Blackstone / GSO Loan Financing Limited

4Q 2018 Report

Blackstone

Dear Investor,

We are pleased to provide you with the quarterly update letter for the Blackstone / GSO Loan Financing Limited (the "**Fund**"), for the quarter ended 31 December 2018.

Capitalised terms used herein and not otherwise defined have the meaning assigned to such term in the Offering Document of the Fund.

I. MARKET REVIEW[1]

We are pleased to incorporate as a regular feature the following macro-economic market commentary from Blackstone investment strategist Joe Zidle.

European Macro-Economic Update

The Purchasing Managers Index, OECD Leading Indicators and Industrial Production all declined again in the fourth quarter. Europe is slowing and data continue to surprise to the downside, even with economists reducing their forecasts. One tool we use to analyse this trend is the Citi Economic Surprise Index, which measures economic data releases relative to consensus. A weaker-than-expected report registers as a "-1", while a stronger-than-expected report counts as a "+1". As of January 25th, the index was at -88 on a +100 to -100 point scale. Despite this, our view is that a Eurozone-wide recession remains unlikely in 2019, though Germany, France and Italy may fall into recessionary territory.

Many of the geopolitical issues plaguing Europe's major economies are set to continue in 2019 and weigh on the growth outlook. The record margin by which British Prime Minister Theresa May's Brexit plan was defeated shows that issue will likely persist long after the March 29th deadline. Ultimately, we expect the UK to vote to remain in the EU via a second referendum. In Germany, auto manufacturers have been hit by the EU's new fuel emission standards. Also, weak foreign demand for German manufactured goods can be attributed, at least in part, to global trade disputes. Italy's sovereign and corporate debt crises remain a risk to the euro. In France, Yellow Vest street protestors and industrial unrest have led to the lowest consumer confidence reading since 2014.

Disappointing economic data can have a silver lining for risk assets—and investors—when central banks respond with accommodative policies. In 2018, most major equity markets in Europe fell by double digits, and few have recovered in any meaningful way. In terms of forward P/E valuation, Germany has regained only 33% of its decline, France 19% and the UK 14%. For comparison, the US has recovered more than 45% of its P/E decline. Credit spreads in the US remain elevated as well.

US Macro-Economic Update

As usual, there are many compelling market scenarios to consider. Firstly, we believe that the US economy will not move into a recession and we forecast that the current economic cycle will extend well beyond 2019. Conversely, markets currently price in about a 50% chance of a recession this year. There are two core drivers of recession: excess capacity and Fed overtightening. The first occurs when CEOs become overconfident, build for demand that doesn't materialize and then start cutting. The second happens when the Fed responds to economic overheating, real or perceived, with aggressive rate hikes.

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1 Source: S&P/LCD.

We also believe that recession drivers will not materialize. We have not seen any evidence of excess capacity or overheating. Capacity utilization is barely back to the 50-year average and remains below the levels reached prior to the Global Financial Crisis (GFC) a decade ago. The money moving into capex thus far is mostly for intellectual property and technology, as opposed to traditional plants and property. This means that even when CEOs deploy capex it is not to expand but rather to squeeze more productivity out of existing workers (i.e., they are solving for tight labor markets, not overbuilding.) In addition, as we have seen, the weakening world economy will encourage the Federal Reserve to stop raising the federal funds rate in 2019.

We believe that inflation will likely reassert itself in labor markets in 2019 as labor markets are currently incredibly tight and will likely force average hourly earnings higher. For nonsupervisory private workers, pay increased by a cycle high annual rate of 3.3% in December. CEOs who participate in Blackstone's macro surveys indicated that as of Q4 2018, wages were trending higher than government figures; nearly 70% of our CEOs had to raise pay 3–5% in 2018.

We firmly believe the economy and profits will continue to grow in 2019. Investors seemed to confuse slowing growth rates with growth itself after the market peaked on September 20th. Thereafter, they seemingly compounded their confusion by starting to react to trade war and Brexit developments, among other well-known risks. The US economy grew at approximately 3% in 2018 and will likely expand at 2.5% in 2019. Corporate profits expanded at a rate of nearly 23% last year but will likely slow to approximately 8% this year. What investors missed in the rush to sell is that the economy and profits will likely continue to grow in 2019, just not at the same rates.

In our view, risk assets will outperform in 2019. Amid their Q4 panic, investors also missed the 10-year Treasury yield falling from 3.25% to 2.70% and the Fed becoming more dovish. Lower long-term rates and a pause in the hiking cycle are bullish for risk assets; now more attractive valuations should help too. But investors did not respond accordingly in Q4. Instead, the S&P 500® fell to below 15x the earnings estimates for 2019, credit spreads widened and in December mutual funds recorded their largest weekly outflow since the GFC. Fundamentals weren't the problem. It was sentiment.

We expect U.S. and emerging markets to rise in the year ahead. We forecast the S&P 500 will rise 15% in 2019 and that credit risk will outperform duration risk as spreads begin to tighten again. Below investment grade, leveraged loans and other non-traditional sources of fixed income with credit components are likely to outperform more traditional sources of fixed income such as investment grade and sovereign debt. In emerging markets, we expect China will outperform upon the introduction of stimulus to reinvigorate growth and a resolution to the trade negotiations with the U.S.

European Bank Loan Market

The Credit Suisse Western European Leveraged Loan Index (Hedged to Euro) returned -1.79% in the final quarter of 2018, the first negative quarterly return since Q4 2015 for European loans but one in which they significantly outperformed European high yield (-4.06%). Loans slightly trailed European investment grade (-1.61%) as volatility in the high yield market seeped into the loan market during Q4 2018 and spurred a flight to safety, benefiting European government debt which was the sole asset in the fixed income space to outperform loans in 2018.

Total gross issuance of European loans fell in Q4 2018 to €12.6 billion amidst heightened volatility. This brought 2018 total issuance to €96.7 billion, which was 21% lower than the €120.1 billion issued in 2017. Importantly, only 27% of the 2018 proceeds were used for refinancing and recapitalisation, compared to 58% in 2017. As a result, when looking at net "new money" only, 2018 was a stronger year of net issuance than the year prior on this basis. This is evident in the increase of the Credit Suisse Western European Loan universe from €214 billion in size in December 2017 to €274 billion at the end of 2018. Although fourth quarter volatility led some deals to struggle to clear the market coming into year end, overall the increased M&A activity throughout the year provided fund managers with a more diverse pool of assets from which to build their portfolios and the larger deals provided increased liquidity. Private equity firms brought new companies such as Refinitiv to market but also made multiple add-on acquisitions such as BioGroup, which were financed via incremental term loans.

European CLO issuance slowed in the final quarter of 2018, as CLO liabilities began to widen and volatility took its toll. CLO new issuance for Q4 2018 totalled €6.5 billion, with €2.0 billion recorded for European CLO resets and no refinancing in Q4 2018. Despite the slowdown, with full year issuance coming in at €27.3 billion, 2018 was a post-crisis record issuance year. This, combined with continuing demand from institutional funds, produced a steady demand for loans in both Q4 2018 and during the full year 2018.

Loan prices in the secondary loan market fell sharply in the fourth quarter, with the average price of the Credit Suisse Western European Loan Index (the "Index") falling from €99.07 at the end of September to €96.54 at the end of December, representing a drop of 2.55%. This price drop brought loan pricing to levels not seen since July 2016, and pushed spreads to the top end of their 2 year range for the major sectors in the Index. As a result, yields for both loans and high yield increased over 4Q 2018, rising from 4.34% and 4.48%, respectively, in September to 4.48% and 6.05% in December. Coupons ended the quarter flat at 4.31% for loans and 4.69% for high yield.

As would be expected, the higher levels of M&A activity seen in Europe throughout 2018 led to an increase in the year-on-year average pro forma debt-to-EBITDA multiple for European loan issuers. Pro forma first lien leverage finished the year at 4.8x, up from 4.6x in December 2017. The equity contribution in Europe rose in tandem with this uptick in leverage, increasing from 44.2% in 2017 to 47.8% in 2018. Interest coverage measured as EBITDA/cash interest, declined relative to 2017 levels, ending December at 4.2x but remaining well above the 10-year average of 3.5x.

