Blackstone / GSO Loan Financing Limited

Half Yearly Financial Report for the Six Months Ended 30 June 2020

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RECONCILIATION OF IFRS NAV TO PUBLISHED NAV

At 30 June 2020, there was a difference between the NAV per Ordinary Share as disclosed in the Condensed Statement of Financial Position on page 40, €0.7204 per Ordinary Share, ("IFRS NAV") and the published NAV, €0.8179 per Ordinary Share, which was released to the LSE on 21 July 2020 ("Published NAV"). A reconciliation is provided in Note 14 on page 62. The difference between the two valuations is entirely due to the different valuation bases used.

Valuation Policy for the Published NAV

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

Valuation Policy for the IFRS NAV

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

Both the mark to model Published NAV and mark to market IFRS NAV valuation bases use modelling techniques and input from third-party valuation specialists. The small number of CLOs held directly by the Company, as a result of the Rollover Opportunity, are valued using a mark to market approach for both the Published NAV and IFRS NAV, consistent with the valuation methodology per the Company's Prospectus.

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

Key Performance Indicators

	IFRS NAV	Published NAV
NAV [1]	€0.7204 (31 Dec 2019: €0.8543)	€0.8179 (31 Dec 2019: €0.9187)
NAV total return [1]	(11.67)% (31 Dec 2019: 18.31%)	(6.73)% (31 Dec 2019: 14.46%)
Discount [1]	(7.00)% (31 Dec 2019: (3.43)%)	(18.08)% (31 Dec 2019: (10.20)%)
Dividend	€0.030 (30 Jun 2019: €0.050)	€0.030 (30 Jun 2019: €0.050)

Further information on the reconciliation between the IFRS NAVs and the Published NAVs can be found on page 4.

Performance

Ticker	IFRS NAV per Share	Published NAV per Share	Share Price[2]	Discount IFRS NAV	Discount Published NAV	Dividend Yield
BGLF						
30 Jun 2020	€0.7204	€0.8179	€0.6700	(7.00)%	(18.08)%	8.96%*
31 Dec 2019	€0.8543	€0.9187	€0.8250	(3.43)%	(10.20)%	12.12%
BGLP						
30 Jun 2020	£0.6526	£0.7409	£0.6000	(8.06)%	(19.02)%	9.06%*
31 Dec 2019	£0.7226	£0.7771	£0.7050	(2.44)%	(9.28)%	12.00%

* Dividend Yield presented as €0.06 per annum, given the first quarter dividend of €0.015 per share, and the share price as of 30 June 2020.

	LTM Return[1]	3-Year Annualised	Annualised Since Inception	Cumulative Since Inception
BGLF IFRS NAV	(9.36)%	(0.08)%	3.64%	23.70%
BGLF Published NAV	(1.27)%	4.23%	5.88%	40.41%
BGLF Ordinary Share Price	(9.08)%	(3.01)%	2.93%	18.73%
European Loans	(2.01)%	0.93%	2.40%	15.10%
US Loans	(2.27)%	2.13%	2.84%	18.12%

(1) Refer to the Glossary on pages 66 and 67 for an explanation of the terms used above and elsewhere within this report
(2) Bloomberg closing price at period end

Dividend History

Whilst not forming part of the Company's investment objective or investment policy, it is currently intended that dividends are payable in respect of each calendar quarter, two months after the end of that quarter.

On 23 April 2020, pursuant to a review of BGCF's portfolio in light of COVID-19, the Board announced that the Company has adopted a revised dividend policy targeting a total 2020 annual dividend of between €0.06 and €0.07 per Ordinary Share, to consist of quarterly payments of €0.015 per Ordinary Share for the first three quarters and a final quarter payment of a variable amount to be determined at that time. In line with the Company's revised dividend policy, the Board declared dividends of €0.030 per Ordinary Share for the first half of 2020; the Company also announced that it would keep the dividend policy under close review as the impact of the COVID-19 pandemic unfolds.

Ordinary Share Dividends for the Period Ended 30 June 2020

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Ordinary Share
				€
1 Jan 2020 to 31 Mar 2020	23 Apr 2020	30 Apr 2020	29 May 2020	0.0150
1 Apr 2020 to 30 Jun 2020	21 Jul 2020	30 Jul 2020	28 Aug 2020	0.0150

Ordinary Share Dividends for the Year Ended 31 December 2019

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

C Share Dividends for the Period Ended 31 December 2019

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

Refer to pages 25 and 60 for details on the conversion of the Company's C Shares into Ordinary Shares. Consequently, no dividends were declared on the C Shares between 1 January 2020 and their conversion on 6 January 2020.

Period Highs and Lows

	2020 High	2020 Low	2019 High	2019 Low
Published NAV per Ordinary Share	€0.8992	€0.7663	€0.9215	€0.8824
Ordinary Share Price (last price)	€0.8400	€0.4500	€0.8500	€0.7500
GBP Ordinary Share Price (last price)	£0.7200	£0.4200	£0.7300	£0.7000

Schedule of Investments

As at 30 June 2020

	Nominal Holdings	Market Value	% of Net Asset Value
		€	
Investment held in the Lux Subsidiary:			
CSWs	304,380,499	327,369,477	94.58
Shares (2,000,000 Class A and 1 Class B)	2,000,001	6,052,318	1.75
CLOs held directly	6,422,973	249,430	0.07
Other Net Assets		12,473,034	3.60
Net Assets Attributable to Shareholders		**346,144,259**	**100.00**

Schedule of Significant Transactions

Date of Transaction	Transaction Type	Amount	Reason
		€	
CSWs held by the Company – Ordinary Share Class			
3 Feb 2020	Subscription	6,800,000	Investments in PPNs
14 Feb 2020	Redemption	12,304,242	To fund dividend
15 May 2020	Redemption	15,096,970	To fund dividend

Refer to pages 25 and 60 for details on the conversion of the Company’s C Shares into Ordinary Shares.

CHAIR'S STATEMENT

Dear Shareholders,

Company Returns and Net Asset Value[3]

The Company delivered an IFRS NAV total return per Ordinary Share of (11.67)% over the first six months of 2020 (18.31% for the year ended 31 December 2019), ending the period with a NAV of €0.7204 (€0.8543 at 31 December 2019). LTM dividend yield was 12.05% for the Ordinary Shares. The return was composed of 4.94% of dividend income and (16.61)% of net portfolio movement.

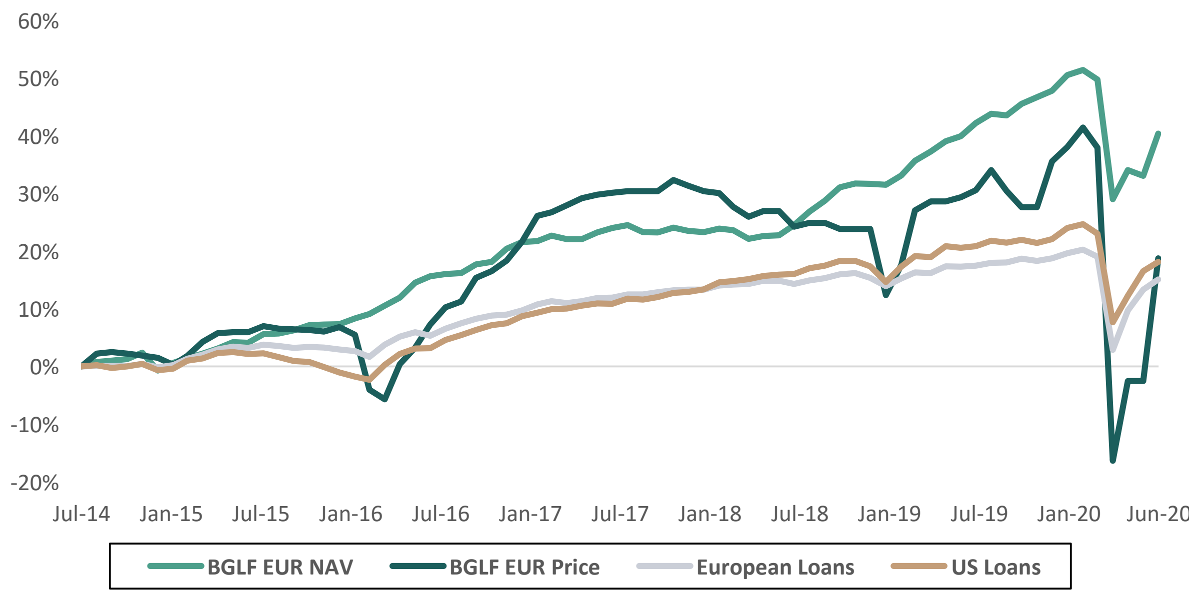
On a Published NAV basis, the Company delivered a total return per Ordinary Share of (6.73)% over the first six months of 2020 (14.46% for the year ended 31 December 2019), ending the period with a NAV of €0.8179 (€0.9187 at 31 December 2019). The return was composed of dividend income 4.73% and of net portfolio movement of (11.46)%.

During the first half of 2020, despite the market uncertainty, BGCF, in whose portfolio the Company has exposure to, was able to further diversify and de-risk its portfolio, which invested in the CLO Income Notes of four new CLOs. Returns, like the majority of risk assets, were negatively impacted by the market disruption from the novel coronavirus and related respiratory disease ("COVID-19"). As the loan prices which the Company is exposed to rebounded from the March lows, the Company's return retraced some of its losses experienced in February and March.

The Company declared two dividends to Ordinary Shareholders in respect of the six-month period ended 30 June 2020, totalling €0.03 per share. Details of all dividend payments can be found within the Dividend History section at the front of this Half Yearly Financial Report.

Historical BGLF NAV and Share Price

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



(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.

Market Conditions

It is fair to say that no one predicted that the global economy would be in the current environment we now face at the start of 2020. The global economy was almost crippled in the first half of the year as the worst virus pandemic since the Spanish flu of 1918 spread across the world. As the number of cases grew exponentially, governments locked down countries, restricted international travel, and effectively put economies to sleep. Markets fell sharply in the first quarter as investors tried to understand how significant of an impact COVID-19 would have on the performance of companies globally. The MSCI World Index, a global equities index, returned (6.64)% for the first half of 2020, losing (21.44)% in Q1 before recovering +18.84% in Q2 as countries initially began to reopen, large stimuli packages were unveiled, and supportive central bank policies enacted.

Credit markets were not immune to the sell-off and both loans and high yield bonds registered negative returns for the first half of 2020. Loans in the US and Europe returned (4.76)% and (3.80)%, respectively, outperforming high yield bonds, which returned (5.27)% in the US and (5.77)% in Europe over the same period.(4)

Global economic growth came to a standstill in the first half of 2020 as a result of COVID-19. As the world begins to adjust to the new normal that is living with the virus, potentially at least until a vaccine can be found and mass produced, the future trajectory of the global economy remains unclear. Many central banks have forgone specific forecast figures in lieu of scenario forecasts, which are dependent on infection levels and the likelihood of second waves. As the number of unemployed remains at levels not recorded in most countries in over a decade, the clouds on the economic outlook look far from clearing any time soon.

Discount Management

The share price discount to IFRS NAV widened from 3.43% at 31 December 2019 to 7.00% at 30 June 2020 and the share price discount to Published NAV widened from 10.20% at 31 December 2019 to 18.08% at 30 June 2020. The share price discount is 31.88% based on the Published NAV at 31 August 2020 and the closing share price as at 18 September 2020. As a Board, we regularly weigh the balance between maintaining liquidity of the Ordinary Shares, the stability of any discount or premium, and the desire of Shareholders to see the Ordinary Shares trade as closely as possible to their intrinsic value. In light of the high level of market volatility and uncertainty brought about by the COVID-19 pandemic, we were conscious of taking a long-term view in considering discount management. On 30 June 2020, the Company commenced a share repurchase programme which saw the Company buyback a relatively small amount of Ordinary Shares after the period end, refer to ‘Share Repurchase Programme’ on page 25 and Note 18 on page 64.

Blackstone / GSO Loan Financing C Share Update

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

Brexit Update

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

(4) Source: US loans and high yield represented by the Credit Suisse Leveraged Loan Index and Credit Suisse High Yield Index. European loans and high yield represented by the Credit Suisse Western European Leveraged Loan Index and Credit Suisse Western European High Yield Index. All data as at 30 June 2020.

