

Blackstone / GSO Long-Short Credit Income Fund  
Form N-CSR  
March 08, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number: 811-22488

Blackstone / GSO Long-Short Credit Income Fund

(exact name of registrant as specified in charter)

345 Park Avenue, 31<sup>st</sup> Floor

New York, New York 10154

(Address of principal executive offices) (Zip code)

Marisa Beeney

345 Park Avenue, 31<sup>st</sup> Floor

New York, New York 10154

Edgar Filing: Blackstone / GSO Long-Short Credit Income Fund - Form N-CSR

(Name and address of agent for service)

Registrant's telephone number, including area code: (877) 876-1121

Date of fiscal year end: December 31

Date of reporting period: December 31, 2018

Item 1. **Report to Stockholders.**

*Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Funds' shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports from a Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on each Fund's website and you will be notified by mail each time a report is posted and provided with a website link to access the report.*

*If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. Shareholders who invest directly with a Fund may elect to receive shareholder reports and other communications from the Fund electronically by calling 1-800-522-6645 to make such arrangements. For shareholders who invest through a financial intermediary, please contact that financial intermediary directly for information on how to receive shareholder reports and other communications electronically.*

*You may elect to receive all future reports in paper free of charge. If you invest directly with a Fund, you can inform the Fund that you wish to continue receiving paper copies of your shareholder reports by calling 1-800-522-6645 to make such arrangements. For shareholders who invest through a financial intermediary, please contact that financial intermediary directly to inform them that you wish to continue receiving paper copies of your shareholder reports. If your common shares are held through a financial intermediary, your election to receive reports in paper will apply to all funds held with that financial intermediary.*

**Table of Contents**

Manager Commentary	2
Fund Summary	4
Portfolio of Investments	10
Statements of Assets and Liabilities	45
Statements of Operations	46
Statements of Changes in Net Assets	47
Statements of Cash Flows	48
Financial Highlights	49
Notes to Financial Statements	55
Report of Independent Registered Public Accounting Firm	69
Summary of Dividend Reinvestment Plan	70
Additional Information	71
Privacy Procedures	72
Trustees & Officers	79

Blackstone / GSO Funds Manager Commentary

December 31, 2018 (Unaudited)

**To Our Shareholders:**

The U.S. economy grew at approximately 3%, and corporate profits expanded at a rate of nearly 23% in 2018. We believe growth of the economy and of corporate profits will continue in 2019 but at lower rates than in 2018. Following the market peak in September, investors seemed to have confused slowing growth rates with a lack of growth itself; that confusion, compounded by well-known risks, such as trade war concerns and Brexit developments, seemed to contribute to a market sell-off in the final quarter of 2018. Contrary to investor concerns, we have observed little to no evidence of excess capacity or overheating in the market. Capacity utilization is barely back to the 50-year average and remains below the levels reached prior to the global financial crisis a decade ago. The money moving into capital expenditures thus far is mostly for intellectual property and technology, as opposed to traditional plants and property. We believe this should mean that even when CEOs deploy capital expenditures, 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).

Despite a volatile fourth quarter, which was dominated by a technically driven sell-off amidst lowered investor risk appetite, U.S. loans outperformed high yield and most other asset classes for the full year 2018. After a sharp decline in prices in the fourth quarter, loans returned +0.44% for the year versus -2.08% for high yield bonds, -2.51% for investment grade, and -4.38% for equities. Default rates for loans and high yield remained at relatively benign levels, while loans benefited from rising coupons throughout 2018 as 3M LIBOR increased 111 basis points to end the year at 2.81%.

Lower quality loans outperformed the higher quality segment of the market for the majority of 2018. This trend reversed during the fourth quarter of 2018 with CCC/Split CCC rated loans returning -4.61% in 4Q 2018 vs. -3.03% for Split BBB/BB rated loans. Similarly in high yield, lower quality paper generally outperformed higher quality for the first nine months of 2018. The fourth quarter market volatility had a greater impact on lower quality assets, and, as such, CCC/Split CCC rated high yield bonds returned -9.00%, while Split BBB/BB rated high yield bonds returned -2.94%.

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 intensified in the fourth quarter, the loan market remained liquid with secondary trading volumes setting a record high at \$210 billion, with November alone contributing \$75 billion. Despite the spike in trading volumes, average loan settlement times decreased to an eight-year low of T+16 business days in December compared to the long-term average of T+19.