2018 was a relatively benign year in terms of defaults in both European loans and high yield, with a single default in the Credit Suisse European loan universe and five defaults in the Credit Suisse European high yield universe. With no new defaults in the fourth quarter, the last twelve months' European loan default rate fell to 0.1%, as measured by the Credit Suisse Western European Loans 12-month par default rate. Two defaults in Q4 2018 in the high yield universe pushed the Credit Suisse Western European High Yield default rate up to 0.5% for 2018. Looking ahead, the forecasts for loan and high yield default rates for 2019 are both 1.5%, per JP Morgan.

US Bank Loan Market

Despite a volatile fourth quarter dominated by a technically driven sell-off amidst an abrupt change in investor risk appetite, US loans outperformed high yield and most other asset classes in 2018. After a decline in prices in the fourth quarter, Credit Suisse Leveraged Loan Index posted a fourth quarter return of -3.08%, bringing the YTD return to 1.14%. As represented by the Credit Suisse Index, principal return and interest return were -4.63% and 1.53%, respectively. Default rates of 1.6% and 1.8% for loans and high yield, respectively, remained at depressed levels while loans benefited from rising coupons throughout 2018 as 3M LIBOR increased 111bp during the year to end 2018 at 281bp. Demand for loans remained strong throughout the first three quarters of 2018, primarily driven, in our view, by record CLO creation, institutional demand and stable retail inflows.

Despite the current focus in the press on retail investor demand in the loan market, it is notable that retail investors continue to make up a relatively small percentage of overall loan ownership (less than 12% as of December 19, 2018). CLOs remain the largest investor in the loan market with approximately 50% ownership of the asset class. This has historically dampened market volatility as CLOs are long-term structures, not subject to redemptions and not highly sensitive to price movements, and therefore are not forced sellers in a weak market.

Loan secondary trading volumes achieved an eight-year high of $720 billion in 2018, representing a year-over-year increase of more than 14%. As loan mutual fund outflows and price declines intensified in the fourth quarter, the loan market remained liquid with secondary trading volume setting a record high at $210 billion, with November alone contributing $75 billion. Despite the spike in trading volume during the fourth quarter, average settlement times decreased to an eight-year low with December's average settlement time falling below T+16 business days compared to the 8-year average of T+19. For reference, GSO's average settlement time was T+15 business days in 2018.

The percentage of loans trading above par has declined to 0.4% at the end of 4Q 2018, down from 65% in 3Q 2018 (Source: J.P. Morgan, as of December 31, 2018). As of January 23, 2019, loan prices have rebounded with 16.6% of the J.P. Morgan Leveraged Loan Index now trading at $99 or above. We believe loan prices still have upside from current levels and are actively evaluating buying opportunities.

In 4Q 2018, institutional gross loan issuance totalled $109 billion, down from $242 billion year-over-year, with paydowns and repricings accounting for 78.7% and resulting in net new issuance of $23.3 billion. Although net new loan issuance is down over 30.7% quarter-over-quarter, 2018 net issuance is up 4.4% year-over-year and remains strong at $197.3 billion. We have already seen approximately $12.5 billion in total institutional loan issuance as of January 17, 2019, and according to S&P/LCD, the institutional loan forward calendar is healthy with $40.7 billion in expected volume, representing 32 deals.

On 19 December 2018, the Federal Open Market Committee ("FOMC") announced a 25bp raise of the target federal funds rate range to 2.25% - 2.50%. Amid the global sell off and increased market volatility, the policy statement was perceived as slightly more dovish than central bank's previous stance. As of January 2019, the FOMC has signalled that there would be no more rate hikes in 2019.

Corporate credit fundamentals remained robust for loan issuers over the course of 2018. Specifically, based on quarter-over-quarter averages, revenue and EBITDA of loan issuers grew by an average of 12.1% and 11.6%, respectfully, over the first three quarters, and EBITDA across the S&P/LSTA Leveraged Loan Index constituents that filed results publicly reached a seven-year high of 13.3% for 3Q. Loan issuers continue to demonstrate strong results and steady improvement in credit fundamentals driven by cash flow (EBITDA) growth. Meanwhile, total leverage decreased to 5.3x and average interest coverage ratios improved to 4.6x as of 3Q, as measured by S&P/LCD. Importantly, in our portfolios, we have not seen anything different and would highlight that newer deals coming to market have been from issuers that were able to achieve performance results in-line with our view of projected pro forma adjusted EBITDA at close.

Global CLO Market

Amid a broad risk-off sentiment in the global credit markets, heavy retail fund outflows further drove down loan prices to multi-year lows at the end of 2018. Against this backdrop, global new issue CLO volume moderated in 4Q 2018, and in Europe, the CLO market effectively shut down in the month of December. Full-year 2018 issuance globally totalled €136.3 billion ($160.2 billion), of which €27.3 billion was in Europe and $128.9 billion was in the US.

Volatility in the loan market tends to be disruptive to the CLO creation process, as showcased in December when depressed loan prices resulted in CLO warehouses lacking the viable economics for new CLO creation. This was exacerbated by the simultaneous widening of CLO liability spreads, which further diminished the CLO equity arbitrage in the current environment. The near term solution for many managers, equity investors, and placement banks was to delay the launch and issuance of a number of CLOs initially targeted to price in December. A few market participants took advantage of the lag in the widening of CLO spreads versus loan spreads by issuing a “print and sprint” CLO, where a CLO is issued without a warehoused portfolio and assets are purchased after the CLO prices. In the early weeks of January 2019, while loan spreads retraced part of their widening and many warehouses re-gained their status as valuable to CLO creation, CLO liabilities, which did not widen as materially as loans in December, continued to widen, thus putting pressure on the CLO arbitrage, and once again causing a slowdown in new CLO creation.

The higher cost of liabilities has also diminished the value proposition of debt refinancing to CLO equity investors and, as a result, the pace of CLO refinancing and reset activity slowed during the fourth quarter. €2.0 billion of European CLOs and $32.8 billion of US CLOs were refinanced or reset during 4Q 2018, bringing the total refinancing and reset volume for European and US CLOs to €45.6 billion and $284.7 billion, respectively, for the full year in 2018. Primary CLO liability spreads widened by 24bp in Europe and by 15bp in the US since December 2017, ending 2018 at E+153bp and L+173bp. As of 31 December 2018, primary AAA spreads averaged approximately 99bp for European CLOs and approximately 122bp for US CLOs.

Globally, collateral quality tests in CLO portfolios remain stable. As of December 2018, Weighted Average Spread (“WAS”) test results in both European and US CLOs remained generally flat quarter-over-quarter. Exposure to CCC-rated assets remains low and to distressed assets remains subdued, in line with the expectation of a continued low default environment in the global loan market. Average Rating Factor (“**WARF**”) test results have remained generally flat, providing CLO investors additional comfort on collateral quality.

