Limited
"DTR"	Disclosure Guidance and Transparency Rules
"Discount" / "Premium"	calculated as the NAV per share as at the period end less BGLF's closing share price on the London Stock Exchange, divided by the NAV per share as at that date
"Dividend yield"	calculated as the last four quarterly dividends declared divided by the share price as at the period end
"ECB"	European Central Bank
"EU"	European Union
"FCA"	Financial Conduct Authority (United Kingdom)
"Fed"	Federal Reserve
"FRC"	Financial Reporting Council (United Kingdom)
"FVPL"	Fair value through profit or loss
"FVOCI"	Fair value through other comprehensive income
"GSO"	GSO Capital Partners LP
"IFRS"	International Financial Reporting Standards
"IFRS NAV"	Gross assets less liabilities (including accrued but unpaid fees) determined in accordance with IFRS as adopted by the EU
"LCD"	S&P Global Market Intelligence's Leveraged Commentary & Data provides in-depth coverage of the leveraged loan market through real-time news, analysis, commentary, and proprietary loan data
"Loan Warehouse"	A special purpose vehicle incorporated for the purposes of warehousing US and/or European floating rate senior secured loans and bonds
"LSE"	London Stock Exchange
"LTM"	Last twelve months

"Lux Subsidiary"	Blackstone / GSO Loan Financing (Luxembourg) S.à r.l
"NAV"	Net asset value
"NAV total return per share"	Calculated as the increase / decrease in the NAV per share plus the total dividends paid per share during the period, with such dividends paid being re-invested at NAV, as a percentage of the NAV per share
"NIM"	Net interest margin
"OCI"	Other Comprehensive Income
"PPNs"	Profit Participating Notes
"Published NAV"	Gross assets less liabilities (including accrued but unpaid fees) determined in accordance with the section entitled "Net Asset Value" in Part I of the Company's Prospectus and published on a monthly basis
"Return"	Calculated as the increase /decrease in the NAV per share plus the total dividends paid per share, with such dividends paid being re-invested at NAV, as a percentage of the NAV per share. LTM return is calculated over the period July 2018 to June 2019.
"Rollover Assets"	The assets attributable to the Carador Income Fund plc Rollover Shares - a pool of CLO assets from Carador Income Fund plc
"Rollover Offer"	As announced by the Board on 28 August 2018, a rollover proposal to offer newly issued C Shares to electing shareholders of Carador Income Fund plc, in consideration for the transfer of a pool of CLO assets from Carador Income Fund plc to the Company
"SFS"	Specialist Fund Segment
"UK Code"	UK Corporate Governance Code 2018
"US MOA"	United States Majority Owned Affiliate
"Underlying Company"	A company or entity to which the Company has a direct or indirect exposure for the purpose of achieving its investment objective, which is established to, among other things, directly or indirectly, purchase, hold and/or provide funding for the purchase of CLO Securities
"WA"	Weighted Average
"WARF"	Weighted Average Rating Factor
"WAS"	Weighted Average Spread

END

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