**Total Returns for year ended December 31, 2018**

US Loans (S&P/LSTA Leveraged Loan Index)	0.44%
US High Yield Bonds (Bloomberg Barclays U.S. High Yield Index)	-2.08%
3-month Treasury Bills (Bloomberg Barclays U.S. Treasury Bellwethers: 3 Month)	1.89%
10-Year Treasuries (Bloomberg Barclays U.S. Treasury Bellwethers: 10 Year)	0.00%
US Aggregate Bonds (Bloomberg Barclays U.S. Aggregate Index)	0.01%
US Investment Grade Bonds (Bloomberg Barclays U.S. Corporate Investment Grade Index)	-2.51%
Emerging Markets (Bloomberg Barclays EM USD Aggregate Index)	-2.46%
US Large Cap Equities (S&P 500® Index)	-4.38%

*Sources: Bloomberg, Barclays, S&P/LCD*

*Past Performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.*

Institutional gross loan issuance in 2018 totaled \$704 billion, with refinancings and repricings accounting for 57.1% of issuances, compared to 2017's gross issuance of \$974 billion, with refinancings and repricings at 73.5%. Towards the end of 2018, loan primary market activity was dormant amid pressure on secondary prices. The \$8.3 billion of institutional gross loan issuance volume in December represented the lowest monthly volume since January 2015, when loan issuance totaled \$6.4 billion.

Demand for loans remained strong throughout the first three quarters of 2018, which we believe was primarily driven by record CLO creation, institutional demand, and stable retail inflows. However, in the fourth quarter, outflows from open-end loan funds created selling pressure that drove U.S. loan prices down to their lowest level since July 2016. December saw the largest ever monthly withdrawal from these funds totaling \$15.3 billion, according to Lipper weekly reporters, an amount approximately equal to the year's total inflows.

In 2018, 29 companies in the loan market, according to JP Morgan, defaulted with debt totaling \$40.9 billion, compared to 37 companies with debt totaling \$34.1 billion in 2017. Although total debt involved in defaults picked up 20% year-over-year, default volume was inflated by one outsized default - iHeart Communications ("iHeart"), a large 2008 LBO (not held by the Funds as defined below), which accounted for \$16 billion, or 38%, of total 2018 default volume. Excluding this name, default activity, with respect to number of companies and volume, was down year-over-year. The par-weighted U.S. loan LTM default rate at the end of 2018 was 1.63% (1.02% ex-iHeart), as compared to 1.84% at year-end 2017. High yield par-weighted defaults were at 1.81% (1.08% ex-iHeart), as compared to 1.28% at year-end 2017. Due to iHeart, the broadcasting sector accounts for the highest default volume, with retail and energy following thereafter. JP Morgan expects loan and high yield default rates to remain low at 1.5% each in 2019.

We continue to believe that floating rate senior loans offer a compelling risk-reward opportunity. We believe the seniority of loans in the corporate structure offers a defensive positioning unique to the asset class and one that is well suited for portfolio construction. We are constructive on credit in 2019 due to strong corporate fundamentals, low projected default rates, and the potential for price appreciation introduced by the late 2018 selloff.

2 [www.blackstone-gso.com](http://www.blackstone-gso.com)



Blackstone / GSO Funds Manager Commentary

December 31, 2018 (Unaudited)

At GSO / Blackstone, we value your continued investment and confidence in us and in our family of funds. Additional information about our funds is available on our website at [www.blackstone-gso.com](http://www.blackstone-gso.com).

**Sincerely,**

GSO / Blackstone Debt Funds Management LLC

Annual Report | December 31, 2018 3

Blackstone / GSO Senior Floating Rate Term Fund Fund Summary

December 31, 2018 (Unaudited)

**Blackstone / GSO Senior Floating Rate Term Fund**

**Fund Overview**

Blackstone / GSO Senior Floating Rate Term Fund (“BSL” or herein, the “Fund”) is a closed-end term fund that trades on the New York Stock Exchange under the symbol “BSL”. BSL’s primary investment objective is to seek high current income, with a secondary objective to seek preservation of capital, consistent with its primary goal of high current income. Under normal market conditions, the Fund invests at least 80% of its Managed Assets in senior, secured floating rate loans (“Senior Loans”). BSL may also invest in second-lien loans and high yield bonds and employs financial leverage, which may increase risk to the Fund. The Fund has a limited term, and absent shareholder approval to extend the life of the Fund, the Fund will dissolve on or about May 31, 2022.