II. FUND PERFORMANCE AND COMMENTARY

Fund Returns

The total net (NAV) return for 4Q 2018 was 0.33%. As of 31 December 2018, BGLF's NAV has returned 6.70% net in 2018 and 6.36% net annualised since inception. BGLF's share price return for 4Q 2018 was -9.25%

BGCF NAV Return Components	BGCF 4Q 2018 Return Component			BGCF 2018 Return Component		
	MTM	Income	Total	MTM	Income	Total
EUR CLOs	-0.70%	1.73%	1.03%	-4.14%	6.29%	2.16%
US CLOs	-1.95%	1.84%	-0.11%	-1.30%	6.21%	4.91%
US CLO Warehouses	0.00%	0.08%	0.08%	0.00%	0.67%	0.67%
Directly Held Loans	-0.67%	0.42%	-0.24%	-1.10%	1.96%	0.87%
Leverage	0.00%	-0.21%	-0.21%	0.00%	-0.91%	-0.91%
Net Cash Including Expenses	0.00%	-0.12%	-0.12%	0.00%	-0.47%	-0.47%
BGCF Total / Net Return	**-3.31%**	**3.74%**	**0.43%**	**-6.53%**	**13.75%**	**7.22%**
BGLF Expenses			-0.11%			-0.52%
BGLF Net Return			**0.33%**			**6.70%**

	Cumulative				Annualised		
	4Q 2018	YTD	1 Year	Since Inception	2 Year	3 Year	Since Inception
BGLF € NAV	0.33%	6.70%	6.70%	31.53%	4.11%	7.01%	6.36%
BGLF € Share Price	-9.25%	-13.82%	-13.82%	12.40%	-5.85%	1.70%	2.67%
European Loans	-1.78%	0.55%	0.55%	13.93%	1.47%	3.42%	2.98%
US Loans	-3.08%	1.14%	1.14%	14.65%	2.52%	5.02%	3.12%

Performance Commentary

The Fund continues to generate positive cash flows from its CLO Income Note investments ("**CLO Income Notes**") and from its portfolio of directly held and warehoused loans. During the fourth quarter, CLO Income Notes produced a weighted average annualised distribution rate of 15.7%, which represents distributions from 22 of BGCF's CLO Income Notes and an increase versus the 3Q 2018 weighted average annualised distribution rate of 15.0%.[2] Five CLOs in the portfolio have recently priced and as of the end of December 2018, have not yet paid their first distribution.

CLO Vintage	European CLO Income Notes				US CLO Income Notes				Global
	Par (€mm)	# of CLOs	4Q 2018 Annualised Distribution	Average Annualised Distribution	Par ($mm)	# of CLOs	4Q 2018 Annualised Distribution	Average Annualised Distribution	4Q 2018 Annualised Distribution
2014	89.8	3	14.4%	17.1%	-	-	-	-	14.4%
2015	69.7	3	16.1%	15.7%	48.5	1	12.1%	16.5%	14.6%
2016	84.0	3	13.9%	11.4%	-	-	-	-	13.9%
2017	80.4	3	16.1%	15.6%	261.0	6	15.2%	18.3%	15.4%
2018	119.9	4	17.8%	17.8%	351.1	6	17.2%	19.9%	17.4%
Total / Wtd Avg	**€ 443.7**	**16**	**15.6%**	**15.5%**	**$ 660.6**	**13**	**15.7%**	**18.9%**	**15.7%**

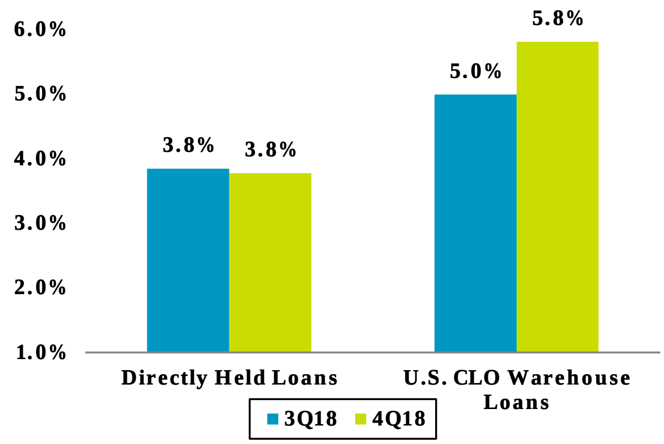
2 Annualised quarterly cash distribution based on cost for those CLOs that have paid a distribution. Calculated using Intex data.

Periods of technical sell off provide unique opportunities for CLO managers to execute various strategies within CLOs to improve portfolio metrics by building par, and/or increasing spread and/or improving WARF at a lower "cost" (i.e. build par without adding much WARF or losing much spread). In a spread tightening environment, par build opportunities are often limited to either a low par build via the primary loan market where loans are issued with a modest discount to par or on high conviction opportunities in the secondary market but with a greater element of credit risk. However, in the fourth quarter, the indiscriminate technical sell off of all assets provided greater opportunities to build par from secondary loans that we do not view to be trading off due to credit risk. Within GSO's CLO portfolios, there was a focus on building par during the short period of technical sell off with a focus on secondary market opportunities and longer term goal of improving WARF and WAS levels.

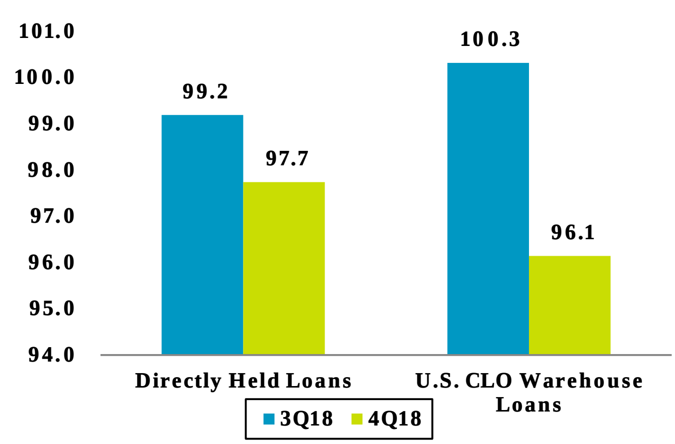
CLO equity distributions made in 4Q 2018 benefitted from only a partial realisation of the impact of the above mentioned par builds while a more immediate effect is stabilised to improving spread income received from directly owned loans and US warehouse positions.

Consistent with, and in support of CLO issuance activity, BGCF's loan portfolio balance grew throughout the fourth quarter. As at 31 December, BGCF's par exposure was €444 million of directly held loans and $239 million of loans held in one external warehousing facility. The weighted average all-in rate of the Fund's directly held loans decreased during the quarter, from 3.84% to 3.77% in December 2018, as the portfolio for Crosthwaite CLO was ramped and optimised for CLO issuance. However, the weighted average price of the ramping Crosthwaite portfolio improved over the quarter. The weighted average all-in rate of USD loans held within external warehouses increased from 4.99% to 5.81% over the quarter, primarily driven by the warehouse ramp, a mid-December increase in the Fed Funds rate and low acquisition prices.

Weighted Average All-In Rate



Weighted Average Price



Over the course of the fourth quarter, the Fund held investments in three US CLO warehouses. As at 31 December, BGCF had two first loss investments in Buckhorn Park and Southwick Park CLO warehouses, which supported $239 million of traded loans.[3] BGCF's investment in the Harbor Park CLO warehouse was fully repaid at the CLO's closing on 19 December 2018, at which time BGCF purchased 55.0% of Harbor Park CLO's Income Notes. The Harbor Park CLO warehouse produced an IRR of 21.7%. External warehouse investments are held at their cost (investment amount) until the warehouse is converted into a CLO, at which point net income earned, as well as net settled gains/losses on the warehouse assets, are realised by BGCF.

3 US CLO Warehouses may have an additional third party first loss provider invested alongside of BGCF.

Investment Activity

During 4Q 2018, BGCF invested €32.9 million ($37.7 million) in the CLO Income Notes of Harbor Park.