COVID-19

The Directors continue to carefully monitor the ongoing developments regarding COVID-19, which continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The global impact of the outbreak continues to evolve, and as cases decrease in certain locations and increase in others, many countries have reopened borders or implemented further lockdowns and travel restrictions. Such actions continue to impact on global supply chains and are adversely impacting a number of industries, such as transportation, hospitality and entertainment.

The COVID-19 outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents material uncertainty and risk with respect to portfolio asset performance and financial results of the Company. In addition to the factors described above, other factors that may affect market, economic and geopolitical conditions, and thereby adversely affect the Company include, without limitation, an economic slowdown in Europe and internationally, changes in interest rates and/or a lack of availability of credit in Europe and internationally, commodity price volatility and changes in law and/or regulation, and uncertainty regarding government and regulatory policy.

During the period, GSO conducted a detailed, bottom-up review of all c. 970 companies within its portfolios to determine the potential impact of COVID-19 on the performance of these businesses and considered the likely impact on cash flows, as detailed in the Company's announcement on 23 April 2020 which also detailed the Company's revision of its dividend policy. The Portfolio Adviser has also taken numerous steps to seek to mitigate the impact of COVID-19 on the performance of its portfolios and continues to monitor the rapidly-evolving economic environment to identify risks and opportunities.

ESG

The Board considers that Environmental, Social and Governance ("ESG") matters should be an important factor in investment decisions, and will impact the long term success and sustainability of the Company. The Board is aware that the practice of responsible investing has increasingly become a focus for investors and Blackstone's longstanding consideration of ESG factors in Blackstone's investment approach was formalised last year with the publication of their Responsible Investing Policy. This remains an important part of Blackstone's investment approach and is available at https://www.blackstone.com/docs/default-source/black-papers/bx-responsible-investing-policy.pdf?sfvrsn=cef0a3ad_2

The Board looks forward to working with the Portfolio Adviser to assess how the Company can continue to develop its awareness of ESG issues and any associated practices.

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 8 Board meetings and 14 Committee meetings (including 6 NAV Review Committee meetings), as well as undertaking an onsite due diligence review in February 2020 of Blackstone / GSO Loan Financing (Luxembourg) S.à r.l. . The Board used this visit to discuss various aspects of operational risk and controls, the loan and CLO markets, and current market conditions at the time.

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, NAV Review Committee, Management Engagement Committee, the Remuneration and Nomination Committee, the Risk Committee and the Inside Information 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”).

Shareholder Communications

During 1H 2020, using our Portfolio Adviser and Brokers, we continued our programme of engagement with current and prospective Shareholders. We sincerely hope that you found the monthly factsheets, quarterly reports, quarterly investor calls, and other information valuable. We are always pleased to have contact with Shareholders and we welcome any opportunity to meet with you and obtain your feedback.

Prospects and Opportunities in 2020

Looking ahead to the remainder of 2020, the only certainty is uncertainty. Countries across the globe continue in their management of COVID-19 as many continue to implement stimuli plans to re-energise their economies. Central banks in the US, Europe, and Japan continue to offer support through rate cuts, quantitative easing, and asset purchasing programs. Risk assets appear to have held up relatively well given the exceptional circumstances experienced in the first half of 2020, as many performed strongly in the second quarter, rebounding from the March lows.

The Board is cognisant of the challenges faced in the current environment; however, we take comfort from the benefit of the defensive advantages attributed to senior loans, given their position in corporate capital structures.

As we move into the second half of 2020, 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
21 September 2020

PORTFOLIO ADVISER'S REVIEW

We are pleased to present our review of the first six months of 2020 and outlook for the remainder of the year.

Bank Loan Market Overview

The first half quarter of 2020 made economic and financial market history with the negative consequences of the novel coronavirus and related respiratory disease, COVID-19. The run of unprecedented daily declines in global credit markets in March ended when the European Central Bank and the Federal Reserve Bank intervened in capital markets in April and significantly relieved technical selling pressure that had built up in March. Though decisive policy responses prevented a deeper rout during the quarter, the downdraft still resulted in the global credit markets' worst-performing quarter since 2008. The market quickly rebounded during the second quarter of 2020 marking the best quarterly performance for the S&P 500® since 1998, and the current recession may end up being the shortest in history, beating the six-month recession in 1980. The market recovery remains stimulus-led, driven by the speed and magnitude of global policy responses rather than consumer and industrial fundamentals.

Credit Suisse Western European Leveraged Loan Index ("European Loans") returned -3.80% for the first half of 2020, in a period with included a significant monthly decline in performance in March of -13.57% in tandem with all other risk assets.(5) Promisingly, European Loans rebounded strongly in the second quarter with a return of +11.89%, recovering some of the selloff experienced in the first quarter and closing the first half with a return of -3.80% year-to-date. With the new issue primary market remaining closed in Europe for March and most of April, the lack of new issue loans resulted in secondary loan prices rebounding quicker than in the US, where the primary market reopened in early April. The average price of European Loans fell from €98.32 at the end of December 2019 to €83.64 at the end of March 2020, before rebounding to €92.74 to end the first half of 2020 in June.

Similar to European Loans, the Credit Suisse Leveraged Loan Index ("US Loans") struggled in the first half of 2020 declining to a -13.19% return in the first quarter of 2020, before returning +9.71% in the second quarter of 2020 and ending the first half of the year with a year-to-date return of -4.76%. Limited new issue loan supply against the backdrop of swift US government policy drove recoveries in the second quarter. The average price of US Loans fell from $95.40 in December 2019 to $82.70 in March 2020, before retracing to $89.47 at the end of June.

Given the impact of COVID-19 on the global economy, it is no surprise that secondary loan spreads widened significantly in the first half of 2020 with overall spread (represented by 3-year discount margin) for European Loans widening by 211bp between January and June, to end the second quarter of 2020 at 737bp. This is compared to 53bp of tightening for the first half of 2019. US Loan spreads also widened 239bp during 2020 year-to-date, to end the second quarter at 700bp, compared to a 90bp tightening for the same period in 2019.

The primary loan market was effectively closed between March and April due to COVID-19. Year-to-date global new issuance was €228.5 billion (€37.8 billion in Europe and $211.1 billion in the US) for the first half of 2020, compared to €265.4 billion (€39.5 billion in Europe and $245.4 billion in the US) during the same period in 2019. Despite this disruption, there was an increase in deal activity as the second quarter of 2020 drew to a close; however, with a light pipeline expected for the third quarter of 2020, new issue full year forecasts are likely to be revised downwards.

Many companies experienced a decline in revenue to near zero as much of the global economy went into lockdown to combat the highly infectious virus. As a result, defaults increased, and credit rating agencies issued a large number of downgrades. The US Loans default rate for the last twelve months was 3.9% as of 30 June 2020, up from 1.2% in December 2019. European loans were somewhat more insulated from defaults (at least for now) given support from revolving facilities and government support. The European Loans default rate for the last twelve months was 0.6% in June, up from 0.0% in December 2019.

(5) Source: Credit Suisse, as of 30 June 2020. References to benchmark indices are for illustrative purposes only. There is no guarantee that the Company will outperform these indices. The Company's performance and portfolio data used in this report is based on the Company's published NAV prepared in line with the prospectus. An adjustment was made to the Company's published NAV to comply with IFRS requirements for the purposes of the financial statements. Please see Note 14 of the financial statements for further details of this adjustment.

CLO Market Overview [6]

Similarly to the loan market, the Collateralised Loan Obligation ("CLO") market was not immune to the impact of COVID-19. Global issuance of CLO vehicles decreased by 43% in the first half of 2020 to €41.9 billion versus the €73.1 billion recorded in the first half of 2019.

European CLO new issuance in the first six months of 2020 totalled €10.1 billion, down 31% from the record setting €14.7 billion achieved for the same period last year, and US CLO new issuance totalled $35.1 billion down 46% versus the $65.1 billion issued over the same period in 2019. Refinancing and resetting activity was constrained due to widening liability spreads. Refinance and reset activity totalled €0.9 billion in Europe and $24.9 billion in the US, where all of the transactions were priced within the first quarter pre-COVID-19.[7]

The new issue market for CLOs, which paused for a few weeks due to COVID-19, pivoted to shorter dated and static offerings, often "print and sprint" transactions where portfolios were acquired simultaneously with the pricing of the CLO. As the second quarter progressed, the overall confidence in broader syndication improved (specifically in Europe) as signs of demand transitioned to more broadly syndicated CLO transactions compared to the narrower distribution witnessed earlier in the COVID-19 period. Global CLO spreads in both primary and secondary markets widened significantly in the early months of the year before narrowing in the second quarter in-line with the overall market reduction in risk premia.

The first half of 2020 was a challenging time for CLOs globally. In the wake of deteriorating fundamentals, driven primarily by significant decreases in revenue growth, rating actions among loan and high yield issuers accelerated in early March, primarily within COVID-19-affected sectors such as travel, automotive, and transportation. These rating actions resulted in an increase of assets rated CCC and below within European and US CLOs and a large number of ratings for CLO tranches being placed on negative watch or outlook. Many CLOs breached CCC tests, which put additional pressure on CLO interest diversion and overcollateralisation ("OC") tests. As the market began to rebound from March lows, the rally in CCC assets relieved some of the pressure on these tests in the second quarter and the pace of downgrades and negative watch actions slowed. Despite this, rating agency watch actions still turned into downgrades for 149 US and European CLO tranches for 1H20 as the rating agencies finalised their reviews.[8] As of 30 June 2020, ratings on 16 CLOs of 41 within BGCF's CLO portfolio, primarily BBB-B tranches, have been placed on negative watch. Since 30 June, three of BGCF's CLOs experienced tranche rating downgrades, three of the CLOs that had tranche ratings on watch previously have been confirmed unchanged and removed from negative watch, and two of the CLOs that had tranche ratings on watch previously have been confirmed unchanged yet remain on negative watch. As of 31 August 2020, ratings on 12 CLOs of 43 within BGCF's CLO portfolio, primarily BBB-B tranches, remain on negative watch. However, none of the CLOs within the portfolio have experienced any failures of interest diversion or OC tests, or diversion of equity cashflows.

Portfolio Update

BGCF

BGCF continues to generate positive cash flows from its CLO Income Note investments (the most subordinated tranche issued by an issuer under a CLO (which may be represented by a debt or equity security)) ("CLO Income Notes") and from its portfolio of directly held and warehoused loans. As of 30 June 2020, BGCF's portfolio of CLO Income Notes produced a weighted average annualised distribution rate of 14.3%, representing distributions from 34 of BGCF's CLO Income Notes.[9] This compares to an annualised distribution rate of 17.0% as of 31 December 2019. In Europe, the decline was driven by the CLOs' underlying borrowers switching from monthly or quarterly interest payments to semi-annual. In the US, distributions were affected by the mismatch between the base rates on the underlying loans and the CLO liabilities, and the tightening of LIBOR, which contracted ~23% year to date. Seven CLOs in the portfolio have recently priced and, as of the end of June 2020, have not yet paid their first distribution.

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(6) Sources: S&P Leveraged Commentary & Data ("LCD"), data as of June 2020.
(7) Source: S&P/LCD data, as of 4 July 2020.
(8) Source: Kanerai, Intex, Bloomberg, Moody's, S&P, Fitch, Barclays Research, as of June 30, 2020. Represented by US and European BSL CLOs.
(9) Source: Intex - Annualised quarterly cash distribution based on cost for those CLOs that have paid a distribution.

CLO Vintage	European CLO Income Notes				US CLO Income Notes				Global	
	Par (€mm)	# of CLOs	2Q 2020 Annualised Distribution	Average Annualised Distribution	Par ($mm)	# of CLOs	2Q 2020 Annualised Distribution	Average Annualised Distribution	2Q 2020 Annualised Distribution	4Q 2019 Annualised Distribution
2014	89.8	3	8.5%	15.7%	0.0	–	–	–	8.5%	11.7%
2015	69.7	3	11.6%	15.6%	48.5	1	17.0%	16.9%	13.6%	17.6%
2016	84.0	3	10.7%	11.8%	0.0	–	–	–	10.7%	13.0%
2017	80.4	3	13.7%	15.6%	261.0	6	15.4%	17.1%	15.0%	17.5%
2018	119.9	4	15.8%	17.9%	351.1	6	16.4%	17.8%	16.2%	18.0%
2019	121.0	4	10.5%	14.8%	130.4	4	16.1%	18.1%	12.9%	18.8%
2020	44.2	2	n/a	n/a	59.4	1	n/a	n/a	n/a	n/a
Total/Wtd Avg	**€608.9**	**22**	**12.1%**	**15.4%**	**$850.4**	**18**	**16.1%**	**17.5%**	**14.3%**	**17.0%**

Please note: Past performance is not necessarily indicative of future results, and there can be no assurance that the Company will continue to achieve comparable results or that the Company will be able to implement its investment strategy, or achieve its investment objectives or target portfolio construction.