**Portfolio Management Commentary**

*Fund Performance*

BSL outperformed its key benchmark, the S&P/LSTA Leveraged Loan Index (“S&P LLI”), on a Net Asset Value (“NAV”) per share basis for the periods of six months, one year, three years, five years, and the life of the Fund since inception. On a market price per share basis, the Fund outperformed its benchmark for the periods of three years and five years and underperformed its benchmark for the six months, one year and since inception period. The shares of the Fund traded at an average premium to NAV of 0.2% for the twelve months ended December 31, compared to its peer group average discount of 9.9% over the same time.<sup>1</sup>

*NAV Performance Factors*

The Fund’s outperformance relative to its benchmark in 2018 was primarily attributable to credit selection within single-B rated loans (approximately 76% of the Fund during the period), as single-B loans held in the Fund returned approximately +3.3% compared to approximately +0.8% for single-B loans in the benchmark. Credit selection within the CCC-C rated loans also contributed positively to performance, as these loans held in the Fund returned approximately +6.6%, compared to approximately +0.8% for those in the benchmark. Credit selection was positive in eight of ten sectors, with the strongest contributions from industrials, technology, and healthcare, partially offset by negative energy performance.<sup>2</sup> By issuer, the largest positive contributors to performance relative to the benchmark

were Spencer Gifts, Sheridan Production Partners, and Ivanti Software, while American Tire Distributors, Advantage Sales and Marketing Inc., and TE Holdings were the most significant detractors.

*Portfolio Activity and Positioning*

During 2018, we continued to dynamically manage the Fund, using the secondary market to add or exit positions based on relative value while continuing to take advantage of new issue discounts in the primary market. The Fund reduced its allocation to high yield during the year in favor of loans and CLO investments.

As of December 31, 2018, the Fund held 83.6% of its Managed Assets in Senior Loans, 13.7% in second lien loans, and 2.9% in high yield bonds. BSL's investments represented the obligations of 256 companies, with an average position size representing 0.34% of Managed Assets of the Fund. Electronics/electrical, healthcare, and business equipment and services represented the Fund's top sector weightings.

<sup>1</sup> Average discount and peer group per Morningstar.

<sup>2</sup> Industries per S&P classifications.

<sup>4</sup> [www.blackstone-gso.com](http://www.blackstone-gso.com)

Blackstone / GSO Senior Floating Rate Term Fund Fund Summary

December 31, 2018 (Unaudited)

**BSL's Portfolio Composition\***

*Numbers may not sum to 100.00% due to rounding. The Fund's Cash and Other represents net cash and other assets and liabilities, which includes amounts payable for investments purchased but not yet settled and amounts receivable for investments sold but not yet settled. At period end, the amounts payable for investments purchased but not yet settled exceeded the amount of cash on hand. The Fund uses sales proceeds or funds from its leverage program to settle amounts payable for investments purchased, but such amounts are not reflected in the Fund's net cash.*

**BSL's Moody's Rating\***

*\*For more information on Moody's ratings and descriptions refer to [www.moody.com](http://www.moody.com).*

**Portfolio Characteristics**

Average All-In Rate	7.21%
Current Dividend Yield <sup>^</sup>	8.38%
Effective Duration <sup>^^</sup>	0.21 yr
Average Position*	0.34%
Leverage*	33.01%

<sup>^</sup>Using current dividend rate of \$0.107/share and market price/share as of 12/31/2018.

<sup>^^</sup>Loan durations are based on the actual remaining time until LIBOR is reset for each individual loan.

\*As a percentage of Managed Assets.

**Top 10 Issuers\***

Quest Software US Holdings, Inc.	1.6%
----------------------------------	------

EG Group, Ltd.	1.3%
TKC Holdings, Inc.	1.2%
Advantage Sales & Marketing, Inc.	1.2%
Ivanti Software, Inc.	1.1%
LBM Borrower LLC	1.0%
KUEHG Corp	1.0%
GI Revelation Acquisition LLC	1.0%
U.S. Renal Care, Inc.	1.0%
PT Intermediate Holdings III LLC	0.9%
<b>Top 10 Issuer</b>	<b>11.3%</b>

*\*As a percentage of Managed Assets.*

*Portfolio holdings and distributions are subject to change and are not recommendations to buy or sell any security.*

**Top 5 Industries\*^**

Electronics/Electrical	17.5%
Healthcare	16.3%
Business Equipment & Services	14.1%
Building & Development	7.4%
Oil & Gas	3.3%
<b>Top 5 Industries</b>	<b>58.6%</b>

