

**BGLF’s Objective**

- BGLF’s (the “Company”) investment objective is to provide shareholders with stable and growing income returns, and to grow the capital value of its investment portfolio by exposure predominantly to floating rate senior secured loans, both directly and indirectly. The Company achieves its investment objective solely through its investment in Blackstone / GSO Corporate Funding Limited (“BGCF”)<sup>1</sup>, which is an investor in floating rate senior secured loans.
- BGCF funds its investment in loans using a variety of funding sources, including equity capital, its 3-year syndicated financing facility, notes issued to the Company, and non-recourse leverage obtained from retaining Income Notes in collateralised loan obligations (“CLOs”) that BGCF has established.

**BGLF’s Total Return**

Total Returns <sup>2,3</sup> As at 31/12/15	31-Dec-15	2015	Ann. Since Inception	Cum. Since Inception
BGLF Euro NAV	0.07%	8.11%	5.03%	7.33%

**BGLF Monthly Commentary**

- The total return for December was 0.07%, which included total portfolio net income of 0.84% and net portfolio movements of -0.77%. Income on the directly held loan portfolio, less financing costs, was 0.26% with -0.25% from net portfolio movements. Retained CLO Income Note investments contributed 0.61% of net income with -0.52% of net portfolio movements.
- BGCF received the first distribution on its investment in Orwell Park. Orwell Park paid an annualised distribution of 19.4%, which was higher than initially modelled.
- BGCF also received a distribution of 14.6%, annualised, from Castle Park on 15 January 2016. The previous distribution in October 2015 was 17.8% annualised, with the difference being due to timing of interest received on the underlying loans in the portfolio. Approximately €150m of the loans in Castle Park’s portfolio, or 38%, are due to pay interest towards the end of January and so were not included in the most recent distribution. We expect the timing difference to reverse for the April distribution.
- Loans continued to outperform equities and high yield in December. European loans returned -0.32% for the month, significantly outperforming equities (-6.71%) and high yield (-1.95%). For the full year, European loans returned 3.14%, beating the US loan market that saw its second ever negative full year return.<sup>9</sup>
- Loan issuance in December of €1.4 billion was trivial compared to the €6.1 billion in November. Volume during 2015 was €63.7 billion, a 19% decline year over year, and was led by buyouts and M&A borrowing, which accounted for over 62% of total volume.<sup>10</sup>
- Investors became even more selective than usual given the volatile conditions in the US, causing clearing yields to widen in both markets. Clearing yields of B-rated European loans rose to 5.77%, the highest level seen since 2012, and representing further value in our view.<sup>10</sup>
- Secondary loan prices declined slightly throughout the month, though ended the year higher than year-end 2014 as the market was only marginally impacted by the volatility seen in the US. The average European loan price was 96.91 as at 31 December. Average US loan prices dropped 1.4% during the month as the credit market sold-off, pressured by well-publicized fund redemption concerns and 7-year-low oil prices, ending the year at 91.43.<sup>11</sup>
- The European CLO new issue market ended the year on a high note pricing three CLOs totalling €1.4 billion. The US CLO market was also quite active as \$7.5 billion across 15 transactions priced during December. For the year, CLO managers issued 33 transactions for €13.6 billion in Europe and 188 transactions for \$97.9 billion in the US, versus 2014 issuance of 35/€14.5 billion and 235/\$124.1 billion, respectively.<sup>10</sup>

**BGLF Key Facts**

Ticker LN:	BGLF
Inception Date:	23/7/14
Inception Share Price:	€1.00
NAV per share: <sup>4</sup>	€0.9839
Share Price: <sup>5</sup>	€0.9800
Premium/Discount:	-0.39%
Latest Dividend:	€0.0200
Dividend Yield: <sup>6</sup>	8.00%
BGCF Gross Assets:	€322.9m
BGLF Net Assets:	€326.0m
Market Capitalisation: <sup>5</sup>	€324.7m
Shares Outstanding:	331.3m

