

OVERVIEW

Estimated AUM €358m

Firm AUM €2.5bn

Share price €20.20
(discount to NAV: 22%)

BGHL is a closed-ended investment company which invests in BG Fund, Boussard & Gavaudan's flagship fund with 17 years of track record.

BGHL's investment objective is to deliver an annual return, net of fees, of 400 to 600 basis points above the risk-free rate over the business cycle, irrespective of market performance. The risk-free rate is "capitalized EONIA".

BG Fund is driven by bottom-up fundamental and event catalyst research, combined with extensive multi-asset arbitrage and derivative expertise. Typically, investment ideas are catalyst driven with a focus on special situations and events.

Capital is dynamically allocated to the firm's best ideas and these ideas are categorized into four main types of strategies: Equity, Volatility, Credit and Trading strategies.

NAV PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	
2020	1.12%	2.55%	-10.12%	4.98%	1.41%	1.70%	1.25%	-0.25%	1.93%	1.45%	4.37%	3.01%*	13.30%*	Annualized Performance +6.96%* since inception
2019	-0.41%	-0.58%	1.04%	-0.76%	0.59%	0.95%	1.92%	1.57%	-1.66%	-0.54%	0.79%	1.14%	4.07%	
2018	0.70%	1.34%	-0.60%	-0.58%	0.03%	-0.25%	-2.92%	0.18%	0.49%	-2.35%	-1.40%	-0.88%	-6.15%	
2017	0.59%	1.55%	0.08%	3.78%	1.16%	-0.07%	0.43%	-0.11%	-0.52%	-0.13%	-1.16%	0.22%	5.87%	Annualized Volatility 5.22%* since inception
2016	0.48%	2.02%	1.18%	0.70%	1.68%	-0.59%	0.78%	0.47%	-0.01%	-1.08%	0.09%	1.32%	7.22%	
2015	2.96%	1.15%	-0.36%	1.12%	2.06%	-1.92%	3.56%	0.87%	-1.47%	0.80%	4.80%	1.25%	15.65%	
2014	2.81%	-0.01%	-0.74%	1.62%	1.53%	-0.58%	0.08%	0.52%	-1.08%	-0.93%	3.16%	0.37%	6.85%	Sharpe Ratio 1.21* since inception
2013	0.89%	0.74%	-0.59%	0.24%	1.27%	0.83%	0.96%	0.47%	1.07%	1.57%	2.28%	3.14%	13.60%	
2012	3.90%	2.01%	-0.16%	0.54%	-0.61%	-0.32%	0.12%	1.29%	0.04%	0.83%	0.42%	1.08%	9.45%	
2011	0.71%	0.57%	2.16%	0.01%	-0.05%	-0.85%	-0.80%	-0.20%	-2.17%	2.49%	-3.92%	-0.39%	-2.58%	Beta to Euro Stoxx 50® (Total Return) 0.04* since inception
2010	1.35%	0.59%	1.62%	0.81%	-1.10%	1.00%	2.11%	-0.32%	0.79%	2.11%	0.04%	1.97%	11.49%	
2009	3.34%	-0.17%	1.20%	5.01%	4.17%	0.92%	1.91%	2.63%	2.92%	1.47%	0.30%	0.69%	27.15%	
2008	-2.10%	-0.01%	-2.32%	0.78%	1.29%	-2.98%	-1.19%	0.32%	-10.49%	1.67%	1.55%	1.09%	-12.30%	
2007	3.13%	1.45%	4.68%	0.73%	1.38%	-2.27%	0.85%	-2.21%	-0.32%	1.82%	-2.16%	-1.38%	5.56%	
2006	-	-	-	-	-	-	-	-	-	-	2.27%	2.82%	5.15%	

*Performance displayed is for EUR share class net of fees with income reinvested. Performance data is estimated and unaudited.

PERFORMANCE REVIEW

BGHL and BG Fund ended the month up +3.01% (EUR share class) and +2.83% (USD A share class) respectively vs Euro Stoxx 50® Total Return (+1.77%).