*\*As a percentage of Managed Assets.*

*^Industries per S&P.*

**BSL Total Return**

	<b>6</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>Since</b>
	<b>Month</b>	<b>Year</b>	<b>Year<sup>†</sup></b>	<b>Year<sup>†</sup></b>	<b>Inception<sup>†</sup></b>
NAV*	-1.25%	1.82%**	8.80%	4.14%	5.44%
Market Price*	-10.13%	-7.49%	8.77%	3.10%	4.00%
S&P LLI	-1.68%	0.44%	4.83%	3.05%	4.39%

*†Annualized.*

\*

*Assumes distributions are reinvested pursuant to the Fund's dividend reinvestment plan. Performance data quoted represents past performance and does not guarantee future results.*

*Excludes adjustments in accordance with accounting principles generally accepted in the United States of America  
\*\*and as such, the net asset value and total return for shareholder transactions reported to the market at period  
ended December 31, 2018 may differ from the net asset value for financial reporting purposes.*

Blackstone / GSO Long-Short Credit Income Fund Fund Summary

December 31, 2018 (Unaudited)

**Blackstone / GSO Long-Short Credit Income Fund**

**Fund Overview**

Blackstone / GSO Long Short Credit Income Fund (“BGX” or herein, the “Fund”) is a closed-end fund that trades on the New York Stock Exchange under the symbol “BGX”. BGX’s primary investment objective is to provide current income, with a secondary objective of capital appreciation. BGX will take long positions in investments which we believe offer the potential for attractive returns under various economic and interest rate environments. BGX may also take short positions in investments which we believe will under-perform due to a greater sensitivity to earnings growth of the issuer, default risk or the general level and direction of interest rates. BGX must hold no less than 70% of its Managed Assets in first and second-lien secured floating rate loans (“Secured Loans”), but may also invest in unsecured loans and high yield bonds.

**Portfolio Management Commentary**

*Fund Performance*

BGX outperformed a composite weighting of the S&P LLI and the Barclays U.S. High Yield Index (“Barclays HYI”) (70% loans, 30% high yield bonds) on a NAV per share basis for the periods one year, three years, five years, and the life of the Fund since inception and underperformed its benchmark for the six months period. On a market price per share basis, the Fund outperformed its benchmark for the periods three years and underperformed its benchmark for the six months, one year, five year, and since inception period. The shares of the Fund traded at an average discount to NAV of 6.8% for the twelve months ended December 31, compared to its peer group average discount of 9.6% over the same time.<sup>1</sup>

*NAV Performance Factors*

The Fund’s outperformance relative to its benchmark in 2018 was primarily attributable to credit selection within both loans and high yield. Loans held in the Fund returned approximately +3.5% compared to approximately +0.5% for loans held in the S&P LLI. High yield bonds held in the Fund returned approximately -1.2% compared to -2.1% for the Barclays HYI. Within single-B loans specifically (approximately 65% of the Fund during the period), the Fund’s

loans returned +3.1% compared to +0.8% for single-B loans held in the S&P LLI. Credit selection was positive in eight of ten sectors, with the strongest contributions from industrials, technology, and healthcare, partially offset by negative energy performance.<sup>2</sup> By issuer, the largest positive contributors to performance relative to the benchmark were Ivanti Software, Carestream Health, and PF Chang's, while York Risk Services, Sandridge, and Pier 1 Imports were the most significant detractors.

#### *Portfolio Activity and Positioning*

During 2018, we continued to dynamically manage the Fund, using the secondary market to add or exit positions based on relative value and convexity while continuing to take advantage of new issue discounts in the primary market. The Fund reduced its allocation to high yield during the year in favor of loans and CLO investments.

As of December 31, 2018, the Fund held 86.3% of its Managed Assets in Secured Loans and 13.5% in high yield bonds. BGX's investments represented the obligations of 267 companies, with an average position size representing 0.33% of Managed Assets of the Fund. Healthcare, electronics/electrical, and business equipment and services represented the Fund's top sector weightings.

<sup>1</sup> Average discount and peer group per Morningstar.

<sup>2</sup> Industries per S&P classifications.