Portfolio trading activity during the first half of 2020 focused on risk migration and rotation, with an emphasis on the collateral coverage ratios of the CLOs. The Adviser focused on improving the rating profile and defensively positioning the portfolio by trimming risk overweights in existing positions. Up until late February 2020, the loan market continued to exhibit relative strength and limited volatility relative to prior periods. Immediately following the emergence of COVID-19, volatility in the loan market presented both opportunities and challenges, and the Adviser used the opportunity to reduce the tail risk in each of the CLOs and to further diversify and de-risk the portfolios. As the global loan market rebounded strongly over the course of the quarter and index prices recovered ~75% of the March decline, the Adviser continued to be opportunistic around reducing risk into market strength with a goal of maintaining sufficient CLO OC cushions and protecting trading flexibility.

As of 30 June 2020, the weighted average asset coupon of the portfolio was 3.80%, compared to 4.40% as of 31 December 2019 and the cost of liabilities narrowed from 2.47% to 2.17% over the same time period, where the combined effect resulted in a reduction to the net interest margin on the overall portfolio of 30bp, from 1.93% in December to 1.63% at the end of June.

	Closing / [Expected Close] Date	Deal Size (mm)	Position Owned (mm)	% of Tranche	% of BGCF NAV	Reinvest. Period Left (Yrs)	Current Asset Coupon	Current Liability Cost	Current Net Interest Margin	NIM 3M Prior	Distributions Through Last Payment Date	
											Ann.*	Cum.**
EUR CLO Income Note Investments												
Phoenix Park	Jul-14	€ 417	€ 23.3	51.4%	1.4%	2.83	3.67%	1.78%	1.89%	1.88%	14.6%	84.4%
Sorrento Park	Oct-14	€ 359	€ 29.5	51.8%	0.8%	0.00	3.67%	1.91%	1.76%	2.02%	16.1%	89.9%
Castle Park	Dec-14	€ 273	€ 37.0	80.4%	1.4%	0.00	3.63%	2.03%	1.61%	1.91%	16.1%	85.7%
Dartry Park	Mar-15	€ 376	€ 22.8	51.1%	0.9%	0.00	3.64%	1.71%	1.93%	1.98%	14.6%	74.7%
Orwell Park	Jun-15	€ 388	€ 24.2	51.0%	1.2%	0.00	3.62%	1.49%	2.13%	2.20%	16.1%	78.3%
Tymon Park	Dec-15	€ 406	€ 22.7	51.0%	1.2%	0.00	3.65%	1.33%	2.32%	2.39%	16.1%	70.0%
Elm Park	May-16	€ 558	€ 31.9	56.1%	2.0%	0.00	3.66%	1.37%	2.29%	2.27%	13.7%	53.4%
Griffith Park	Sep-16	€ 457	€ 29.0	59.5%	1.8%	2.89	3.67%	1.83%	1.84%	1.85%	10.3%	38.2%
Clarinda Park	Nov-16	€ 415	€ 23.1	51.2%	1.3%	0.38	3.66%	1.81%	1.84%	1.85%	11.1%	38.7%
Palmerston Park	Apr-17	€ 415	€ 28.0	62.2%	1.6%	0.80	3.67%	1.55%	2.12%	2.12%	13.7%	41.3%
Clontarf Park	Jul-17	€ 414	€ 29.0	66.9%	2.0%	1.10	3.59%	1.59%	2.00%	2.01%	15.3%	43.2%
Willow Park	Nov-17	€ 412	€ 23.4	60.9%	1.7%	2.04	3.60%	1.58%	2.02%	2.04%	18.2%	43.2%
Marlay Park	Mar-18	€ 413	€ 24.6	60.0%	1.8%	1.79	3.63%	1.40%	2.23%	2.21%	19.8%	40.5%
Milltown Park	Jun-18	€ 409	€ 24.1	65.0%	2.0%	2.04	3.65%	1.50%	2.15%	2.13%	17.4%	32.0%
Richmond Park	Jul-18	€ 548	€ 46.2	68.3%	2.2%	1.04	3.63%	1.54%	2.09%	2.10%	18.1%	31.6%
Sutton Park	Oct-18	€ 409	€ 25.0	69.4%	2.0%	2.87	3.61%	1.72%	1.89%	1.90%	16.3%	25.7%
Crosthwaite Park	Feb-19	€ 513	€ 34.0	66.7%	2.3%	3.21	3.64%	2.00%	1.63%	1.60%	12.6%	16.3%
Dunedin Park	Sep-19	€ 409	€ 25.3	52.9%	1.8%	3.81	3.69%	1.77%	1.91%	1.91%	10.2%	6.1%
Seapoint Park	Nov-19	€ 406	€ 22.6	73.8%	2.0%	3.89	3.67%	1.84%	1.83%	1.85%	n/a	n/a
Holland Park	Nov-19	€ 429	€ 39.1	72.1%	1.9%	3.87	3.60%	1.91%	1.69%	1.74%	12.3%	6.1%
Vesey Park	Apr-20	€ 405	€ 24.5	80.3%	2.3%	4.38	3.54%	1.96%	1.78%	n/a	n/a	n/a
Avondale Park	Jun-20	€ 284	€ 19.7	66.3%	1.7%	3.05	3.52%	2.52%	1.00%	n/a	n/a	n/a
USD CLO Income Note Investments												
Dorchester Park	Feb-15	$ 533	$ 48.5	73.0%	1.5%	0.00	4.11%	2.55%	1.55%	1.86%	16.9%	87.0%
Grippen Park	Mar-17	$ 611	$ 35.6	60.0%	1.9%	1.80	4.09%	2.87%	1.23%	1.52%	14.5%	44.9%
Thayer Park	May-17	$ 515	$ 29.8	54.6%	1.3%	1.80	4.03%	2.90%	1.14%	1.47%	17.0%	49.7%
Catskill Park	May-17	$ 1,029	$ 65.1	60.0%	2.6%	1.80	4.03%	2.86%	1.17%	1.51%	16.3%	47.7%
Dewolf Park	Aug-17	$ 614	$ 36.9	60.0%	1.9%	2.29	4.10%	2.94%	1.16%	1.58%	16.6%	43.6%
Gilbert Park	Oct-17	$ 1,022	$ 60.2	59.0%	3.2%	2.30	4.09%	2.90%	1.19%	1.62%	16.7%	41.4%
Long Point Park	Dec-17	$ 611	$ 33.4	56.9%	1.8%	2.55	4.07%	2.56%	1.51%	1.82%	22.6%	52.0%
Stewart Park	Jan-18	$ 874	$ 126.9	69.0%	2.7%	2.51	4.02%	2.69%	1.34%	1.76%	16.0%	35.9%
Greenwood Park	Mar-18	$ 1,075	$ 63.6	59.1%	3.7%	2.80	4.10%	2.59%	1.50%	1.91%	20.4%	43.0%
Cook Park	Apr-18	$ 1,025	$ 60.0	56.1%	3.3%	2.80	3.97%	2.48%	1.50%	1.87%	19.4%	39.1%
Fillmore Park	Jul-18	$ 561	$ 30.2	54.3%	2.0%	3.04	3.99%	2.77%	1.21%	1.67%	16.4%	28.0%
Myers Park	Sep-18	$ 510	$ 26.8	51.0%	1.7%	3.30	4.02%	2.76%	1.26%	1.63%	17.9%	28.3%
Harbor Park	Dec-18	$ 716	$ 43.6	55.0%	2.7%	3.56	4.02%	2.80%	1.22%	1.61%	18.3%	24.4%
Buckhorn Park	Mar-19	$ 502	$ 29.0	60.0%	1.8%	3.80	4.06%	3.05%	1.01%	1.42%	19.2%	20.8%
Niagara Park	Jun-19	$ 453	$ 26.5	60.0%	1.9%	4.05	4.09%	2.90%	1.19%	1.51%	16.9%	13.6%
Southwick Park	Aug-19	$ 503	$ 26.1	59.9%	1.8%	4.05	4.16%	3.03%	1.13%	1.46%	18.1%	12.0%
Beechwood Park	Dec-19	$ 810	$ 48.9	61.1%	3.4%	4.55	4.17%	3.76%	0.41%	1.42%	n/a	n/a
Allegany Park	Jan-20	$ 505	$ 30.2	66.2%	2.0%	4.54	4.19%	3.68%	0.51%	1.72%	n/a	n/a
Harriman Park	Apr-20	$ 502	$ 29.2	70.0%	2.2%	2.80	3.93%	2.89%	1.04%	n/a	n/a	n/a

*Ann. – Annualised; **Cum. - Cumulative

As at 30 June 2020, the Company was invested in accordance with its and BGCF's investment policy and was diversified across 674 issuers through the directly held loans and CLO portfolio, and across 27 countries and 29 different industries. No individual borrower represented more than 2% of the overall portfolio at the end of June 2020.

Key Portfolio Statistics [10]

	Current WA Asset Coupon	Current WA Liability Cost	WA Leverage	WA Remaining CLO Reinvestment Periods
Euro CLOs	3.63%	1.73%	8.3x	1.8 Years
US CLOs	4.06%	2.85%	9.1x	2.7 Years
US CLO Warehouses	3.58%	1.40%	4.0x	n/a
Directly Held Loans	3.50%	1.45%	2.5x	n/a
Total Portfolio	**3.80%**	**2.17%**	**7.6x**	**2.3 Years**

Top 5 Industries

Industries	% of Portfolio	
	30 June 2020	**31 December 2019**
Healthcare and Pharma	14.9%	15.0%
Services Business	10.3%	10.8%
High Tech Industries	9.9%	9.7%
Banking, Finance, Insurance and Real Estate	8.9%	8.8%
Hotel, Gaming and Leisure	6.4%	7.8%

Top 5 Countries

Countries	% of Portfolio	
	30 June 2020	**31 December 2019**
United States	54.3%	54.4%
United Kingdom	9.9%	10.4%
France	6.9%	7.6%
Luxembourg	6.1%	5.8%
Netherlands	4.1%	**

**Netherlands was not part of the Top 5 as at 31 December 2019. Germany made up 3.9% of the Portfolio as at 31 December 2019.

(10) As at 30 June 2020.