		Size (€/S)	Investing Entity	Closing Date	Reinvestment Period End	Non-Call Period	AAA Spread	Invested Capital (€/$)	Position as a % of Tranche	Expected % Ramp at Closing
1Q	**Stewart Park**	$881.3m	U.S. MOA	Jan-18	Jan-23	Jan-20	107bp	$38.4m	59.0%	100.0%
1Q	**Marlay Park**	€413.0m	BGCF	Mar-18	Apr-22	Apr-20	74bp	€20.7m	60.0%	83.0%
1Q	**Greenwood Park**	$1,074.7m	U.S. MOA	Mar-18	Apr-23	Apr-20	102bp	$56.4m	59.1%	85.0%
2Q	**Cook Park**	$1,025.0m	U.S. MOA	Apr-18	Apr-23	Apr-20	92bp	$55.1m	56.1%	92.0%
2Q	**Milltown Park**	€410.9m	BGCF	Jun-18	Jul-22	Jul-20	78bp	€22.9m	65.0%	70.0%
2Q	**Fillmore Park**	$560.8m	BGCF	Jul-18	Jul-23	Jul-20	104bp	$27.5m	54.3%	87.0%
3Q	**Richmond Park**	€549.8m	BGCF	Jul-18	Jul-21	Jul-20	75bp	€26.2m	68.3%	100.0%
3Q	**Myers Park**	$509.6m	BGCF	Sep-18	Oct-23	Oct-20	112bp	$23.7m	51.0%	80.0%
3Q	**Sutton Park**	€409.4m	BGCF	Oct-18	May-23	Nov-20	90bp	€23.8m	69.4%	70.0%
4Q	**Harbor Park**	$716.3m	BGCF	Dec-18	Jan-24	Jan-21	117bp	$37.7m	55.0%	85.0%

During the fourth quarter, BGCF reset the liabilities of Phoenix Park CLO and Griffith Park CLO, reducing their weighted average liability spread by approximately E+10bp (in addition E+21bp achieved through Phoenix Park's refinancing in 2017) and E+39 bp, respectively. Amid global sell off in November and December, the cost of capital on potential refinancing and resetting CLOs had risen substantially by the end of December. As such, we continue to be cautious in evaluating refinancing and resetting opportunities.

		Closing Date	Refinancing Closing Date	Reinvestment Period End	If Reset, Reinvestment Period Extension	Original AAA Spread	Refinanced / Reset AAA Spread	Position (€/$)
1Q	**Tymon Park**	Dec-15	Jan-18	Jan-20	-	145bp	59bp	€22.7m
2Q	**Elm Park**	May-16	Apr-18	Apr-18	-	150bp	62bp	€31.9m
2Q	**Dorchester Park**	Feb-15	Jun-18	Jan-19	2.0 Yrs	140bp	90bp	$48.5m
4Q	**Phoenix Park**	Jul-14	Oct-18	Oct-23	4.5 Yrs	135bp	96bp	€23.3m
4Q	**Griffith Park**	Sep-16	Nov-18	May-23	4.5 Yrs	123bp	96bp	€29.0m

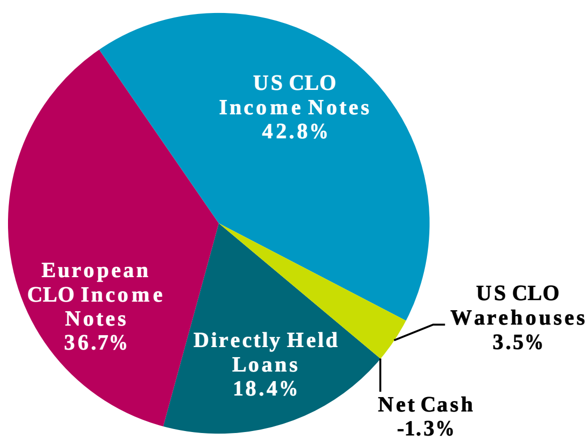
During 4Q 2018, BGCF originated approximately €797 million of senior secured loans and floating rate notes, expanding the size of the directly held portfolio. BGCF also invested an additional €56.7 million ($64.7 million) in two US CLO warehouses, which owned $239 million of loans in aggregate at year-end.

	Initial Investment Date	Closing Date / [Expected Closing Date]	Investment ($)	Jun-18 Loan Exposure ($)	Warehouse IRR
Cook Park	Nov-17	Apr-18	$80.0m	-	12.3%
Myers Park	Feb-18	Aug-18	$14.1m	-	14.5%
Fillmore Park	Mar-18	Jul-18	$60.0m	-	14.0%
Harbor Park	Sep-18	Dec-18	$38.8m	-	21.7%
Buckhorn Park	Oct-18	Mar-19	$27.5m	$200.3m[4]	n/a
Southwick Park	Dec-18	[1Q 2019]	$7.5m	$38.2m[7]	n/a

Portfolio Positioning

The Fund's portfolio positioning between European and US exposure remains largely unchanged versus the prior quarter. As at 31 December, 37% of BGCF's portfolio was comprised of European CLO Income Notes and 46% was comprised of US CLO Income Notes and CLO warehouses. The Fund's US CLO Warehouse allocation increased slightly from 1% to 4% during 4Q while its investment in directly held loans less borrowings decreased from last quarter's 22% to 18% in 4Q.

BGCF Portfolio as % of NAV



BGCF Portfolio Assets[5]	Current WA Asset Coupon	Current WA Liability Cost	WA Leverage	WA Remaining CLO Reinvestment Periods
EUR CLOs	3.65%	1.58%	8.5x	2.2 Years
US CLOs	5.84%	4.03%	8.8x	3.8 Years
US CLO Warehouses	5.80%	3.92%	4.0x	n/a
Directly Held Loans	3.77%	1.45%	2.5x	n/a
Total Portfolio	**4.67%**	**2.67%**	**7.4x**	**3.1 Years**

4 The Current Loan Exposures for the Buckhorn Park and Southwick Park Warehouses are reflected on a trade date basis while the Investment amounts are reflected on a settlement date basis.

5 Data for EUR and US CLOs calculated based on data available on Intex as of 31 December 2018. Data for US CLO Warehouses and Directly Held Loans calculated by GSO. Leverage is assumed to be 4:1 for US CLO Warehouses and 2:1 for Directly Held Loans. Stewart Park CLO and Dorchester Park CLO excluded from US CLO leverage calculation, where the resets required an additional issuance of equity and skew the leverage calculation.

Portfolio vintage diversification is an important part of the Fund's strategy. The continued pace of CLO issuance in 2018 has increased the portfolio's concentration in newer vintage CLOs with longer reinvestment periods, which benefit from greater investment flexibility to participate in the primary loan market and the ability to take advantage of secondary market dislocations.

BGCF's loan portfolios, held both directly on the Fund's balance sheet and indirectly through CLO warehouses, continue to ramp at a healthy pace as capital was deployed during the quarter in order to maintain flexibility with respect to the CLO creation strategy. We continually monitor the global arbitrage opportunity in order to target swift execution of liability during favourable conditions. The initial portfolio ramp within each external warehouse has generally consisted of primary loan transactions, which may minimise any vintage effect of prepayment risk, higher secondary purchase prices, and/or credit events that may burden future CLO take-out opportunities.

III. Fund Update

Capital Raising and Call Activity

During the quarter, Blackstone / GSO Corporate Funding EUR Fund ("**BGCF EUR**"), an investor in BGCF, received €40 million of capital commitments, bringing total BGCF EUR capital commitments to €573 million. BGCF EUR called €25 million over the same period, which was invested into BGCF on 2 December 2018, and an additional €14 million after quarter end, which was invested into BGCF on 1 February 2019. As of 31 December 2018, BGCF EUR had €15 million of undrawn capital, and proforma for the February investment, had €1 million of undrawn capital.

Given the elevated level of demand for floating rate loans and CLOs globally throughout 2018, the portfolio's pace of investment has been ahead of plan and we have been able to invest capital more efficiently than initially expected. Our outlook on CLO issuance remains positive per our current 2019 CLO pipeline and we are optimistic about future CLO creation, though there has been a tempering of CLO and loan issuance forecasts generally.

As of 31 December 2018, BGCF's ownership was split 40.1% to BGLF and 59.9% to BGCF EUR. BGCF's ownership of the U.S. MOA was 86.0%.

Distributions

BGLF declared a dividend of €0.025 per Ordinary Share and €0.01452 per C Share in respect of the period from 1 October 2018 to 31 December 2018. This dividend is payable on 1 March 2019 to shareholders on the register as at the close of business on 1 February 2019, and the corresponding ex-dividend date will be 31 January 2019. The C Share dividend declared is an amount broadly equivalent to the dividend payment C Share investors would have received had they elected not to participate in the Rollover Opportunity and instead remained holders of Carador (as defined below) shares.