Blackstone / GSO Long-Short Credit Income Fund Fund Summary  
December 31, 2018 (Unaudited)

**BGX's Portfolio Composition\***

*Numbers may not sum to 100.00% due to rounding. The Fund's Cash and Other represents net cash and other assets and liabilities, which includes amounts payable for investments purchased but not yet settled and amounts receivable for investments sold but not yet settled. At period end, the amounts payable for investments purchased but not yet settled exceeded the amount of cash on hand. The Fund uses sales proceeds or funds from its leverage program to settle amounts payable for investments purchased, but such amounts are not reflected in the Fund's net cash.*

**BGX's Moody's Rating Distribution\***

*\*For more information on Moody's ratings and descriptions refer to [www.moody.com](http://www.moody.com).*

**Portfolio Characteristics**

Average All-In Rate	7.49%
Current Dividend Yield <sup>^</sup>	10.22%
Effective Duration <sup>^^</sup>	0.52 yr
Average Position*	0.33%
Leverage*	39.12%

<sup>^</sup>Using current dividend rate of \$0.117/share and market price/share as of 12/31/2018.

<sup>^^</sup>Loan durations are based on the actual remaining time until LIBOR is reset for each individual loan.

\*As a percentage of Managed Assets.

**Top 10 Issuers\***

Quest Software US Holdings, Inc.	1.6%
Ivanti Software, Inc.	1.5%
Advantage Sales & Marketing, Inc.	1.2%
KUEHG Corp	1.1%
Priso Acquisition Corp	1.1%
Avantor Inc	1.1%
Onex Carestream Finance LP	1.0%
Asurion LLC	1.0%
Alvogen Pharma US, Inc.	1.0%
GI Revelation Acquisition LLC	1.0%
<b>Top 10 Issuer</b>	<b>11.5%</b>

*\*As a percentage of Managed Assets.*

*Portfolio holdings and distributions are subject to change and are not recommendations to buy or sell any security.*

**Top 5 Industries\*^**

Healthcare	16.2%
Electronics/Electrical	15.5%
Business Equipment & Services	13.0%
Building & Development	7.7%
Telecommunications	3.9%
<b>Top 5 Industries</b>	<b>56.3%</b>

*\*As a percentage of Managed Assets.*

*^Industries per S&P.*

**BGX Total Return**

	<b>6</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>Since</b>
	<b>Month</b>	<b>Year</b>	<b>Year†</b>	<b>Year†</b>	<b>Inception†</b>
NAV*	-2.21%	1.19%**	10.16%	4.64%	5.57%
Market Price*	-10.37%	-4.40%	10.24%	3.37%	3.27%
70% S&P					
LLI / 30%	-1.84%	-0.32%	5.55%	3.38%	4.36%

Barclays HYI

*Annualized.*

*\*Assumes distributions are reinvested pursuant to the Fund's dividend reinvestment plan. Performance data quoted represents past performance and does not guarantee future results.*

*Excludes adjustments in accordance with accounting principles generally accepted in the United States of America  
\*\*and as such, the net asset value and total return for shareholder transactions reported to the market at period ended December 31, 2018 may differ from the net asset value for financial reporting purposes.*

Annual Report | December 31, 2018 7

Blackstone / GSO Strategic Credit Fund Fund Summary

December 31, 2018 (Unaudited)

**Blackstone / GSO Strategic Credit Fund**

**Fund Overview**

Blackstone / GSO Strategic Credit Fund (“BGB” or herein, the “Fund”) is a closed-end term fund that trades on the New York Stock Exchange under the symbol “BGB”. BGB’s primary investment objective is to seek high current income, with a secondary objective to seek preservation of capital, consistent with its primary goal of high current income. BGB invests primarily in a diversified portfolio of loans and other fixed income instruments of predominantly U.S. corporate issuers, including first- and second-lien loans (“Senior Secured Loans”) and high yield corporate bonds of varying maturities. BGB must hold no less than 80% of its Managed Assets in credit investments comprised of corporate fixed income instruments and other investments (including derivatives) with similar economic characteristics. The Fund has a limited term and will dissolve on or about September 15, 2027, absent shareholder approval to extend such term.

**Portfolio Management Commentary**

*Fund Performance*

BGB outperformed a composite weighting of the S&P LLI and the Barclays HYI (75% loans, 25% high yield bonds) on a NAV per share basis for the periods of one year, three years, five years, and the life of the Fund since inception and underperformed its benchmark for the six months period. On a market price per share basis, the Fund outperformed its benchmark for the periods of three years and underperformed its benchmark for the six months, one year, five year and since inception period. The shares of the Fund traded at an average discount to NAV of 7.5% for the twelve months ended December 31, compared to its peer group average discount of 9.6% over the same time.<sup>1</sup>