Top 20 Issuers

	# Facilities	Portfolio Par (€M)	Total Par Outstanding (€M)	Moody's Industry	Country	Moody's Corp. Rating	Moody's Facility Rating	WA Price	WA Spread	WA Coupon (All-In Rate)	WA Maturity (Years)
1	4	221	2,104	Banking, Finance, Insurance and Real Estate	United Kingdom	B2	B2	94.3	4.24%	4.73%	4.8
2	2	198	8,119	Services Business	United States	B2	B1	98.1	3.25%	3.31%	5.3
3	5	185	4,977	Retail	United Kingdom	B2	B2	94.1	4.03%	4.19%	4.6
4	2	166	5,654	Chemicals, Plastics and Rubber	Netherlands	B2	Ba3	95.7	3.14%	3.22%	5.3
5	2	165	2,733	Healthcare and Pharmaceuticals	Denmark	B2	B2	91.5	3.96%	4.01%	5.7
6	2	164	3,235	High Tech Industries	United States	B1	B1	97.9	3.62%	3.70%	4.3
7	4	159	5,324	Media Broadcasting and Subscription	France	B2	B2	95.7	3.10%	3.16%	5.4
8	2	150	4,498	Media Broadcasting and Subscription	Netherlands	B1	B1	96.3	2.87%	2.92%	8.4
9	2	145	3,114	Banking, Finance, Insurance and Real Estate	Ireland	B2	B2	96.7	3.44%	4.46%	4.4
10	4	121	3,297	Healthcare and Pharmaceuticals	United States	Ba1	Ba1	98.2	1.91%	2.01%	4.3
11	4	120	5,020	Beverage, Food and Tobacco	United Kingdom	B1	B1	95.8	2.58%	2.65%	6.6
12	2	120	2,634	High Tech Industries	United States	B2	B2	94.2	4.50%	5.50%	2.6
13	2	119	3,868	High Tech Industries	United States	B2	B2	97.0	4.64%	4.70%	5.3
14	2	116	3,750	Telecommunications	Denmark	B2	B1	97.4	3.37%	3.37%	4.8
15	2	111	3,688	Media Broadcasting and Subscription	United Kingdom	Ba2	Ba2	96.6	2.50%	2.58%	8.2
16	3	109	2,593	Banking, Finance, Insurance and Real Estate	Luxembourg	B2	Ba3	96.6	3.36%	3.39%	4.6
17	5	107	4,306	High Tech Industries	United States	B1	B1	96.7	3.39%	3.54%	4.4
18	2	104	2,402	Services Business	Sweden	B2	B1	97.7	3.06%	3.06%	2.3
19	2	100	2,962	Construction and Building	United States	B2	B2	94.0	3.95%	3.95%	5.8
20	2	97	1,285	Hotels, Gaming and Leisure	Luxembourg	B2	B2	97.0	3.54%	3.54%	2.4

Market Outlook

Global economies continue to deal with the effects of COVID-19, social unrest, and rising geopolitical tension. We are closely monitoring the re-acceleration of COVID-19 in the US and Europe, as a reversal of recent reopening measures in many cities, states and countries could deepen the economic damage from the pandemic and elongate the path to a complete recovery. Although some stimulus and central bank support may extend beyond the pandemic, we believe that emergency government support will wane and thus do not expect a "V-shaped" recovery where the pre-COVID-19 levels of economic activity, employment, and profitability are reached in the near term.

In the US, we expect defaults to continue to increase, and JP Morgan forecasts 2020 US loan and high yield bond default rates of 5% and 8%. Unlike in the US, few European companies have filed for bankruptcy this year, braced by significant fiscal support in the form of revolving facilities and government-guaranteed loan schemes. Fitch is currently forecasting a 2020 full year default rate of 4% and 4.5% for European loans and high yield bonds, respectively.

The new issue pipeline for loans globally continues to look light and as companies report second quarter earnings in July and August, we will closely monitor the effects of COVID-19 and expectations for future earnings, which will drive potential idiosyncratic volatility. Despite the uncertain outlook, we derive some comfort from the seniority of loans in the corporate structure, which we believe offers defensive positioning unique to the asset class.

As we move into the second half of 2020, we continue to believe that the Fund is well positioned to access favourable investment opportunities in loans and CLOs through its investment in BGCF and to weather the current environment.

COVID-19

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

Risk Management

Heading into the second half of 2020, the impact of COVID-19 will continue to weigh on corporate profits. We have been actively pruning risk selectively and positioning the portfolio more defensively, to support 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 US denominated assets comprise roughly 38% 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.

Blackstone / GSO Debt Funds Management Europe Limited
21 September 2020

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. Up until their conversion into Ordinary Shares on 7 January 2020, the Company's C Shares were quoted on the SFS of the Main Market of the LSE. Refer to page 25 for further details on the C Share conversion.

The Company's share capital consists of an unlimited number of shares of any class. As at 30 June 2020, the Company's issued share capital was 480,496,838 Ordinary Shares. The Company also held 2,405,956 shares in treasury.

The Company has a wholly-owned Luxemburg subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.à r.l. which has an issued share capital of 2,000,000 Class A shares and 1 Class B share. All of the Class A and Class B shares were held by the Company as at 30 June 2020 together with 304,380,499 Class B CSWs issued by the Lux Subsidiary. The Lux Subsidiary invests in PPNs issued by BGCF, which in turn invests in CLOs and loans. The Company also holds CLO Mezzanine Notes which formed part of the Rollover Assets and are yet to be realised and reinvested in CSWs.

The Company is a self-managed company. DFME acts as Portfolio Adviser to the Company and, pursuant to the Advisory Agreement, provides advice and assistance to the Company in connection with its investment in the CSWs. DFM acts as Portfolio Manager in relation to the Rollover Assets (as defined in the Company's Prospectus published on 23 November 2018). BNP Paribas Securities Services S.C.A., Jersey Branch acts as Administrator, Company Secretary, Custodian and Depositary to the Company.

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:

Shares	Type	As at 30 June 2020	As at 31 December 2019
Charlotte Valeur	Ordinary	11,500	11,500
Gary Clark	Ordinary	168,200	108,200
Heather MacCallum	Ordinary	-	-
Mark Moffat	Ordinary	771,593	601,028
	C	-	291,068
Steven Wilderspin	Ordinary	20,000	20,000

Investment Objective

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

Investment Policy

Overview

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

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

Investment Limits and Risk Diversification

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

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

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

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

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

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

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

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

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

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

Maximum Exposure	**% of 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 that rate securities issued by such CLO, or (ii) in the case of a Loan Warehouse, that the warehoused assets will eventually be eligible for a rated CLO. The CLO Manager will seek to identify and actively manage assets which meet those criteria and limits within each CLO or Loan Warehouse. The eligibility criteria and portfolio limits within a CLO or Loan Warehouse may include the following:

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

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

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

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

Changes to Investment Policy

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

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

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

The Board 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 Published NAV for day-to-day administration and cash management purposes. For the avoidance of doubt, this limit only applies to the Company and not the Underlying Companies.

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

Investment Strategy

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

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

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

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

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

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

Whilst the intention is to pursue an active, non-benchmark total return strategy, the Company is cognisant of the positioning of the loan portfolios against relevant indices. Accordingly, the Underlying Companies will track the returns and volatility of such indices, while seeking to outperform them on a consistent basis. In-depth, fundamental credit research dictates name selection and sector over-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

C Share Conversion

On 7 January 2020, the Company announced the completion of the conversion of its C Shares into Ordinary Shares. 133,451,107 C Shares were converted into 78,202,348 Ordinary Shares based on a Conversion Ratio of 0.5860 Ordinary Shares per C Share.

Broker Update

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

COVID-19

As explained in the Chair's Statement on page 10, COVID-19 continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. Refer to the Portfolio Adviser's Review on page 18.

On 23 March 2020, the Company announced a detailed review of the companies within its portfolio to determine the potential impact of COVID-19 on these business and an investor call on 27 March 2020 to provide a market update.

On 23 April 2020, the Company announced an update on the status of the Portfolio Adviser's portfolio review, together with an amended dividend policy and subsequent dividend declaration in light of COVID-19. The Company announced that GSO had conducted a detailed, bottom up review of all c. 970 companies within its portfolio and the likely impact of COVID-19 on cashflows. While the medium and long-term impacts of the global pandemic remained uncertain, in the short-term GSO expected that rating agency downgrades and corporate defaults may lead to temporary cashflow diversions away from subordinate note distributions as a result of breaches in interest diversion and/or over-collateralisation ratios within a number of CLOs to which the Company has exposure (through BGCF).

The 23 April 2020 announcement also detailed that GSO had already taken numerous steps to seek to mitigate the impact of COVID-19 on the performance of its portfolios and would continue to monitor the rapidly-evolving economic environment to identify risks and opportunities.

Revised Dividend Policy

On 23 April 2020 the Company announced that pursuant to the review of BGCF's portfolio in light of COVID-19, the Board had adopted a revised Dividend Policy targeting a total 2020 annual dividend of between €0.06 and €0.07 per ordinary share, to consist of quarterly payments of €0.015 per ordinary share for the first three quarters and a final quarter payment of a variable amount to be determined at that time. The Company further announced that it would keep the dividend policy under close review as the impact of the COVID-19 pandemic unfolds.

Share Repurchase Programme

On 30 June 2020, the Company repurchased 25,000 of its Ordinary Shares at a weighted average price per share of €0.66. The repurchased Ordinary Shares are held in treasury.

From 1 July 2020 to 18 September 2020 the Company repurchased 417,500 Ordinary Shares at a weighted average price per share of €0.67. The repurchased Ordinary Shares are held in treasury.

As at 18 September 2020 the Company had 480,079,338 Ordinary Shares in issue and 2,823,456 Ordinary Shares in treasury.

Risk Overview

Principal Risks, Uncertainties and Emerging Risks

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

The Board reviews risks at least twice a year and receives deep-dive reports on specific risks as recommended by the Risk Committee. At the most recent meeting of the Risk Committee in July 2020 the Committee reviewed the ongoing impact of the COVID-19 pandemic on the Company and BGCF, as detailed in the COVID-19 commentary below.

The Board considers that the five risks identified below are the principal risks faced by the Company where the combination of probability and impact was assessed as being most significant.

Principal risk	Mitigants and COVID-19 commentary
Investment performance	
A key risk to the Company is unsatisfactory investment performance due to an economic downturn along with continued political uncertainty which could negatively impact global credit markets and the risk reward characteristics for CLO structuring. This could directly impact the performance of the underlying CLOs that the Company invests in and it could also result in a reduced number of suitable investment opportunities and/or lower shareholder demand.	Credit markets, along with most other asset classes, have been hit by the impact of COVID-19 on companies and markets. The detailed analysis of underlying companies and CLO modelling that the Portfolio Adviser previously provided to the Board has been updated for underlying companies' Q1 2020 reporting and their latest assumptions are described further on page 31. This supports the Board's revised dividend policy as previously announced which seeks to ensure that the Company does not over-distribute and erode the capital of the Company. The Portfolio Adviser has continued to trade and manage risk in the CLO portfolios to reflect the latest company information and market outlook.
Share price discount	
The price of the Company's shares may trade at a discount relative to the underlying net asset value of the shares.	Due to the inherent uncertainty of the investment environment as the COVID-19 pandemic hit, the Company's discount initially widened as far as 36.71%, although there had been no sustained share selling pressure. As more information has become available to investors as the pandemic has progressed, the discount narrowed to 16.92% at 31 July 2020 and was 31.88% at 18 September 2020 (based on the Published NAV at 31 August 2020 and the closing share price at 18 September 2020). The Board has kept investors up to date with the Portfolio Adviser's assessment of the impact of the virus on underlying valuations, and the outlook for the dividend. As explained on page 25, the Board has also undertaken a modest share buy-back programme.
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	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

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 as experienced during the six months ended 30 June 2020 and as published in the RNS announcement on the LSE on 1 September 2020. The CLOs held directly by the Company are valued using the mark-to-market approach.	directors of BGCF likewise use their judgement in determining the valuation of investments and underlying CLOs and equity tranches retained by BGCF. 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 using third party valuations. As stated above, the Board will endeavor to ensure that investors are kept up to date with the Portfolio Adviser's assessment of the impact of COVID-19 on underlying CLO valuations, including assumptions and Market Colour where appropriate.
Income distribution model	
The Company receives cash flows from its underlying exposure to debt and CLO investments held by BGCF. Each underlying CLO will pay out a mixture of income and capital return over its life with a terminal capital value in the 70 to 80% range. BGCF aims to distribute most of the proceeds that it receives from CLO investments to the Company (via PPNs) whilst reinvesting some of the proceeds back into CLOs to maintain capital invested. In turn, the Company aims to distribute income received to shareholders, in accordance with its distribution policy, without eroding capital. There is a risk that the distribution policy at the Company level may be too generous or re-investment at the BGCF level may not be sufficient, resulting in the erosion of underlying capital invested.	The Directors use their judgement, with the assistance of the Portfolio Adviser, in setting the Company's distribution policy to ensure that it is appropriate given the performance of the underlying CLOs. The distribution policy announced on 23 April 2020 remains under constant review as the impact of the pandemic on the economy and underlying companies becomes clearer.
Operational	
The Company has no employees, systems or premises and is reliant on its Portfolio Adviser and service providers for the delivery of its investment objective and strategy. The COVID-19 pandemic means that all of the Company's service providers are operating under business continuity procedures with staff working from home. This increases the risk of control breakdowns, errors and omissions and regulatory breaches. As the pandemic takes its course there is also an increased risk that key individuals at the Portfolio Adviser and other service providers will be ill or otherwise unable to work. This will reduce the capacity for the Company to operate.	The Risk Committee has reviewed the arrangements put in place by key service providers to ensure continuity of service to the Company and is currently satisfied that they are sufficient. This will be kept under regular review. In the period under review there have been no material operational difficulties.