**Top 10 Holdings <sup>7, 8</sup>**

Eircom	2.99%
Telenet	1.86%
Numericable Finance / YPSO	1.72%
Capio Sanidad	1.69%
Amaya	1.65%
Ineos	1.55%
Ziggo Finance BV	1.53%
Verallia	1.48%
Springer Science	1.35%
Avago	1.26%

**Top 10 Industries <sup>7, 8</sup>**

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

# Blackstone / GSO Loan Financing Limited

## Top 10 Countries <sup>7, 8</sup>

USA	28.20%
France	15.20%
United Kingdom	11.54%
Germany	9.77%
Netherlands	8.22%
Luxembourg	7.61%
Spain	4.08%
Ireland	4.02%
Switzerland	2.77%
Belgium	1.86%

## Moody's Rating Distribution and Asset MTM Bands <sup>7, 8</sup>



## Retained CLO Income Note Investments <sup>8</sup>

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

## Asset Breakdown <sup>8</sup>

	BGCF Direct Loan Portfolio	BGCF Indirect Loans / CLO Portfolio
Net Assets:	€149.1m	€176.9m
% of BGLF NAV:	45.74%	54.26%
Number of Issuers:	35	339
Senior Secured Loans/Notes:	97.6%	99.2%
Floating Rate:	90.9%	98.4%
Weighted Average Asset Spread (including impact of floors):	5.05%	4.63%
Weighted Average Loan MTM:	94.9%	98.14%
Weighted Average Cost of Liabilities:	0.80% undrawn/ 1.80% drawn	2.10%

## Other Information:

BGLF charges no management or performance fees. The Adviser earns a management and performance fee on CLOs it manages in which BGCF invests. CLO management fees are typically 0.5% per annum on the CLO assets. The Adviser rebates 20% of the CLO management fees it receives to BGCF, pro-rata to CLO Income Notes held by BGCF. Capitalised terms used but not defined herein have the meanings assigned to them in the Company's Prospectus dated 10 July 2014.

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## Footnotes:

- Blackstone / GSO Corporate Funding Limited ("BGCF") was incorporated in Ireland on 16 April 2014.
- Past performance is not necessarily indicative of future results, and there can be no assurance that BGLF will achieve comparable results, will meet its target returns, achieve its investment objectives or be able to implement its investment strategy. Please refer to the "Important Disclosure Information" section of this document for important information, including information about performance results.
- YTD and Monthly performance are non-annualised. Dividends are assumed to be reinvested at the NAV.
- As calculated by BGLF's Administrator in accordance with the provisions of the BGLF Prospectus. Per share data based on final number of shares in the period.
- Source: Bloomberg as at 31 December 2015.
- Dividend Yield based on IPO issue price and last declared dividend of €0.02.
- Portfolio holdings, Industry, Country, Rating and Loan Price Bands are presented using the gross par amount of assets held directly and indirectly by BGCF. Indirect asset holdings are held within CLOs BGCF has invested in. The total par amount of all assets held within each CLO are included on a fully consolidated basis and added to those assets held directly by BGCF. Data calculated by GSO.
- Portfolio holdings, Rating, Country, Industry and Loan Price Band distributions are subject to change and are not recommendations to buy or sell any security. Weighted Average Asset Spread and Weighted Average Loan MTM mean, for the Direct Loan Portfolio the weighted average asset margin and mid market valuation at the relevant month end and for Indirect Loans/CLO Portfolio the look-through Weighted Average Asset Spread and Weighted Average Loan Price at the relevant month end. Direct Loan Portfolio holdings are reported on a trade date basis and liabilities will only be drawn on the relevant loan settlement date. Data calculated by GSO.
- Credit Suisse (Western European Leveraged Loan Index (hedged to EUR), Western European High Yield Index (hedged to EUR), US Leveraged Loan Index), Bloomberg (Euro STOXX 50 Index ticker SX5e).
- S&P/LCD, as of 31 December 2015.
- Average prices of the Credit Suisse Western European Leveraged Loan Index and the Credit Suisse Leveraged Loan Index, as of 31 December 2015.

# Blackstone / GSO Loan Financing Limited

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Blackstone / GSO Loan Financing Limited is a self-managed Jersey registered alternative investment fund, and is regulated by the Jersey Financial Services Commission.

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