*NAV Performance Factors*

The Fund’s outperformance relative to its benchmark in 2018 was primarily attributable to credit selection within both loans and high yield. Loans held in the Fund returned approximately +3.4% compared to approximately +0.5% for loans held in the S&P LLI. High yield bonds held in the Fund returned approximately -1.6% compared to -2.1% for the Barclays HYI. Within single-B loans specifically (approximately 64% of the Fund during the period), the Fund’s loans returned +3.2% compared to +0.8% for single-B loans held in the benchmark. Credit selection was positive in seven of ten sectors, with the strongest contributions from industrials, technology, and healthcare, partially offset by

negative energy performance.<sup>2</sup> By issuer, the largest positive contributors to performance relative to the benchmark were PF Chang's, Carestream Health, and Ivanti Software, while York Risk Services, The Brock Group, Inc, and FR Dixie were the most significant detractors.

*Portfolio Activity and Positioning*

During 2018, we continued to dynamically manage the Fund, using the secondary market to add or exit positions based on relative value and convexity while continuing to take advantage of new issue discounts in the primary market. The Fund reduced its allocation to high yield during the year in favor of loans.

As of December 31, 2018, the Fund held 86.9% of its Managed Assets in Senior Secured Loans and 13.1% in high yield bonds. BGB's investments represented the obligations of 275 companies, with an average position size representing 0.32% of Managed Assets of the Fund. Electronics/electrical, healthcare, and business services represented the Fund's top sector weightings.

<sup>1</sup> Average discount and peer group per Morningstar.

<sup>2</sup> Industries per S&P classifications.

<sup>8</sup> [www.blackstone-gso.com](http://www.blackstone-gso.com)

Blackstone / GSO Strategic Credit Fund Fund Summary

December 31, 2018 (Unaudited)

**BGB's Portfolio Composition\***

*Numbers may not sum to 100.00% due to rounding. The Fund's Cash and Other represents net cash and other assets and liabilities, which includes amounts payable for investments purchased but not yet settled and amounts receivable for investments sold but not yet settled. At period end, the amounts payable for investments purchased but not yet settled exceeded the amount of cash on hand. The Fund uses sales proceeds or funds from its leverage program to settle amounts payable for investments purchased, but such amounts are not reflected in the Fund's net cash.*

**BGB's Moody's Rating Distribution\***

*\*For more information on Moody's ratings and descriptions refer to [www.moody.com](http://www.moody.com).*

**Portfolio Characteristics**

Average All-In Rate	7.57%
Current Dividend Yield <sup>^</sup>	9.80%
Effective Duration <sup>^^</sup>	0.47 yr
Average Position*	0.32%
Leverage*	37.29%

<sup>^</sup>Using current dividend rate of \$0.110/share and market price/share as of 12/31/2018.

<sup>^^</sup>Loan durations are based on the actual remaining time until LIBOR is reset for each individual loan.

\*As a percentage of Managed Assets.

**Top 10 Issuers\***

Quest Software US Holdings, Inc.	1.6%
Advantage Sales & Marketing, Inc.	1.3%

Priso Acquisition Corp	1.2%
Pf Changs China Bistro	1.1%
Ivanti Software, Inc.	1.1%
McAfee LLC	1.0%
Asurion LLC	1.0%
KUEHG Corp	1.0%
Onex Carestream Finance LP	1.0%
GI Revelation Acquisition LLC	1.0%
<b>Top 10 Issuer</b>	<b>11.3%</b>

\*As a percentage of Managed Assets.

Portfolio holdings and distributions are subject to change and are not recommendations to buy or sell any security.

**Top 5 Industries\*^**

Electronics/Electrical	17.1%
Healthcare	15.0%
Business Equipment & Services	13.8%
Building & Development	8.4%
Oil & Gas	4.4%
<b>Top 5 Industries</b>	<b>58.8%</b>

\*As a percentage of Managed Assets.

^Industries per S&P.

**BGB Total Return**

	<b>6</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>Since</b>
	<b>Month</b>	<b>Year</b>	<b>Year<sup>†</sup></b>	<b>Year<sup>†</sup></b>	<b>Inception<sup>†</sup></b>
NAV*	-2.79%	-0.08%**	9.62%	4.31%	4.91%
Market Price*	-9.01%	-5.37%	9.62%	3.14%	2.03%
75% S&P LLI / 25% Barclays HYI	-1.82%	-0.19%	5.43%	3.32%	3.90%

*Annualized.*

*\*Assumes distributions are reinvested pursuant to the Fund's dividend reinvestment plan. Performance data quoted represents past performance and does not guarantee future results.*