Brexit

The Directors do not believe that the ongoing Brexit process is a significant risk to the Company other than because of any impact reflected generally in international markets and the global economy.

The Portfolio Adviser's credit research team of 31 investment professionals keeps BGCF's portfolio of UK-exposed issuers under review, based on potential impact as a result of Brexit. When reviewing Brexit's impact on portfolio credits, they consider where the credit is domiciled as well as what the exposure is to the UK and the impact of Brexit specifically related to that business. The team identifies and analyses 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.

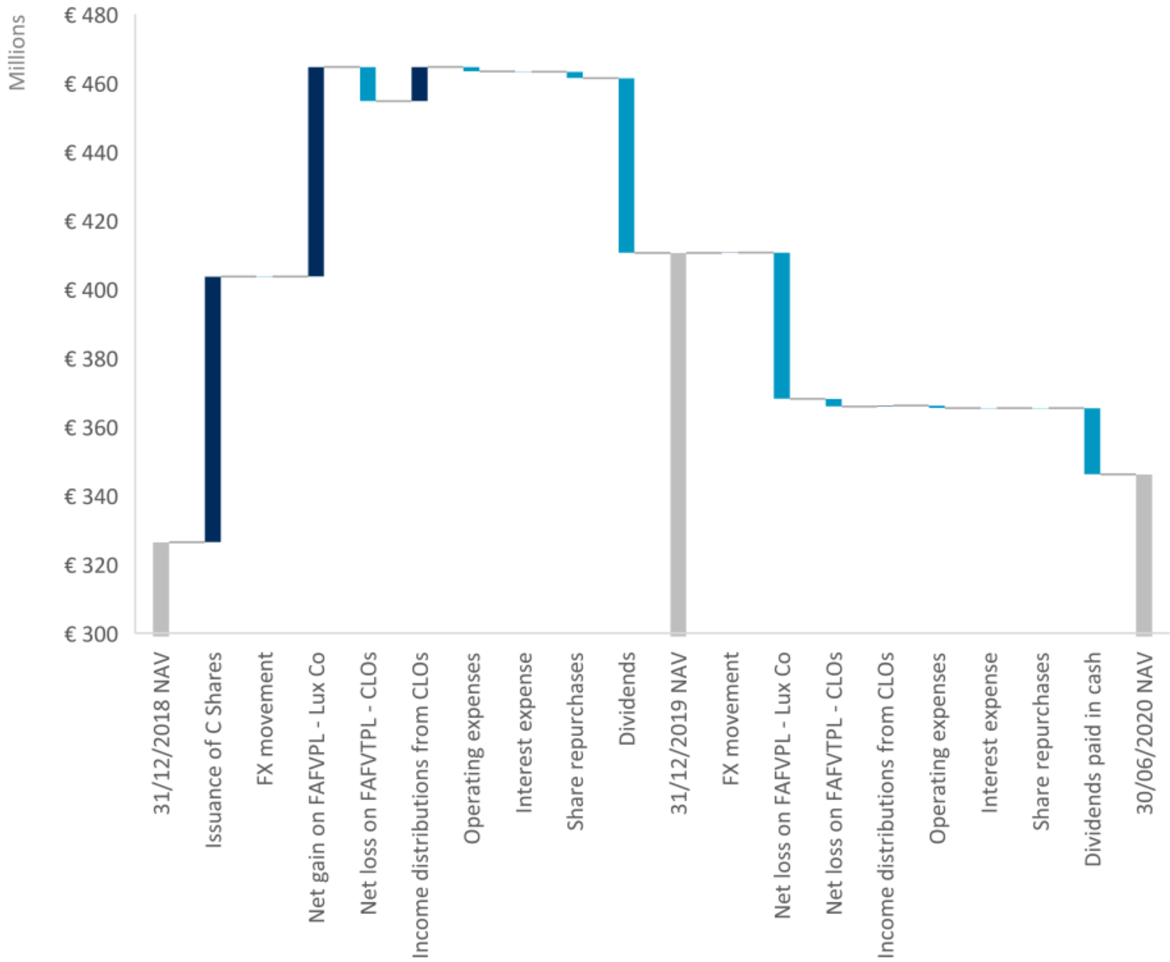
Given the global focus of the strategy, the exposure to any one individual European country is low. As at 30 June 2020, the Company's indirect exposure to BGCF directly held assets classified as UK companies was 9.85%.

Going Concern

The Directors have considered the Company's investment objective, risk management and capital management policies, its assets and the expected cash flows from its investments, while factoring in the current economic conditions caused by the outbreak of COVID-19 as discussed further in the Chair's Statement on page 10 and the Portfolio Adviser's Review on page 18. While typically the Board keeps these factors under close review, these factors and the Company's cash management and expected expenses are monitored in more detail and on a more frequent basis in light of COVID-19 should the Company wish to amend its dividend policy or make other changes to its operating model. After due consideration, the Directors are of the opinion that the Company is able to meet its liabilities and ongoing expected expenses as they fall due and they have a reasonable expectation that the Company has adequate cash and cash equivalents 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.

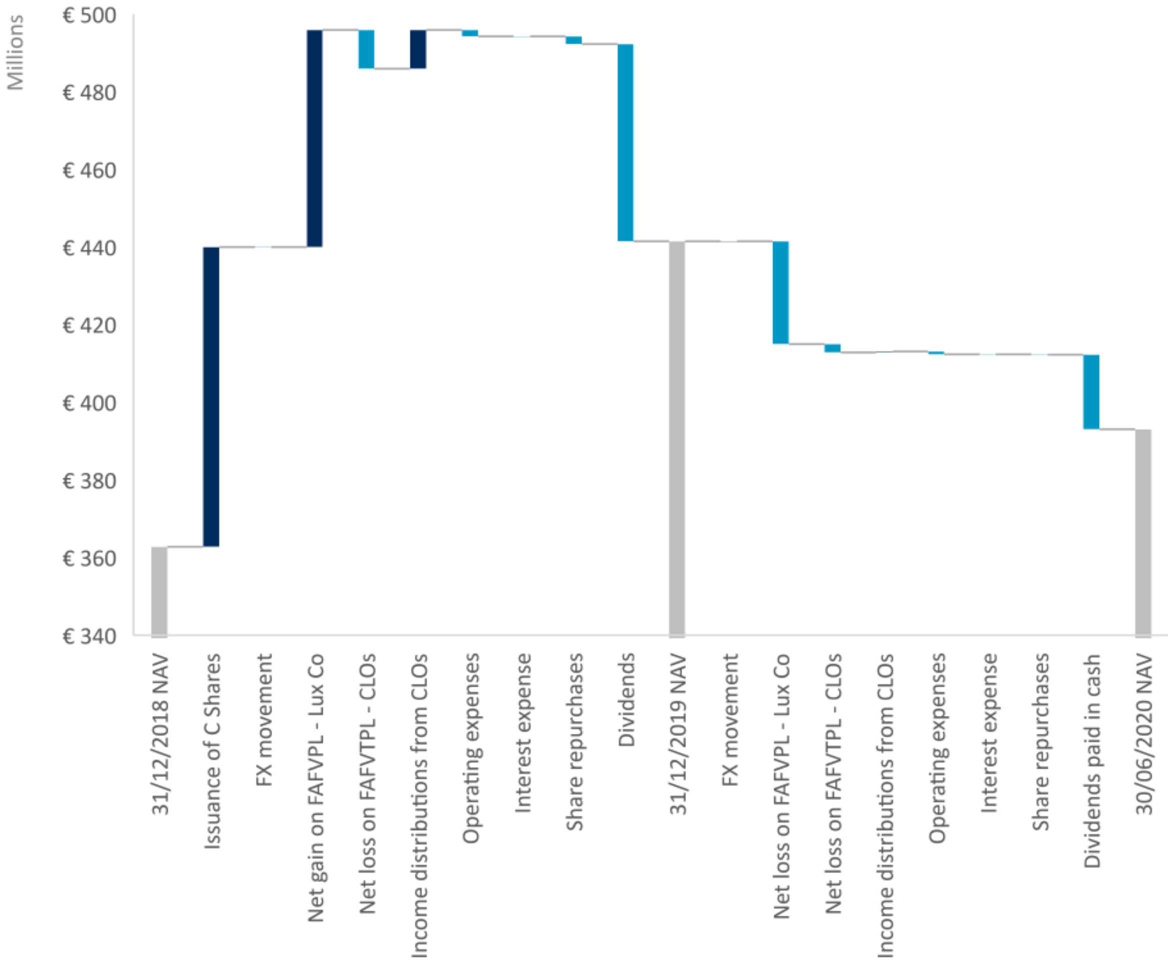
Performance Analysis

IFRS NAV Performance Analysis for the Periods Ended 30 June 2020 and 31 December 2019 – Contributors to Change



Further commentary on the Company's performance is contained in the Chair's Statement on pages 8 to 11 and the Portfolio Adviser's Review on pages 12 to 18.

Published NAV Performance Analysis for the Periods Ended 30 June 2020 and 31 December 2019 – Contributors to Change



Further commentary on the Company's performance is contained in the Chair's Statement on pages 8 to 11 and the Portfolio Adviser's Review on pages 12 to 18.

OTHER INFORMATION

Valuation Methodology

As noted on page 4, 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 2020 are detailed below:

Asset	Valuation Methodology	Input	IFRS NAV	Published NAV	IFRS NAV	Published NAV
			30 June 2020		31 December 2019	
CLO Securities	Discounted Cash Flows	Constant default rate	2.22%	1.82%	1.98%	2.00%
		Conditional prepayment rate	25%	21%	25%	20%
		Reinvestment spread (bp over LIBOR)	389.80	352.15	354.77	380.82
		Recovery rate Loans	70%	70%	70%	70%
		Recovery lag (Months)	0	12	0	12
		Discount rate	20.73%	13.94%	15.67%	12.04%

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 2020.

Assumptions	IFRS NAV	Published NAV
Reinvestment Spread	Largely weighted by a CLO's current portfolio weighted average spread, which assumes that the CLO investment manager will continue to reinvest in collateral with a similar spread and rating composition to the existing collateral pool. In addition, weighting may be given to primary loan spreads to the extent current primary market opportunities suggest different spreads than the existing portfolio.	Represents a normalised, long-term view of loan spreads to be achieved over the life of the CLO's remaining reinvestment period. Initially informed by the underwriting model at issuance, the assumption is periodically reviewed and updated to the extent of secular changes in loan spreads.
Discount Rate	Intended to reflect the market required rate of return for similar securities and is informed by market research, BWICs, market colour for comparable transactions, and dealer runs. The discount rate may vary based on underlying loan prices, exposure to distressed assets or industries, manager performance, and time remaining in reinvestment period. Discount rates tend to widen in periods of illiquidity, as experienced in Q4 2019. While market colour on CLO Income Notes was limited during this period, the volatility in underlying loan prices and temporary market illiquidity led to an increase in discount rates to reflect the perceived portfolio risk.	Based on the yield calibrated at the time of initial underwriting in order to reflect the original transaction price and the long-term view of the investment. The discount rate is periodically reviewed and updated to the extent of secular changes in the market required rate of return e.g. market impact of emergence of COVID-19.

Source of the Company's Dividend

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

The Company redeems CSWs on a quarterly basis to transfer the income from the Lux Subsidiary. As detailed on page 7, the Company redeemed 22,178,085 CSWs in the Lux Subsidiary during the period with a fair value of €27,401,212 to fund the quarterly dividend.

Alternative Investment Fund Managers' Directive

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

Alternative Performance Measures

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

	Published NAV total return per Ordinary Share**	**Published NAV per Ordinary Share****	**(Discount) / Premium per Ordinary Share**
Definition	The increase in the Published NAV per Ordinary Share plus the total dividends paid per Ordinary Share during the period, with such dividends paid being re-invested at NAV, as a percentage of the NAV per share as at period end	Gross assets less liabilities (including accrued but unpaid fees) determined in accordance with the section entitled "Net Asset Value" in Part I of the Company's Prospectus, divided by the number of Ordinary Shares at the relevant time	BGLF's closing share price on the LSE less the Published NAV per share as at the period end, divided by the Published NAV per share as at that date
Reason	NAV total return summarises the Company's true growth over time while taking into account both capital appreciation and dividend yield	The Published NAV per share is an indicator of the intrinsic value of the Company.	The discount or premium per Ordinary Share is a key indicator of the discrepancy between the market value and the intrinsic value of the Company
Target	11%+	Not applicable	Maximum discount of 7.5%
Performance			
2020	(6.73)%	0.8179	(18.08)% *
2019	14.46%	0.9187	(10.20)%
2018	6.70%	0.8963	(15.21)%
2017	1.38%	0.9378	5.03%
2016	13.28%	1.0238	(1.10)%

* Refer to details on management of the discount in the Chair's Statement on page 9.
** Published NAV is an APM from which these metrics are derived.