Blackstone / GSO Loan Financing ("BGLF") Rollover Opportunity Update

On 21 December 2018, BGLF announced the results of the Rollover Opportunity, whereby shareholders in Carador Income Fund plc ("Carador") were provided with the opportunity to elect to rollover their investment in Carador into an investment in newly issued C Shares of BGLF. The Board of BGLF was informed by Carador that 133,451,107 Carador Rollover Class Shares were to be issued in respect of rollover elections received from Carador shareholders. Approximately 34% of the Carador U.S. Dollar Share register elected to rollover into Euro-denominated BGLF C Shares. BGLF allotted one new € C Share for every $ Carador Rollover Class Share in consideration for the transfer of Rollover Assets, equating to approximately $90 million based on cost, to BGLF from Carador. Concurrently, the BGLF C shares were then admitted to and began trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange on 7 January 2019.

As outlined in the Prospectus, BGLF intends that the C Shares will convert into BGLF Ordinary Shares after a transitional period of six to twelve months during which the Rollover Assets will be realised and the proceeds reinvested in accordance with BGLF's investment policy. Rollover Assets, which primarily constitute CLO Income Notes, carry no risk retention requirements, and the investment strategy of the Company is to sell such positions as the opportunities arise. As such, the Rollover Assets will be valued according to their mid-market price as determined by Refinitiv ("CLO Mark to Market Methodology"). The CLO Mark to Market Methodology will incorporate the same loan-level and structural analysis performed by Refinitiv as per the CLO Intrinsic

Calculation Methodology; however, the scenario assumptions and discount rates used in the CLO Mark to Market Methodology will be market-based, dynamic assumptions. In order to develop such assumptions, Refinitiv will take into account market observations derived from market clearing levels, market fundamentals, broker quotations and bids wanted in competition. Carador utilizes a different mark to market methodology for valuing these assets, which relies on estimates of the market value of securities in which Carador invests, supplied, directly or indirectly, by market counterparties. This difference in valuation methodologies, combined with BGLC's investment of proceeds into BGCF, may result in a performance divergence between Carador's U.S. Dollar Shares and BGLC.

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Important Disclosure Information

This quarterly update letter (“**Letter**”) is being furnished to you on a confidential basis to provide preliminary summary information regarding an investment in the Fund, is for informational purposes only and it does not constitute an offer to sell, or a solicitation of an offer to buy, any investment in, or to participate in any trading strategy with Blackstone / GSO Debt Funds Management Europe Limited or Blackstone / GSO Debt Funds Management Europe II Limited (together, the “**Manager**”) or its affiliates in the credit-focused business unit of The Blackstone Group L.P. (“**Blackstone**”), including without limitation, GSO Capital Partners LP (together with the Manager and their affiliates in the credit-focused business unit of Blackstone, “**GSO**”). The offering is made only to qualifying investors through a separate subscription agreement for the Fund and the governing and operating documents for the Fund (together as may be amended or supplemented from time to time, the “**Operative Documents**”). The Operative Documents contain material information (including a discussion of potential conflicts of interest) not contained in this document, and supersede and qualify in its entirety the information set forth herein. Any decision to invest in, or withdraw from, the Fund should be made after reviewing the appropriate Operative Documents, conducting such investigations as the investor deems necessary and consulting the investor's own legal, accounting, and tax advisors in order to make an independent determination of the suitability and consequences of the investment. Risks associated with investment in the Fund include, without limitation, illiquidity of an investment, risk of default of the underlying debt instrument, and risk of loss of principal.

Certain information contained herein has been obtained from published and non-published sources prepared by other parties, which in certain cases has not been updated through the date hereof. While such information is believed to be reliable for the purpose used herein, GSO does not assume any responsibility for the accuracy or completeness of such information and such information has not been independently verified by GSO. In particular, you should note that, since many of the investments described are unquoted, net asset value figures in relation to the Fund are based wholly or partly on estimates of the values of the Fund’s investments provided by the originating banks of those underlying investments or other market counterparties, which estimates may themselves have been subject to no verification or auditing process or may relate to a valuation at a date before the date of the relevant net asset valuation for the Fund, or which have otherwise been estimated by GSO. In addition, certain performance related information contained in this Letter, including information sourced from third parties, may be based on data that was prepared and/or provided to the applicable sources by certain CLO market participants, and there can be no assurance that such data is inclusive or representative of comparable data for the entire CLO market. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs or losses costs by negligence) in connection with any use of their content, including ratings.

Any comparisons herein of investment performance to a benchmark or an index are qualified as follows: (i) the volatility of such benchmark or index may be materially different from that of the performance of the Fund; (ii) such benchmark or index will employ different investment guidelines and criteria than the Fund and, therefore, the holdings in the Fund may differ significantly from the securities that comprise the index; and (iii) the performance of such benchmark or index has not necessarily been selected to represent an appropriate benchmark to compare to the performance of the Fund, but rather is disclosed to allow for comparison of the Fund’s performance (or the performance of assets held by the Fund) to that of a well-known benchmark or index. A summary of the investment guidelines for any such benchmark or index is available upon request.

Past performance is not necessarily indicative of future results, and there can be no assurance that the Fund will achieve results comparable to its earlier results or those of any of GSO’s prior funds, special purpose investment vehicles, co-investment vehicles or non-fund relevant transactions, or that the Fund will be able to implement its investment strategy or achieve its investment objectives. Information contained herein which relates to the net asset value performance of the Fund may not be indicative of how the Fund's investments may perform in the future. Moreover the values of such investments may fluctuate considerably and the historic net asset values shown for such Fund take no account of the costs or practical difficulties of realising some or all of such investments. The value of investments mentioned herein may go down as well as up and investors may not get back the amount invested. No assurance can be given that the investment objective will be achieved. Information on past performance, where given, is not necessarily a guide to future performance. Changes in rates of exchange between currencies may cause the value of investments to decrease or increase. Investments mentioned herein may not be suitable for all recipients and in each case potential investors are advised not to take any investment decision unless they have taken independent advice from an appropriately authorised advisor.

Certain information contained in this document constitutes “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “target,” “intend,” “continue” or “believe,” or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund described herein may differ materially from those reflected or contemplated in such forward-looking statements.

Any targets, forecasts, estimates, or similar returns set forth herein are based on GSO’s belief about the returns that may be achievable on investments that the Fund intends to pursue. Targets, forecasts, and estimates are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the targets, forecasts, and estimates will not materialize or will vary significantly from actual results. Such returns are based on GSO’s current view in relation to future events and financial performance of potential investments and various models, estimations and “base case” assumptions made by GSO, including estimations and assumptions about events that have not occurred. Among the assumptions to be made by GSO in performing its analysis are (i) the amount and frequency of current income from an investment, (ii) the holding period length, (iii) EBITDA growth and cost savings over time, (iv) the manner and timing of sale, (v) exit multiples reflecting long-term averages for the relevant asset type, (vi) customer growth and other business initiatives, (vii) availability of financing, (viii) potential investment opportunities GSO is currently or has recently reviewed and (ix) overall macroeconomic conditions such as GDP growth, unemployment and interest rate levels. While such “base case” assumptions are based on assumptions that GSO believes are reasonable under the circumstances, they are subject to uncertainties, and changes. Any such modification could be adverse to the actual overall returns. The inclusion of targets, forecasts and estimates herein should not be regarded as a representation or guarantee regarding the reliability, accuracy or completeness of the assumptions or information contained herein and neither GSO nor Blackstone is under any obligation to update or otherwise revise the target returns to reflect circumstances existing after the date when made to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the target returns are later shown to be incorrect. Actual events and conditions may differ materially from the assumptions used to establish returns and there is no guarantee that the assumptions will be applicable to the Fund’s investments. None of GSO, Blackstone, its affiliates or any of the respective directors, officers, employees, partners, shareholders, advisers and agents of any of the foregoing makes any assurance, representation or warranty as to the accuracy of such assumptions.