		Equity Strategies Special Situations	Equity Strategies Catalyst & Value	Credit Strategies	Volatility Strategies	Trading Strategies
BG Fund Capital Allocation		27%	35%	18%	12%	7%
BG Fund Performance	Dec 2020	1.23%	-0.16%	0.18%	0.99%	0.59%
Attribution	Year-to-date	6.08%	-2.35%	0.45%	4.06%	4.33%

CORPORATE UPDATE

Since the restart of the share buyback program on 17 December 2019, the firm has bought back 1,715,966 shares. The current number of shares outstanding excluding treasury shares for both the EUR and GBP share classes is 13,787,763.

CONTACT

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Risk warning: Past performance is no guide to future performance. The value of holdings may fall as well as rise and investors may not get back their initial investment. Performance displayed is for the EUR share class net of fees with income reinvested and is calculated on a NAV to NAV basis. Performance data is estimated and unaudited. All figures are correct as of 31st December 2020 unless otherwise stated.

Source: Bloomberg, Boussard & Gavaudan.

HIGHLIGHTS

BG Fund had another very strong month in December, returning +2.83% and bringing full year 2020 returns to +12.57% (USD A estimate). During December credit markets tightened with iTraxx Crossover® (S34) finishing the month at 242bps (23bps tighter over the month), and volatility was slightly up with VStoxx® ending the month at 23.4% (up from 22.9%).

Monthly performance was led by equity risk arbitrage & special situations with specific gains from positions in Altice Europe, G4S and Orange Belgium all of which benefited from ongoing corporate activity. Volatility strategies along with trading strategies also contributed strongly.

For the year as a whole, the Fund's +12.57% net performance was delivered against a backdrop of negative European equity markets: the Eurostoxx 50® Total Return returned -3.21% in 2020. BG Fund's excess returns were primarily attributed to volatility strategies (notably mandatory & convertible bond arbitrage), event driven positions (especially equity risk arbitrage & special situations), and trading strategies.

We remain extremely positive on the event driven, arbitrage and volatility environment in Europe. Corporate activity has started to accelerate, and M&A is expected to remain strong into and beyond 2021. Strategic and industrial buyers are becoming increasingly active in Europe and combined with readily available financing and significant private equity dry powder, the event driven opportunity set will remain extremely exciting. Likewise, with increasing levels of corporate activity and potential for a COVID vaccine recovery really driving certain sectors, the issuance of hybrid paper - notably mandatory convertibles and convertible bonds - will continue to provide an interesting environment for relative value arbitrage and volatility strategies.

With Brexit now largely in the rear-view mirror, the increasing roll out of COVID vaccines and the likelihood of a more positive international trade policy by the incoming US administration, we expect a relative and absolute tail wind for European opportunities.

Important Information

The Company is established as a closed-ended investment company domiciled in Guernsey. The Company has received the necessary approval of the Guernsey Financial Services Commission and the States of Guernsey Policy Council. The Company is registered with the Dutch Authority for the Financial Markets as a collective investment scheme pursuant to article 2:73 in conjunction with 2:66 of the Dutch Financial Supervision Act (Wet op het financieel toezicht). The shares of the Company (the "Shares") are listed on Euronext Amsterdam. The Shares are also listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange plc's main market for listed securities.

This is not an offer to sell or a solicitation of any offer to buy any securities in the United States or in any other jurisdiction. This announcement is not intended to and does not constitute, or form part of, any offer or invitation to purchase any securities or the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law.

Neither the Company nor BG Fund have been, and neither will be, registered under the US Investment Company Act of 1940, as amended (the "Investment Company Act"). In addition, the securities referenced in this announcement have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"). Consequently, any such securities may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, US persons except in accordance with the Securities Act or an exemption therefrom and under circumstances which will not require the issuer of such securities to register under the Investment Company Act. No public offering of any securities will be made in the United States.

You should always bear in mind that:

- all investments are subject to risk;
- past performance is not a reliable indicator of future results;
- the investment performance of BGHL may go down as well as up. You may not get back all of your original investment; and
- if you are in any doubt about the contents of this communication or if you consider making an investment decision, you are advised to seek expert financial advice.
- any reference to individual investments within this document should not be taken as a recommendation to buy or sell.

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