A reconciliation of the above-mentioned APMs to the most directly reconcilable line items presented in the financial statements for the six months ended 30 June 2020 and the year ended 31 December 2019 is presented below:

Published NAV total return per Ordinary Share

	Six months ended 30 June 2020	Year ended 31 December 2019
Opening Published NAV per Ordinary Share (A)	€0.9187	€0.8963
Adjustments per Ordinary Share (B)	€(0.0644)	€(0.0898)
Opening IFRS NAV per Ordinary Share (C=A+B)	€0.8543	€0.8065
Closing Published NAV per Ordinary Share (D)	€0.8179	€0.9187
Adjustments per Ordinary Share (E)	€(0.0975)	€(0.0644)
Closing IFRS NAV per Ordinary Share (F=D+E)	€0.7204	€0.8543
Dividends paid during the period/year (G)	€0.0400	€0.1000
Published NAV total return per Ordinary Share (H=(D-A+G)/A)	(6.62)%	13.66%
Impact of dividend re-investment (I)	(0.11)%	0.80%
Published NAV total return per Ordinary Share with dividends re-invested (J=H+I)	(6.73)%	14.46%
IFRS NAV total return per Ordinary Share (K=(F-C+G)/C)	(10.99)%	18.33%
Impact of dividend re-investment (L)	(0.68)%	(0.02)%
IFRS NAV total return per Ordinary Share with dividends re-invested (M=K+L)	(11.67)%	18.31%

Refer to Note 14 for further details on the adjustments per Ordinary Share.

Published NAV per Ordinary Share

	30 June 2020	31 December 2019
Published NAV per Ordinary Share (A)	€0.8179*	€0.9187
Adjustments per Ordinary Share (B)	€0.0975	€0.0644
IFRS NAV per Ordinary Share (C=A-B)	€0.7204	€0.8543

* Refer to the RNS announcement on the LSE published on 1 September 2020 by the Company for further details.

Refer to Note 14 for further details on the adjustments per Ordinary Share.

(Discount) / Premium per Ordinary Share

	30 June 2020	31 December 2019
Published NAV per Ordinary Share (A)	€0.8179	€0.9187
Adjustments per Ordinary Share (B)	€0.0975	€0.0644
IFRS NAV per Ordinary Share (C=A-B)	€0.7204	€0.8543
Closing share price as at the period end per the LSE (D)	€0.6700	€0.8250
Discount to Published NAV per Ordinary Share (E=(D-A)/A)	(18.08)%	(10.20)%
Discount to IFRS NAV per Ordinary Share (F=(D-C)/C)	(7.00)%	(3.43)%

Refer to Note 14 for further details on the adjustments per Ordinary Share.

FUTURE DEVELOPMENTS

Significant Events after the Reporting Period

On 21 July 2020, the Company declared a dividend of €0.015 per Ordinary Share in respect of the period from 1 April 2020 to 30 June 2020. A total payment of €7,205,128 was made on 28 August 2020.

During the period from 1 July 2020 to 18 September 2020, the Company repurchased:

a) under the 2019 AGM authority, 80,000 of its Ordinary Shares of no par value at a total cost of €53,600 (excluding fees and commissions); and
b) under the 2020 AGM authority, 337,500 of its Ordinary Shares of no par value at a total cost of €226,100 (excluding fees and commissions).

Additionally, refer to Note 18 on page 64 for further details.

Outlook

It is the Board's intention that the Company will pursue its investment objective and investment policy as detailed on pages 20 to 24. Further comments on the outlook for the Company for the 2020 financial year and the main trends and factors likely to affects its future development, performance and position are contained within the Chair's Statement and the Portfolio Adviser's Review.

Directors' Biographies

The Directors appointed to the Board as at the date of approval of this 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 over 35 years of experience in finance, primarily as an investment banker in Denmark and UK. She has an extensive portfolio career with a number of Non-Executive Directorships ("NED") and Chair roles – as well as delivering training and advising boards in corporate governance through her company Global Governance Group.

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

With significant experience in international corporate finance, Charlotte 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. Gary 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 Gary Clark was managing director of the futures broker, GNI (Channel Islands) Limited in Jersey.

A specialist in alternative investment funds, Gary 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, Gary Clark brings a wealth of highly relevant experience, at both board level and as an executive, in fund / asset management operations, including in particular valuation, accounting and administrative controls and processes.

Heather MacCallum, CA

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

Date of appointment: 7 September 2017

Heather MacCallum is a Chartered Accountant and was a partner of KPMG Channel Islands for 15 years before retiring from the partnership in 2016.

Heather MacCallum now holds a portfolio of non-executive directorships including Aberdeen Latin American Income Fund Limited and City Merchants High Yield Trust Limited, both of which are investment companies listed on the London Stock Exchange. She is the Chair of Jersey Water, an unlisted Jersey utility company.

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

With 20 years' experience gained in a global professional services firm, Heather 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 Steven Wilderspin was appointed as a director of FTSE 250 HarbourVest Global Private Equity Limited.

In December 2017 Steven 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, Steven Wilderspin was a director of fund administrator Maples Finance Jersey Limited where he was responsible for fund and securitisation structures. Before that, from 1997, Steven Wilderspin was Head of Accounting at Perpetual Fund Management (Jersey) Limited.

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

Mark Moffat

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

Date of appointment: 8 January 2019

Mark Moffat has been involved in structuring, managing and investing in CLOs for over 20 years. Mark 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 Mark 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.

Mark 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, Mark Moffat was head of European debt and equity capital markets and the European CLO business of Bear Stearns. At Bear Stearns, Mark Moffat was responsible for the origination, structuring and execution of CLOs in Europe over a seven-year period. Prior to Bear Stearns, Mark 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 Mark 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 2020, 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 2020 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 2020 and that have materially affected the financial position or performance of the Company during the period.

Charlotte Valeur
Director
21 September 2020

Heather MacCallum
Director

Independent Review Report to 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 2020 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 18. 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.

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 2020 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
21 September 2020

Condensed Statement of Financial Position

As at 30 June 2020 (Unaudited)

	Notes	As at 30 June 2020 (unaudited) €	As at 31 December 2019 (audited) Restated* €
Current assets			
Cash and cash equivalents		13,494,058	11,464,088
Other receivables	5	86,038	232,474
Financial assets at fair value through profit or loss – Lux Co	6	333,421,795	396,392,271
Financial assets at fair value through profit or loss - CLOs	6	249,430	3,192,772
Intercompany loan	7	-	-
Total current assets		**347,251,321**	**411,281,605**
Non-current liabilities			
Intercompany loan	7	(706,786)	(534,660)
Total non-current liabilities		**(706,786)**	**(534,660)**
Current liabilities			
Payables	8	(400,276)	(240,954)
Total current liabilities		**(400,276)**	**(240,954)**
Total liabilities		**(1,107,062)**	**(775,614)**
Net assets	13,14	**346,144,259**	**410,505,991**
Capital and reserves			
Stated capital	9	473,568,124	480,304,329
Retained earnings		(127,423,865)	(69,798,338)
Shareholders' Equity		**346,144,259**	**410,505,991**
Net Asset Value per Share	**13**	**0.7204**	**0.8543**

* Refer to Note 11 for details on the restatement.

These financial statements were authorised and approved for issue by the Directors on 21 September 2020 and signed on their behalf by:

Charlotte Valeur
Director

Heather MacCallum
Director

The accompanying notes on pages 44 to 64 form an integral part of the condensed interim financial statements.

Condensed Statement of Comprehensive Income

For the six months ended 30 June 2020 (Unaudited)

	Notes	Six months ended 30 June 2020 (unaudited) €	Six months ended 30 June 2019 (unaudited) Restated* €
Income			
Realised gain/(loss) on foreign exchange		67,962	(13,664)
Net (loss)/gain on financial assets at fair value through profit or loss – Lux Co	6	(42,499,534)	49,985,511
Net loss on financial assets at fair value through profit or loss - CLOs	6	(2,169,446)	(5,249,194)
Income distribution from CLOs	2.5(b)	253,061	7,746,872
Total income		**(44,347,957)**	**52,469,525**
Expenses			
Operating expenses	3	(743,146)	(704,000)
(Loss)/profit before taxation		**(45,091,103)**	**51,765,525**
Taxation	2.4	-	-
(Loss)/profit after taxation		**(45,091,103)**	**51,765,525**
Loan interest expense	7	(4,923)	(2,460)
Bank interest expense		(28,334)	(25,037)
Total interest expense		**(33,257)**	**(27,497)**
Total comprehensive (loss)/income for the period attributable to Shareholders		**(45,124,360)**	**51,738,028**
Basic and diluted (losses)/earnings per share	12	**(0.0945)**	**0.1072**

* Refer to Note 11 for details on the restatement.

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

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

The accompanying notes on pages 44 to 64 form an integral part of the condensed interim financial statements.

Condensed Statement of Changes in Equity

For the six months ended 30 June 2020 (Unaudited)

	Note	Stated Capital Ordinary Share	Retained Earnings Ordinary Share	Stated Capital C Share	Retained Earnings C Share	Total
		€	€	€	€	€
Shareholders' Equity at 1 January 2020	9	**403,034,162**	**(59,772,318)**	**77,270,167**	**(10,026,020)**	**410,505,991**
Total comprehensive loss for the period attributable to Shareholders		-	(45,124,360)	-	-	**(45,124,360)**
Transactions with owners						
Conversion of C Shares	9	70,550,462	(3,306,315)	(77,270,167)	10,026,020	**-**
Dividends	16	-	(19,220,872)	-	-	**(19,220,872)**
Ordinary Shares repurchased	9	(16,500)	-	-	-	**(16,500)**
		70,533,962	**(22,527,187)**	**(77,270,167)**	**10,026,020**	**(19,237,372)**
Shareholders' Equity at 30 June 2020	9	**473,568,124**	**(127,423,865)**	**-**	**-**	**346,144,259**

Refer to pages 25 and 60 for details on the conversion of the Company's C Shares into Ordinary Shares.

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	9	**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	16	-	(20,235,022)	-	(4,673,458)	**(24,908,480)**
Ordinary Shares repurchased	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	9	**403,034,162**	**(49,088,924)**	**77,270,167**	**(2,657,120)**	**428,558,285**

The accompanying notes on pages 44 to 64 form an integral part of the condensed interim financial statements.

Condensed Statement of Cash Flows

For the six months ended 30 June 2020 (Unaudited)

	Six months ended 30 June 2020 (unaudited)	Six months ended 30 June 2019 (unaudited) Restated*
	€	€
Cash flow from operating activities		
Total comprehensive (loss)/income for the period attributable to Shareholders	(45,124,360)	51,738,028
Adjustments to reconcile (loss)/profit after tax to net cash flows:		
- Unrealised loss/(gain) on financial assets at fair value through profit and loss	49,581,770	(43,197,283)
- Realised gain on financial assets at fair value through profit and loss	(4,809,134)	(1,539,034)
Purchase of financial assets at fair value through profit or loss	(6,994,122)	(45,500,000)
Proceeds from sale of financial assets at fair value through profit or loss	28,135,304	67,513,275
Changes in working capital		
Decrease in other receivables	146,436	723,478
Increase/(decrease) in payables	159,322	(1,027,009)
Net cash generated from operating activities	**21,095,216**	**28,711,455**
Cash flow from financing activities		
Proceeds from issuance of shares	-	7,446,204
Issue cost	-	(780,506)
Ordinary Shares repurchased	(16,500)	(1,928,574)
Increase in intercompany loan	172,126	145,876
Dividends paid	(19,220,872)	(24,908,480)
Net cash used in financing activities	**(19,065,246)**	**(20,025,480)**
Net increase in cash and cash equivalents	**2,029,970**	**8,685,975**
Cash and cash equivalents at the start of the period	11,464,088	11,219,224
Cash and cash equivalents at the end of the period	**13,494,058**	**19,905,199**

Supplemental disclosure of non-cash flow information	**30 June 2019 (unaudited)**
	€
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**

* Refer to Note 11 for details on the restatement.