Prospective investors should be aware that an investment in the Fund involves a high degree of risk. There may be occasions when the management company of the Fund, the principals, GSO, Blackstone and their affiliates will encounter potential conflicts of interest in connection with the Fund's activities including, without limitation, the allocation of investment opportunities, relationships with GSO's and/or Blackstone's other activities, and the diverse interests of the Fund's limited partner group. In addition, GSO, Blackstone, and their affiliates engage in a broad spectrum of activities, which may include activities where the interests of certain divisions of GSO, Blackstone and their affiliates or the interests of their clients may conflict with the interest of the partners in the Fund. Because GSO, Blackstone, and their affiliates have many different asset management, advisory and other businesses, they are subject to a number of actual and potential conflicts of interest, greater regulatory oversight, and more legal and contractual restrictions than that to which they would otherwise be subject if they had just one line of business. In addressing these conflicts and regulatory, legal, and contractual requirements across various businesses, GSO, Blackstone, and their affiliates have implemented certain policies and procedures (e.g., information walls) that may reduce the positive synergies that the Fund expects to utilise for purposes of finding attractive investments. As a consequence, that information, which could be of benefit to the Fund, might become restricted to those other businesses and otherwise be unavailable to the Fund, and could also restrict the Fund's activities. There can be no assurance that any conflict of interest will be resolved in the manner most favourable to the Fund or any investor therein.

The use of this Letter in certain jurisdictions may be restricted by law. The products mentioned in this document may not be eligible for sale in some states or countries, nor suitable for all types of investors; their value and the income they produce may fluctuate and/or be adversely affected by interest rates or other factors. Prospective investors should inform themselves as to the legal requirements and tax consequences of an investment in the Fund within the countries of their citizenship, residence, domicile, and place of business.

This Letter does not constitute a financial promotion, investment advice or an inducement or incitement to participate in any product, offering, or investment. It does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe or purchase any investment nor shall it or the fact of its distribution form the basis of, or be relied on in connection with, any contract. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this Letter by GSO, the Manager, Blackstone, the Fund, or any of their respective directors, officers, managers, shareholders, partners, members or employees and no liability is accepted by such persons for the accuracy or completeness of any such information or opinions.

Although the current portfolio reflected in this Letter (the "**Current Portfolio**") is consistent with the investment strategy of the Fund, there is no guarantee that the portfolio acquired will continue to be identical to the make-up of the Current Portfolio. Moreover, the future investments to be made by the Fund may differ substantially from the investments included in the Current Portfolio. Therefore, the Current Portfolio parameters, industry concentration, rating concentration, spread distribution and other factors related to the Current Portfolio could all be materially different than those of the future portfolio acquired by the Fund.

Blackstone / GSO Debt Funds Management Europe Limited and Blackstone / GSO Debt Funds Management Europe II Limited are authorised and regulated by the Central Bank of Ireland.

BGLF Portfolio Composition

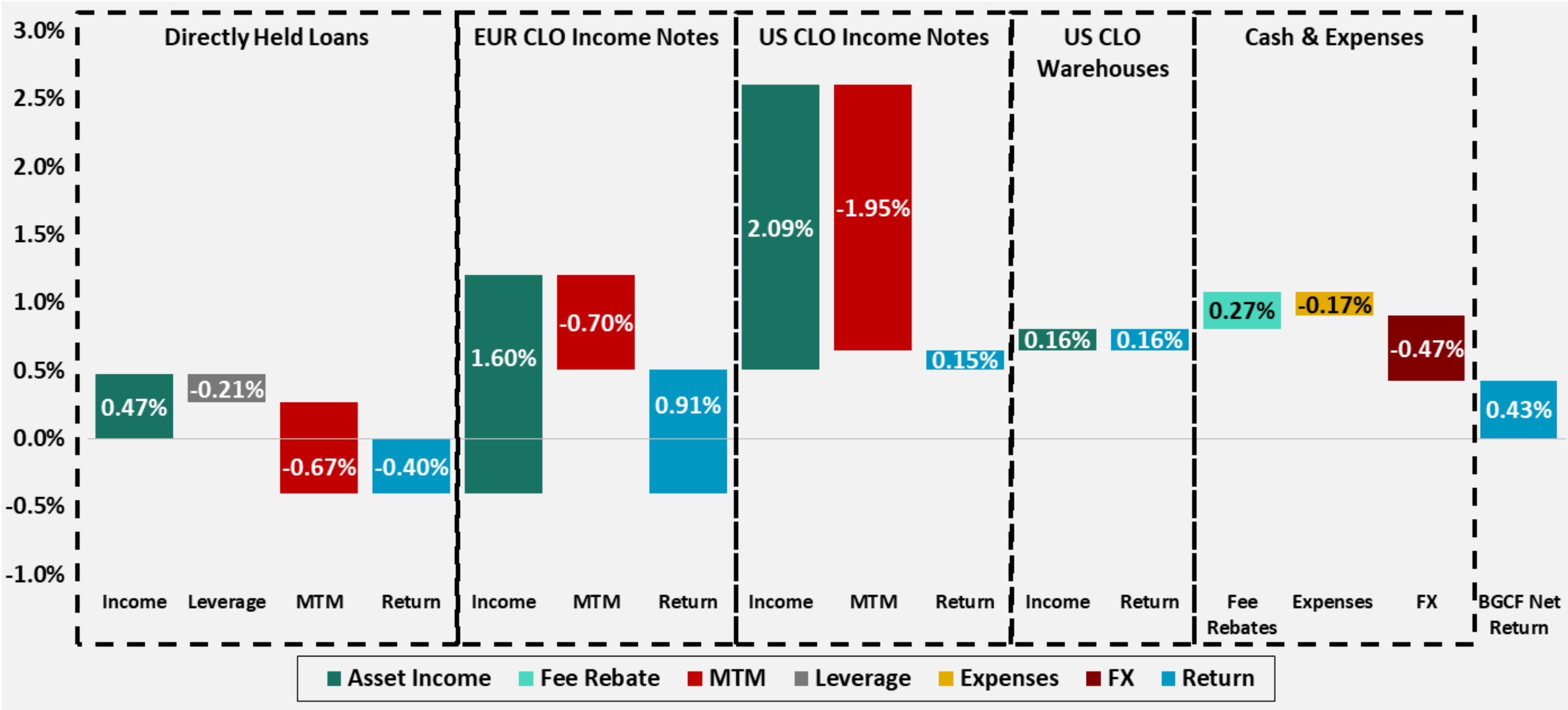
Net Asset Value: € 362,725,237.8	% of BGLF NAV
Directly Held Loans Less Leverage	17.8%
European CLO Income Notes	35.5%
US CLO Income Notes	41.5%
US CLO Warehouses	3.4%
Net Cash and Expenses	1.8%
Total	**100.0%**

Footnotes
Data as of 31 December 2018. Note that portfolio composition figures may not add to 100.0% due to rounding.
(1) Effective position and cost on a look-through basis.
(2) Source: Intex. Distributions presented based on cost. Wtd. Avg. Cost of Liabilities represents the all-in rate of each liability tranche. Gross Coupon not available for deals that are not yet included in Intex.

