



**Boussard & Gavaudan Holding Limited**  
**A closed-ended investment company incorporated with limited liability under the laws of**  
**Guernsey, with registration number 45582.**

**Interim Management Statement**  
**For the Quarter ended 31<sup>st</sup> March 2022**

**I. PRINCIPAL ACTIVITIES**

Boussard & Gavaudan Holding Limited (“BGHL” or “the Company”), a closed-ended investment company incorporated under the laws of Guernsey, announces its interim management statement for the period from 1 January to 31 March 2022 (“the period”).

The Company is registered with the Dutch Authority for Financial Markets and is listed on the NYSE Euronext Amsterdam, and the London Stock Exchange.

During the period, BGHL has invested indirectly in BG Master Fund ICAV (“BG Fund” or “the Fund”), a Europe-focused multi-strategy hedge fund established in Ireland and authorised by the Central Bank as a Qualified Investor Fund (QIF), through a dedicated share class of the feeder fund, BG Umbrella Fund Plc. The Fund aims primarily at arbitraging instruments with linear or non-linear pay-offs on equities and credit markets. The overall investment objective of the Fund is to provide investors with consistent absolute returns, primarily through investing and trading in financial instruments of companies incorporated in, or whose principal operations are in, Europe.

In addition, a proportion of the net assets of BGHL may be invested in other hedge funds and/or other financial assets.

Boussard & Gavaudan Investment Management LLP (“BGIM” or “the Investment Manager”) is the Investment Manager for both the Company and the Fund.

## II. HIGHLIGHTS

	31-Mar-22	31-Dec-21
Assets under management (€m)	354	366
Market capitalisation (€m)	293	292
Shares outstanding	12,446,842	12,517,315

	NAV per Share		Share price*		Discount to NAV	
	€ shares	£ shares	€ shares	£ shares	€ shares	£ shares
31-Mar-22	€ 28.43	£24.67	€ 23.50	£20.00	-17.34%	-18.93%
31-Dec-21	€ 29.20	£25.31	€ 23.30	£19.00	-20.21%	-24.92%
Performance	-2.64%	-2.51%	0.86%	5.26%		

\*Amsterdam (AEX) market close for the Euro Share and London (LSE) market close for the Sterling share

## III. PERFORMANCE

European equity markets came under significant selling pressure this period, with the Euro Stoxx 50® Total Return falling -6.35% impacted by the invasion of Ukraine by Russia which has shaken markets. Similar stress started to show in credit markets with the iTraxx Crossover® (S36) widening to 311bps from 242bps at the end of December and the market implied volatility measure VStoxx® jumping from 19.3% to 29.0%.

### 1. BG Fund

BG Fund (EUR B) was the detractor for the quarter.

#### 1.1. Volatility strategies

##### **Mandatory Convertible Bond Arbitrage**

Mandatory convertible bonds contributed slightly negatively due to a small repricing in the market. There was no particularly strong market dynamic nor new issue supply during the quarter. Many of the existing issues have been repaid or will be so this year. The Investment Manager is hopeful that market conditions and ongoing M&A may precipitate new mandatories during the course of 2022.

##### **Convertible Bond Arbitrage**

Convertible bond arbitrage contributed positively this period with European and US positions delivering a positive contribution but for differing reasons. Performance arising from European convertible bonds came primarily from an active trading environment in secondary flows while European primary markets remain very quiet. On the US side, despite big moves in interest rates, convertible bond prices did not fall as much as these moves would imply, and well-hedged positions meant that the fund was able to deliver decent performance.

##### **Volatility Trading**

Volatility trading contributed positively to the performance of the fund during the first quarter. US dispersion positions delivered steady returns as interest rate moves continued to drive sectorial rotations. Moreover the Investment Manager was successful in identifying the right candidates on which to add to gamma. Overall Volatility performance was mixed between regions this quarter with significant discrepancies between Europe

and the US. While there was no sustained panic in the market overall a generally higher volatility of volatility was observed which enabled the Investment Manager to trade more actively.

#### ***Warrant Trading***

Warrant arbitrage and SPACS contributed slightly negatively.

### **1.2. Equity Strategies**

Equity strategies were the main detractor to the fund's performance this quarter, mainly impacted by a conviction position in a German company where the stock was materially impacted by the Russia/Ukraine crisis. The Investment Manager nevertheless remains constructive on the outlook for both this stock and the equity portfolio overall. To a lesser extent, the portfolio also suffered from the general de-risking and sectoral rotation in the market which impacted a few positions. Elsewhere, the portfolio held up well in a difficult market with support provided by its long gamma profile and by a number of profitable risk arbitrage and special situations positions.

### **1.3. Credit Strategies**

#### ***Capital Structure Arbitrage***

Capital structure arbitrage was flat this period.

#### ***Credit Long / Short***

Credit long / short contributed positively this period. The high yield crossover index widened +69bps to 311bps on geopolitical concerns. Meanwhile the fund's oil & gas related positions remained very resilient and made a good contribution to performance.

#### ***Credit Special Situations***

Credit special situations contributed negatively, mainly impacted by a position which was marked down due to some small operations in Russia, however these represent a minority of business revenues and the Investment Manager remains constructive on the overall outlook for the company.

### **1.4. Trading**

Trading contributed positively. Systematic trend following strategy has had a strong performance and although equity quantitative trading suffered headwinds due to a strong sectoral rotation in January trading overall delivered a solid positive contribution for Q1.

## **2. Investments Other Than BG Fund**

The contribution of this investment was flat on the period.

### **Rasaland Investors ("RLI")**

Rasaland Investors ("RLI") RLI is a Malta-based holding company structured as a private equity fund in terms of fees and organisation and managed by BK Partners. RLI is dedicated to land, hotels and high-end resort developments in Mexico. RLI's main asset is a majority interest in ACTUR, a private company owning the land developing assets. ACTUR's other shareholders are Mexican public institutions.

In July 2020, RLI made a cash tender offer to buy back its own shares, for a price per share of US\$0.12270. The valuation of BGHL's investment in RLI shares was marked down on 31 August 2020, using the US\$0.12270 per share price as the estimated fair value of the RLI shares. This price represents a circa 80% discount to the latest published NAV per share.

## **IV. OUTLOOK**

The global political situation remains very uncertain, and the Investment Manager continues to actively risk manage the portfolio to damp down exposure to macro risk factors in the portfolio. This backdrop however also create a very dynamic environment which demands action from both corporates and governments to re-evaluate business models and strategic approaches, driving capital flows and creating market mis-pricings. These factors combine to create a wealth of investment opportunities and the Investment Manager has used the market turmoil to add to several existing investments and has initiated a number of new positions in BG Fund.

The Investment Manager continues to be fully committed to the strategies of the Company.

For further information contact:

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### **Disclaimer**

*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 has 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 investment is subject to risk;*
- *Results in the past are no guarantee 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.*

*This communication is for information purposes only and the information contained in this communication should not be relied upon as a substitute for financial or other professional advice.*

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