The accompanying notes on pages 44 to 64 form an integral part of the condensed interim financial statements.

For the six months ended 30 June 2020

1 General information

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

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

As at 30 June 2020, the Company's stated capital comprised 480,496,838 Ordinary Shares of no par value (31 December 2019: 402,319,490), each carrying the right to 1 vote; 2,405,956 Ordinary Shares held in treasury (31 December 2019: 2,380,956); and no C Shares (31 December 2019: 133,451,107 C Shares of no par value, carrying no voting rights). The Company may issue one or more additional classes of shares in accordance with the Articles of Association.

The Company has a wholly owned Luxemburg subsidiary, Blackstone / GSO Loan Financing (Luxembourg) S.à r.l., which has an issued share capital of 2,000,000 Class A shares and 1 Class B share held by the Company as at 30 June 2020. The Company also holds 304,380,499 Class B CSWs (31 December 2019: 319,758,584) issued by the Lux Subsidiary. The Company also holds two Mezzanine Notes which formed part of the Rollover Assets and are yet to be realised and reinvested in CSWs.

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

2 Significant accounting policies

2.1 Statement of compliance

The Annual Report and Audited Financial Statements (the "Annual Report") are prepared in accordance with the Disclosure Guidance and Transparency Rules of the FCA and with IFRS as adopted by the EU, 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 and taking into consideration the ongoing effect of the COVID-19 outbreak, 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 in Note 2.2 on the following page respectively due to the significance of financial instruments to the Company.

2 Significant accounting policies (continued)

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 (loss)/gain on financial assets at fair value through profit or loss" in the Condensed 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.

2 Significant accounting policies (continued)

2.2 Financial instruments (continued)

Investments and other financial assets (continued)

(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 2020, the Company held 304,380,499 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary (the "Investments") (31 December 2019: 319,758,584 CSWs, 2,000,000 Class A shares and 1 Class B share). These Investments are not listed or quoted on any securities exchange, are not traded regularly and, on this basis, no active market exists. The Company is not entitled to any voting rights in respect of the Lux Subsidiary by reason of their ownership of the CSWs, however, the Company controls the Lux Subsidiary through its 100% holding of the shares in the Lux Subsidiary.

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

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

(vi) Valuation process

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

Portfolio

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

Net Asset Value

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

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

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

2 Significant accounting policies (continued)

2.2 Financial instruments (continued)

Investments and other financial assets (continued)

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 Condensed 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.

Share repurchased by the Company are deducted from equity. No gain or loss is recognised in the Condensed Statement of Comprehensive Income on the purchase, sale or cancellation of the Company’s own equity instruments. The consideration paid or received is recognised directly in the Condensed Statement of Changes in Equity. Shares repurchased are recognised on the trade date.

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 2019: 0%).

2.5 Income

2.5a Interest income and expense

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

2.5b Income distributions from CLOs

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

For the six months ended 30 June 2020

2 Significant accounting policies (continued)

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 Condensed Statement of Financial Position and Condensed Statement of Comprehensive Income. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

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

Estimates

(a) Fair value

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

Refer to Note 2.2 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 is 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.

For the six months ended 30 June 2020

3 Operating expenses

	Six months ended 30 June 2020 (unaudited)	Six months ended 30 June 2019 (unaudited)
	€	€
Professional fees	214,194	153,139
Administration fees	162,427	185,732
Brokerage fees	42,760	45,726
Regulatory fees	17,059	15,209
Directors' fees and other expenses (see Note 4)	132,534	140,239
Audit fees and audit related fees	123,823	126,723
Registrar fees	37,263	12,336
Sundry expenses	13,086	24,896
	743,146	**704,000**

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 2020 was €162,427 (30 June 2019: €185,732) and the amount due at 30 June 2020 was €75,895 (31 December 2019: €56,600).

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. On this basis, the Portfolio Adviser recharged €82,612 to the Company (30 June 2019: €Nil) comprising primarily legal fees of €80,359 for the period ended 30 June 2020. This amount has been included under Professional fees for the six months ended 30 June 2020.

Audit and non-audit fees

The Company incurred €123,823 (30 June 2019: €126,723) in audit and audit-related fees during the period of which €119,612 (31 December 2019: €65,497) was outstanding at the period end.

The Company did not incur any (30 June 2019: €Nil) non-audit fees during the period and no amount was outstanding as at 30 June 2020 (31 December 2019: €13,955 outstanding). The table below outlines the audit, audit related and non-audit services received during the period.

	Six months ended 30 June 2020 (unaudited)	Six months ended 30 June 2019 (unaudited)
	€	€
Audit of the Company for the year ending 31 December 2020/2019	55,571	41,894
Additional fee for the audit for the year ended 31 December 2018	-	20,924
Audit related services – review of interim financial report	68,252	54,734
Other audit related services - Reporting Accountant – for the year ended 31 December 2018	-	9,171
Total audit and audit related services	**123,823**	**126,723**
Tax advisory services	-	-
Total non-audit services	**-**	**-**
Total fees to Deloitte LLP and member firms	**123,823**	**126,723**

For the six months ended 30 June 2020

3 Operating expenses (continued)

Professional fees

Professional fees comprise €87,532 in legal fees and €126,662 in other professional fees. In 2019, professional fees comprised €96,380 in legal fees and €56,759 in other professional fees.

4 Directors' fees

The Company has no employees. The Company incurred €131,096 (30 June 2019: €131,156) in Directors' fees (consisting exclusively of short-term benefits) during the period of which €63,641 (31 December 2019: €55,467) was outstanding at the period end.

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

Refer to page 19 for details on the Directors' interests.

5 Other receivables

	As at 30 June 2020 (unaudited)	As at 31 December 2019 (audited)
	€	€
Prepayments	13,898	28,453
Interest receivable	72,140	204,021
	86,038	**232,474**

6 Financial assets at fair value through profit or loss

	As at 30 June 2020 (unaudited)	As at 31 December 2019 (unaudited)	As at 31 December 2019 (audited)	As at 31 December 2019 (audited)
	Total	Ordinary Share class	C Share class	Total
	€	€	€	€
Financial assets at fair value through profit or loss – Lux Co	333,421,795	338,476,744	57,915,527	**396,392,271**
Financial assets at fair value through profit or loss - CLOs	249,430	-	3,192,772	**3,192,772**

Financial assets at fair value through profit or loss – Lux Co consists of 304,380,499 CSWs, 2,000,000 Class A shares and 1 Class B share issued by the Lux Subsidiary (31 December 2019: 319,758,584 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 2 Mezzanine Notes, which formed part of the Rollover Assets. These have yet to be realised and re-invested in CSWs and then used by the Lux Subsidiary to invest in PPNs issued by BGCF.

CSWs

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

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

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

CSWs listed in an exercise notice may not be redeemed.

For the six months ended 30 June 2020

6 Financial assets at fair value through profit or loss (continued)

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.

For the six months ended 30 June 2020

6 Financial assets at fair value through profit or loss (continued)

Fair value hierarchy

30 June 2020 (unaudited)	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets at fair value through profit or loss – Lux Co	-	-	333,421,795	**333,421,795**
Financial assets at fair value through profit or loss - CLOs	-	-	249,430	**249,430**

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

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

The Company determines the fair value of the CLOs held directly 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 2020 and the year ended 31 December 2019, there were no reclassifications between levels of the fair value hierarchy.

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

Financial assets at fair value through profit or loss reconciliation

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

30 June 2020 (unaudited)	Total
	€
Balance as at 1 January 2020	396,392,271
Purchases – CSWs	6,800,000
Sale proceeds – CSWs	(27,270,942)
Realised gain on financial assets at fair value through profit or loss	4,754,158
Unrealised loss on financial assets at fair value through profit or loss	(47,253,692)
Balance as at 30 June 2020	**333,421,795**
Realised gain on financial assets at fair value through profit or loss	4,754,158
Total change in unrealised loss on financial assets for the period	(47,253,692)
Net loss on financial assets at fair value through profit or loss – Lux Co	**(42,499,534)**

For the six months ended 30 June 2020

6 Financial assets at fair value through profit or loss (continued)

Financial assets at fair value through profit or loss reconciliation

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

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:

30 June 2020 (unaudited)	Total
	€
Balance as at 1 January 2020	3,192,772
PIK capitalised	194,122
Sale proceeds – CLOs	(864,362)
Realised gain on financial assets at fair value through profit or loss	54,976*
Unrealised loss on financial assets at fair value through profit or loss	(2,328,078)
Balance as at 30 June 2020	**249,430**
Realised gain on financial assets at fair value through profit or loss	158,632*
Total change in unrealised loss on financial assets for the period	(2,328,078)
Net loss on financial assets at fair value through profit or loss – CLOs	**(2,169,446)**

* The difference between these two figures of €103,656 relates to a realised gain on the management fee rebate element arising from two of the previously directly held CLOs whereby DFM was the CLO manager.

31 December 2019 (audited)	Total
	€
Balance as at 1 January 2019	-
Purchases – CLOs	70,665,562
Sale proceeds – CLOs	(57,428,648)
Realised loss on financial assets at fair value through profit or loss - CLOs	(4,224,550)
Unrealised loss on financial assets at fair value through profit or loss - CLOs	(5,819,592)*
Balance as at 31 December 2019	**3,192,772**
Realised gain on financial assets at fair value through profit or loss	(4,224,550)
Total change in unrealised loss on financial assets for the period	(5,686,050)*
Net loss on financial assets at fair value through profit or loss – CLOs	**(9,910,600)**

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

For the six months ended 30 June 2020

6 Financial assets at fair value through profit or loss (continued)

Please refer to page 31 and 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 and sensitivity analysis to significant changes in unobservable inputs - Level 3

The significant unobservable inputs used in the fair value measurement of the financial assets at fair value through profit or loss – Lux Co within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 30 June 2020 and 31 December 2019 are as shown below:

Asset Class	Fair Value	Unobservable Inputs	Ranges*	Weighted average	Sensitivity to changes in significant unobservable inputs
	€				
CSWs	327,369,477	Undiscounted NAV of BGCF	N/A	N/A	20% increase/decrease will have a fair value impact of +/- €65,473,895
Class A and Class B shares	6,052,318	Undiscounted NAV of the Lux Subsidiary	N/A	N/A	20% increase/decrease will have a fair value impact of +/- €1,210,464
Total as at 30 June 2020 (unaudited)	**333,421,795**				

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

The significant unobservable inputs used in the fair value measurement of the financial assets at fair value through profit or loss – CLOs, comprising directly held CLO Mezzanine Notes, within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 30 June 2020 and 31 December 2019 are as shown below:

Asset Class	Fair Value	Unobservable Inputs	Ranges*	Weighted average	Sensitivity to changes in significant unobservable inputs
	€				
Mezzanine Notes					
Directly Held CLO Mezzanine Notes	249,430	Third party valuations	1.5% - 8.1%	4.4%	20% increase/decrease will have a fair value impact of +/- €49,886
Total as at 30 June 2020 (unaudited)	**249,430**				

For the six months ended 30 June 2020

6 Financial assets at fair value through profit or loss (continued)

Quantitative information of significant unobservable inputs and sensitivity analysis to significant changes in unobservable inputs - Level 3 (continued)

Asset Class	Fair Value	Unobservable Inputs	Ranges*	Weighted average	Sensitivity to changes in significant unobservable inputs
	€				
Income Notes					
Directly Held CLO Income Notes	809,385	Third party valuations	0% - 35.5%	6.7%	20% increase/decrease will have a fair value impact of +/- €161,877
Mezzanine Notes					
Directly Held CLO Mezzanine Notes	2,383,387	Third party valuations	20.1% - 73.0%	43.1%	20% increase/decrease will have a fair value impact of +/- €476,677
Total as at 31 December 2019 (audited)	**3,192,772**				

*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 2020 (unaudited)	As at 31 December 2019 (audited)	As at 31 December 2019 (audited)	As at 31 December 2019 (audited)
	Total	Ordinary Share Class	C Share Class	Total
	€	€	€	€
Intercompany loan – payable to the Lux Subsidiary	**706,786**	**534,660**	**-**	**534,660**
Interclass balance receivable/(payable)	**-**	**114,549**	**(114,549)**	**-**

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

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

For the six months ended 30 June 2020

8 Payables

	As at 30 June 2020 (unaudited)	As at 31 December 2019 (audited)
	€	€
Professional fees	70,500	24,660
Administration fees	75,895	56,600
Brokerage fees	19,040	-
Regulatory fees	3,528	-
Directors' fees	63,641	55,467
Audit fees	119,612	65,497
Registrar fees	5,409	4,398
Intercompany loan interest payable	12,521	7,598
Other payables	30,130	26,734
Total payables	**400,276**	**240,954**

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 Shares	Number of shares	Stated capital
		€
As at 1 January 2020	402,319,490	403,034,162
Issue of Ordinary Shares upon conversion of C Shares	78,202,348	70,550,462
Shares repurchased during the period and held in treasury	(25,000)	(16,500)
Total Ordinary Shares as at 30 June 2020 (unaudited)	**480,496,838**	**473,568,124**

C Shares	Number of shares	Stated capital
		€
As at 1 January 2020	**133,451,107**	**77,270,167**
C Share conversion and cancellation	(133,451,107)	(77,270,167)
Total C Shares as at 30 June 2020 (unaudited)	**-**	**-**

Allotted, called up and fully-paid

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 31 December 2019 (audited)	**402,319,490**	**403,034,162**

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

For the six months ended 30 June 2020

9 Stated capital (continued)

Ordinary Shares

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 2019 AGM for cancellation or to be held as treasury shares. Under this authority, on 30 June 2020, the Company purchased 25,000 of its Ordinary Shares of no par value at a total cost of €16,500. These Ordinary Shares are being held as treasury shares.