BGLF CLO Income Note Investments

	Investing Entity	Closing Date	Refinancing / Reset Date (Closing)	Refinancing Eligible Date	Remaining RI Period (Yrs)	Deal Size (mm)	Equity Tranche (mm)	BGLF Position (mm)[1]	BGLF Cost (mm)[1]	Risk Reten. Position as % of Tranche	Valuation as % of BGLF NAV	Ann. Dist. [2]	Cum. Dist. [2]	Wt. Avg. Cost of Liabilities[2]	Gross Coupon[2]	Net Interest Margin	NIM 3 Months Prior	Interest Diversion Cushion[2]
EUR CLO Income Notes																		
Phoenix Park	BGCF	Jul-14	Oct-18	Oct-20	4.3	€ 418.7	€ 45.3	€ 9.3	€ 8.9	51.4%	1.7%	16.1%	68.5%	1.79%	3.58%	1.76%	2.03%	4.20%
Sorrento Park	BGCF	Oct-14	May-17	Nov-16	0.0	€ 517.0	€ 57.0	€ 11.8	€ 11.2	51.8%	1.7%	17.4%	71.2%	1.44%	3.67%	2.26%	2.27%	1.87%
Castle Park	BGCF	Dec-14	Mar-17	Jan-17	0.0	€ 415.0	€ 46.0	€ 14.8	€ 13.6	80.4%	2.6%	17.4%	66.5%	1.52%	3.69%	2.19%	2.20%	3.82%
Dartry Park	BGCF	Mar-15	Jul-17	Apr-17	0.3	€ 411.1	€ 44.6	€ 9.1	€ 8.6	51.1%	1.5%	15.3%	55.2%	1.63%	3.64%	2.02%	1.99%	2.41%
Orwell Park	BGCF	Jun-15	Aug-17	Jul-17	0.5	€ 415.0	€ 47.5	€ 9.7	€ 8.9	51.0%	1.8%	16.4%	55.5%	1.44%	3.72%	2.29%	2.30%	3.90%
Tymon Park	BGCF	Dec-15	Jan-18	Jan-18	1.1	€ 414.0	€ 44.5	€ 9.1	€ 8.3	51.0%	2.0%	15.2%	43.3%	1.31%	3.67%	2.36%	2.39%	4.64%
Elm Park	BGCF	May-16	Apr-18	Apr-18	1.3	€ 558.2	€ 56.9	€ 12.8	€ 12.8	56.1%	3.3%	12.1%	28.8%	1.37%	3.67%	2.30%	2.28%	3.98%
Griffith Park	BGCF	Sep-16	Nov-18	Nov-20	4.4	€ 459.0	€ 48.7	€ 11.6	€ 10.3	59.5%	2.2%	10.9%	24.0%	1.81%	3.66%	1.85%	1.50%	4.15%
Clarinda Park	BGCF	Nov-16	n/a	Nov-18	1.9	€ 415.1	€ 45.1	€ 9.3	€ 7.8	51.2%	1.6%	11.3%	22.6%	2.03%	3.71%	1.68%	1.70%	4.08%
Palmerston Park	BGCF	Apr-17	n/a	Apr-19	2.3	€ 414.5	€ 45.0	€ 11.2	€ 10.0	62.2%	2.1%	14.6%	22.2%	1.73%	3.64%	1.91%	1.85%	4.01%
Clontarf Park	BGCF	Jul-17	n/a	Aug-19	2.6	€ 413.6	€ 43.3	€ 11.6	€ 10.5	66.9%	2.3%	14.5%	19.1%	1.58%	3.59%	2.01%	2.02%	3.99%
Willow Park	BGCF	Nov-17	n/a	Jan-20	3.5	€ 412.4	€ 38.4	€ 9.4	€ 8.4	60.9%	2.2%	18.1%	15.8%	1.58%	3.61%	2.07%	2.05%	4.37%
Marlay Park	BGCF	Mar-18	n/a	Apr-20	3.3	€ 413.0	€ 41.0	€ 9.9	€ 8.3	60.0%	2.3%	18.1%	9.9%	1.40%	3.64%	2.24%	2.23%	4.25%
Milltown Park	BGCF	Jun-18	n/a	Jul-20	3.5	€ 410.9	€ 37.1	€ 9.7	€ 8.6	65.0%	2.5%	n/a	n/a	1.49%	3.64%	2.16%	2.16%	4.25%
Richmond Park	BGCF	Jul-18	n/a	Jul-20	2.5	€ 549.6	€ 67.6	€ 18.5	€ 10.5	68.3%	3.0%	17.7%	4.4%	1.53%	3.66%	2.12%	2.15%	4.44%
Sutton Park	BGCF	Oct-18	n/a	Nov-20	4.4	€ 409.4	€ 36.0	€ 10.0	€ 8.9	69.4%	2.5%	n/a	n/a	1.72%	3.63%	1.91%	n/a	4.00%
EUR CLO Income Note Total					**2.2**	**€ 7,046**		**€ 177.8**	**€ 155.7**		**35.5%**	**15.5%**	**35.1%**	**1.58%**	**3.65%**	**2.08%**	**2.08%**	**3.90%**
US CLO Income Notes																		
Dorchester Park	BGCF	Feb-15	Jun-18	Apr-19	1.3	$533.4	$66.4	$ 19.4	$ 15.3	73.0%	2.8%	16.5%	60.3%	3.89%	5.77%	1.89%	1.78%	4.75%
Grippen Park	US MOA	Mar-17	n/a	Apr-19	3.3	$611.4	$59.4	$ 14.3	$ 12.7	60.0%	2.3%	13.1%	20.9%	4.20%	5.75%	1.55%	1.52%	4.09%
Thayer Park	US MOA	May-17	n/a	Apr-19	3.3	$514.6	$54.6	$ 11.9	$ 10.2	54.6%	1.8%	18.5%	26.5%	4.23%	5.79%	1.56%	1.49%	3.68%
Catskill Park	US MOA	May-17	n/a	Apr-19	3.3	$1,028.5	$108.5	$ 26.1	$ 22.9	60.0%	4.0%	17.3%	24.6%	4.20%	5.79%	1.59%	1.51%	3.52%
Dewolf Park	US MOA	Aug-17	n/a	Oct-19	3.8	$613.5	$61.5	$ 14.8	$ 13.1	60.0%	2.5%	17.2%	19.4%	4.16%	5.84%	1.68%	1.61%	4.12%
Gilbert Park	US MOA	Oct-17	n/a	Oct-19	3.8	$1,022.0	$102.0	$ 24.1	$ 21.9	59.0%	4.2%	18.0%	17.6%	4.12%	5.84%	1.72%	1.65%	4.03%
Long Point Park	US MOA	Dec-17	n/a	Jan-20	4.0	$610.8	$58.8	$ 13.4	$ 12.1	56.9%	2.5%	27.2%	21.8%	3.87%	5.89%	2.02%	1.98%	3.80%
Stewart Park	US MOA	Jan-18	n/a	Jan-20	4.0	$879.4	$183.9	$ 50.9	$ 15.4	69.0%	3.4%	18.2%	13.5%	3.90%	5.79%	1.89%	1.80%	3.60%
Greenwood Park	US MOA	Mar-18	n/a	Apr-20	4.3	$1,074.7	$107.6	$ 25.5	$ 22.6	59.1%	4.7%	21.1%	12.9%	3.81%	5.84%	2.02%	2.10%	4.21%
Cook Park	US MOA	Apr-18	n/a	Apr-20	4.3	$1,025.0	$107.0	$ 24.0	$ 22.1	56.1%	4.6%	22.4%	11.6%	3.79%	5.84%	2.04%	1.93%	4.07%
Fillmore Park	BGCF	Jul-18	n/a	Jul-20	4.5	$560.8	$55.6	$ 12.1	$ 11.0	54.3%	2.8%	n/a	n/a	4.30%	5.92%	1.82%	1.59%	3.92%
Myers Park	BGCF	Sep-18	n/a	Oct-20	4.8	$509.6	$52.6	$ 10.8	$ 9.5	51.0%	2.4%	n/a	n/a	3.95%	5.80%	1.82%	1.78%	4.18%
Harbor Park	BGCF	Dec-18	n/a	Jan-21	5.1	$716.3	$79.3	$ 17.5	$ 15.1	55.0%	3.6%	n/a	n/a	4.39%	6.23%	1.84%	n/a	3.74%
US CLO Income Note Total					**3.8**	**$ 9,700**		**$ 264.8**	**$ 203.8**		**41.5%**	**18.9%**	**21.1%**	**4.03%**	**5.84%**	**1.83%**	**1.75%**	**3.98%**
Global CLO Income Note Total					**3.1**	**€ 15,512**		**€ 408.9**	**€ 333.6**		**77.0%**	**17.3%**	**27.4%**	**2.96%**	**4.89%**	**1.94%**	**1.90%**	**3.92%**

BGCF 4Q 2018 Return Contributors

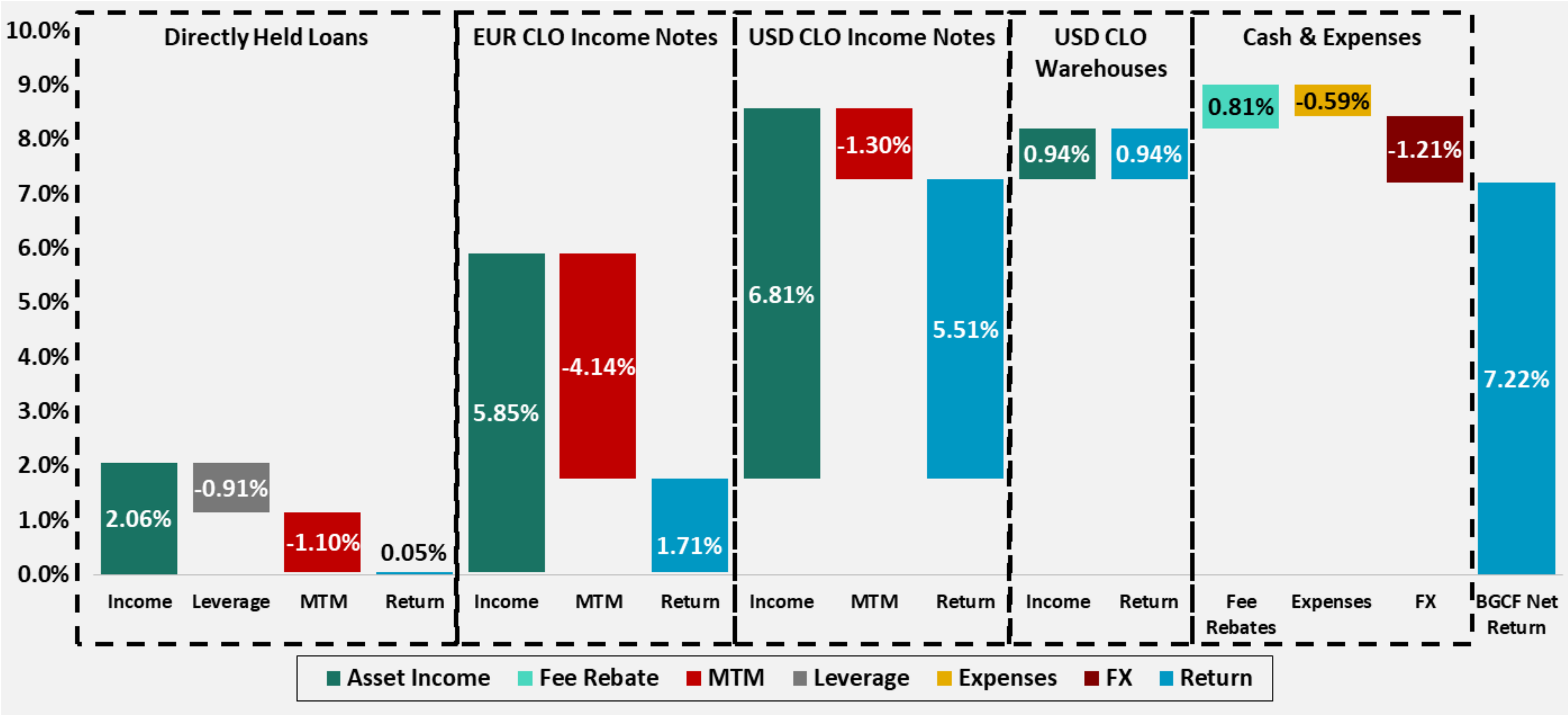


Footnotes

Source: GSO. Represents Blackstone / GSO Corporate Funding DAC ("**BGCF**") cumulative returns from 1 October 2018 to 31 December 2018.

Note: The illustration is not indicative of future results, and there can be no assurance that BGCF will achieve these results. There is no guarantee that the future investments made by the BGCF will continue to be identical to the make-up of such current portfolio. Moreover, future investments to be made by BGCF may differ substantially from the investments included in the current portfolio of BGCF. Additionally, there is no guarantee that BGCF will be able to implement its investment strategy or achieve its investment objectives.

BGCF 2018 Return Contributors



Footnotes
Source: GSO. Represents Blackstone / GSO Corporate Funding DAC ("BGCF") cumulative returns from 1 January 2018 to 31 December 2018.
Note: The illustration is not indicative of future results, and there can be no assurance that BGCF will achieve these results. There is no guarantee that the future investments made by the BGCF will continue to be identical to the make-up of such current portfolio. Moreover, future investments to be made by BGCF may differ substantially from the investments included in the current portfolio of BGCF. Additionally, there is no guarantee that BGCF will be able to implement its investment strategy or achieve its investment objectives.

BGLF Historical Monthly Returns

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
BGLF € NAV	0.52%	-0.21%	-1.23%	0.40%	0.08%	1.50%	1.89%	1.46%	1.81%	0.53%	-0.06%	-0.14%	**6.70%**
European Loans	0.66%	0.13%	0.10%	0.47%	0.03%	-0.49%	0.51%	0.36%	0.57%	0.20%	-0.72%	-1.26%	**0.55%**
US Loans	1.08%	0.18%	0.32%	0.49%	0.19%	0.10%	0.83%	0.41%	0.68%	0.01%	-0.82%	-2.29%	**1.14%**
2017	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF € NAV	0.14%	0.76%	-0.53%	0.01%	0.95%	0.63%	0.44%	-1.01%	-0.02%	0.65%	-0.46%	-0.18%	**1.38%**
European Loans	1.00%	0.46%	-0.29%	0.29%	0.52%	0.03%	0.48%	-0.02%	0.34%	0.33%	0.07%	0.00%	**3.30%**
US Loans	0.53%	0.59%	0.08%	0.44%	0.38%	-0.06%	0.78%	-0.14%	0.41%	0.66%	0.12%	0.39%	**4.25%**
2016	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF € NAV	0.95%	0.67%	1.32%	1.28%	2.31%	0.98%	0.34%	0.13%	1.28%	0.37%	1.96%	0.97%	**13.28%**
European Loans	-0.32%	-0.93%	2.06%	1.35%	0.74%	-0.60%	1.16%	0.88%	0.74%	0.50%	0.18%	0.63%	**6.52%**
US Loans	-0.73%	-0.56%	2.64%	1.90%	0.91%	0.03%	1.41%	0.79%	0.87%	0.77%	0.32%	1.15%	**9.88%**
2015	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF € NAV	1.36%	0.82%	0.76%	0.86%	1.05%	-0.07%	1.42%	0.09%	0.57%	0.83%	0.07%	0.07%	**8.11%**
European Loans	0.42%	1.06%	0.73%	0.88%	0.50%	-0.23%	0.50%	-0.17%	-0.33%	0.18%	-0.11%	-0.32%	**3.14%**
US Loans	0.26%	1.41%	0.39%	0.90%	0.20%	-0.31%	0.09%	-0.65%	-0.67%	-0.14%	-0.89%	-0.95%	**-0.38%**
2014	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
BGLF € NAV								0.78%	0.21%	0.26%	1.12%	-3.05%	**-0.73%**
European Loans								0.13%	-0.07%	0.03%	0.37%	-0.61%	**-0.16%**
US Loans								0.23%	-0.52%	0.29%	0.46%	-1.10%	**-0.65%**

Footnotes

Credit Suisse, Western European Leveraged Loan Index, Hedged to EUR, and US Leveraged Loan Index, as of 31 December 2018. Past performance is not indicative of future results. This is for illustrative purposes only.