As at 30 June 2020, the Company had 480,496,838 Ordinary Shares in issue and 2,405,956 Ordinary Shares in treasury (31 December 2019: 402,319,490 Ordinary Shares in issue and 2,380,956 Ordinary Shares in treasury).

Refer to Note 18 for further details on repurchases of Ordinary Shares under the 2019 AGM authority subsequent to the reporting period.

At the 2020 AGM, held on 16 July 2020, the Directors were granted authority to repurchase up to 14.99% of the issued share capital as at the date of the 2020 AGM for cancellation or to be held as treasury shares. Refer to Note 18 for further details on repurchases of Ordinary Shares under the 2020 AGM authority subsequent to the reporting period. This authority will expire at the 2021 AGM. The Directors intend to seek annual renewal of this authority from Shareholders.

At the 2020 AGM, the Directors were granted authority to allot, grant options over or otherwise dispose of up to 48,041,684 Shares (being equal to 10.00% of the Shares in issue at the date of the AGM). This authority will expire at the 2021 AGM.

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.

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 on page 6.

Please refer to Note 18 for dividends declared after the period end.

For the six months ended 30 June 2020

9 Stated capital (continued)

Repurchase of Ordinary Shares

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

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

Rights as to Capital

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

Capital management

The Company is closed-ended and has no externally imposed capital requirements. The Company's capital as at 30 June 2020 comprises shareholders' equity at a total of €346,144,259 (31 December 2019: €410,505,991).

The Company's objectives for managing capital are:

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

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

Please refer to Note 10 C Liquidity Risk in the Annual Report and Audited Financial Statements for the year ended 31 December 2019 for further discussion on capital management, particularly on how the distribution policy is managed.

C Shares

On 7 January 2019, the Company issued 133,451,107 C Shares in specie as a result of the Rollover Offer. The Rollover Offer included a transfer of assets amounting to €70,604,469, cash proceeds amounting to €7,446,204 and incurred €780,506 in costs. The C Shares were admitted to trading on the SFS of the main market of the LSE. As at 30 June 2020, the Company had no C Shares in issue (30 June 2019: 133,451,107) following the conversion and cancellation as described on the following page.

Voting rights - C Class

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

Dividends

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

For the six months ended 30 June 2020

9 Stated capital (continued)

Conversion

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

The calculation of the Conversion Ratio was based on the net assets attributable to the Ordinary Shares – €362,950,897 (NAV per Share of €0.9021) and C Shares – €70,550,462 (NAV per Share of €0.5287) as at close of business on 29 November 2019. On 20 December 2019, the Company announced the Conversion Ratio of 0.5860 Ordinary Shares per C Share.

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

10 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 2020, 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 2019: 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 periods ended 30 June 2020 and 31 December 2019, nor had it any intention of providing financial or other support.

The Company has an intercompany loan payable to the Lux Subsidiary as at 30 June 2020 and 31 December 2019. Refer to Note 7 for further details.

For the six months ended 30 June 2020

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.

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

Following the substantial sale of relevant assets acquired under the C Share rollover process and €62.6 million (representing 85.8% of the value of the assets in the C Share class as at 1 October 2019) reinvested into CSWs in the Lux Subsidiary and subsequently into PPNs in BGCF, the Board classified the Company into one operating segment as at 31 December 2019 and resolved to convert the C Shares into Ordinary Shares. The calculation of the conversion ratio of the C Shares into Ordinary Shares was undertaken using the NAVs as at 29 November 2019. The Board also considered that any performance on the remaining directly held CLO assets post 29 November 2019 was captured through the combined pool of assets in one operating segment, given the ratio had been fixed.

However, given the two operating segments operated throughout most of the year ended 31 December 2019, the Board considered it to be appropriate to disclose the performance of both the Ordinary Share and C Share Classes in the Annual Report and Audited Financial Statements for the year ended 31 December 2019.

During the six months ended 30 June 2020, the Board classified the Company into one operating segment – the Ordinary Share Class. The comparatives for 31 December 2019 and 30 June 2019 have been restated to present the Company's financial position at 31 December 2019 and the performance for the six months ended 30 June 2019 in aggregate as opposed to two operating segments.

During the period ended 30 June 2020 and year ended 31 December 2019, 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.

12 Basic and diluted (loss)/earnings per Share

	As at 30 June 2020 (unaudited)	As at 30 June 2019 (unaudited)
		Restated
	€	€
Total comprehensive (loss)/income for the period	(45,124,360)	51,738,028
Weighted average number of shares during the period	477,514,055	482,575,727
Basic and diluted (loss)/earnings per Ordinary Share	**(0.0945)**	**0.1072**

For the six months ended 30 June 2020

13 Net asset value per Ordinary Share

	As at 30 June 2020 (unaudited)	As at 31 December 2019 (audited)
	€	€
IFRS Net asset value	346,144,259	410,505,991
Number of Ordinary Shares at period end	480,496,838	480,521,838
IFRS Net asset value per Ordinary Share	**0.7204**	**0.8543**

The number of Ordinary Shares at 30 June 2020 and 31 December 2019 has been calculated as follows:

	As at 30 June 2020 (unaudited)	As at 31 December 2019 (audited)
C Shares	-	133,451,107
Conversion ratio (as detailed in Note 9)	-	0.5860
New Ordinary Shares	-	78,202,348
Add: Existing Ordinary Shares	480,496,838	402,319,490
Number of Ordinary Shares at period end	**480,496,838**	**480,521,838**

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

Ordinary Shares		As at 30 June 2020 (unaudited)		As at 31 December 2019 (audited)
	NAV	NAV per share	NAV	NAV per share
	€	€	€	€
Published NAV attributable to Shareholders	393,016,334	0.8179	441,434,524	0.9187
Adjustment - valuation	(46,872,075)	(0.0975)	(30,928,533)	(0.0644)
NAV per the financial statements	**346,144,259**	**0.7204**	**410,505,991**	**0.8543**

As noted on page 4, there can be a difference between the Published NAV and the IFRS NAV per the financial statements, mainly because of the different bases of valuation. The above table reconciles the Published NAV to the IFRS NAV per the financial statements.

Refer to Note 18 on page 64 for further details on the Published NAV.

15 Related party transactions

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

Transactions with entities with significant influence

As at 30 June 2020, Blackstone Asia Treasury Pte held 43,000,000 Ordinary Shares in the Company (31 December 2019: 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.

For the six months ended 30 June 2020

15 Related party transactions (continued)

Transactions with other related parties

At 30 June 2020, current employees of the Portfolio Adviser and its affiliates, and accounts managed or advised by them, hold 24,875 Ordinary shares (31 December 2019: 24,875) which represents 0.005% (31 December 2019: 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 304,380,499 CSWs as at 30 June 2020 (31 December 2019: 319,758,584) following the issuance of 6,800,000 (31 December 2019: 64,524,232) and redemption of 22,178,085 (31 December 2019: 36,108,861) CSWs by the Lux Subsidiary. Refer to Note 6 for further details.

As at 30 June 2020, 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 2019: 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 2020, the Company held an intercompany loan payable to the Lux Subsidiary amounting to €706,786 (31 December 2019: €534,660).

16 Dividends

The Company declared and paid the following dividends on Ordinary Shares during the six months ended 30 June 2020:

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Ordinary Share	Amount paid
				€	€
1 Oct 2019 to 31 Dec 2020	21 Jan 2020	30 Jan 2020	28 Feb 2020	0.0250	12,013,045
1 Jan 2020 to 31 Mar 2020	23 Apr 2020	30 Apr 2020	29 May 2020	0.0150	7,207,827
Total					**19,220,872**

The Company declared and paid the following dividends on Ordinary Shares and C Shares during the six months ended 30 June 2019:

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Ordinary Share	Amount paid
				€	€
1 Oct 2018 to 31 Dec 2018	22 Jan 2019	31 Jan 2019	1 Mar 2019	0.0250	10,117,511
1 Jan 2019 to 31 Mar 2019	18 Apr 2019	2 May 2019	31 May 2019	0.0250	10,117,511
Total					**20,235,022**

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per C Share	Amount paid
				€	€
1 Oct 2018 to 31 Dec 2018	22 Jan 2019	31 Jan 2019	1 Mar 2019	0.01452	1,937,710
1 Jan 2019 to 31 Mar 2019	18 Apr 2019	2 May 2019	31 May 2019	0.0205	2,735,748
Total					**4,673,458**

For the six months ended 30 June 2020

17 Controlling party

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

18 Events after the reporting period

The Board has evaluated subsequent events for the Company through to 18 September 2020, 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 21 July 2020, the Company declared a dividend of €0.015 per Ordinary Share in respect of the period from 1 April 2020 to 30 June 2020. A total payment of €7,205,128 was made on 28 August 2020.

During the period from 1 July 2020 to 18 September 2020, the Company repurchased:

a) under the 2019 AGM authority, 80,000 of its Ordinary Shares of no par value at a total cost of €53,600 (excluding fees and commissions); and
b) under the 2020 AGM authority, 337,500 of its Ordinary Shares of no par value at a total cost of €226,100 (excluding fees and commissions).

Company Information

Directors	Registered Office
Ms Charlotte Valeur (Chair) Mr Gary Clark Ms Heather MacCallum Mr Steven Wilderspin Mr Mark Moffat *All c/o the Company's registered office*	IFC 1 The Esplanade St Helier Jersey JE1 4BP, Channel Islands
Portfolio Adviser	**Registrar**
Blackstone / GSO Debt Funds Management Europe Limited 30 Herbert Street 2nd Floor Dublin 2, Ireland	Link Asset Services (Jersey) Limited 12 Castle Street St Helier Jersey, JE2 3RT, Channel Islands
Administrator / Company Secretary / Custodian / Depositary	**Auditor**
BNP Paribas Securities Services S.C.A. IFC 1 The Esplanade St Helier Jersey JE1 4BP, Channel Islands	Deloitte LLP Gaspé House 66-72 Esplanade St Helier JE2 3QT Channel Islands
Legal Adviser to the Company (as to Jersey Law)	**Legal Adviser to the Company (as to English Law)**
Carey Olsen 47 Esplanade St Helier Jersey JE1 0BD, Channel Islands	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG United Kingdom
Joint Broker	**Joint Broker (from 4 March 2020)**
Nplus1 Singer Advisory LLP 1 Bartholomew Lane London, EC2N 2AX , United Kingdom	Winterflood Securities Limited The Atrium Building Cannon Bridge House, 25 Dowgate Hill London, EC4R 2GA, United Kingdom

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
"AIFMD"	Alternative Investment Fund Managers' Directive
"AIFs"	Alternative investment funds
"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

Glossary

TERM	DEFINITION
"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
"OC"	Over-Collateralisation
"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 2019 to June 2020.
"RNS"	Regulatory News Service
"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