

**OVERVIEW**

**Estimated AUM** €316m

**Firm AUM** €2.9bn

**Share price** €14.60  
(discount to NAV: 32%)

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

BG Fund aims to deliver a net return of Eonia capitalized +400 to 600 bps over the business cycle irrespective of the market performance.

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%	-10.06%*										-6.74%*
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%
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%
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%
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%

**Annualized Performance**  
+5.82%\* since inception

**Annualized Volatility**  
5.15%\* since inception

**Sharpe Ratio**  
1.00\* since inception

**Beta to Euro Stoxx 50©**  
0.04\* since inception

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

**PERFORMANCE REVIEW**

In a highly-stressed market context, BGHL and BG Fund ended the First Quarter down -6.74% (EUR share class) and -6.84% (USD A share class) respectively vs Eurostoxx 50© (-25.59%).

		Equity Strategies Special Situations	Equity Strategies Catalyst & Value	Credit Strategies	Volatility Strategies	Trading Strategies
<b>BG Fund Capital Allocation</b>		27%	41%	17%	8%	7%
<b>BG Fund Performance Attribution</b>	March 2020	-2.56%	-6.44%	-1.48%	0.24%	0.69%
	Year-to-date	-2.85%	-5.82%	-1.70%	0.54%	3.00%

**CORPORATE UPDATE**

Since the restart of the share buyback program on 17 December 2019, the firm has bought back 706,009 shares. The current number of shares outstanding excluding treasury shares for both the EUR and GBP share classes is 14,797,211.

**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 at 31st March 2020 unless otherwise stated.

**Source:** Bloomberg, Boussard & Gavaudan 31.03.2020.

# BOUSSARD & GAVAUDAN HOLDING LIMITED

## I. COMPANY INFORMATION

General information	
Investment manager	Boussard & Gavaudan Investment Management LLP
Company domicile	Guernsey
Website	<a href="http://www.bgholdingltd.com">www.bgholdingltd.com</a>
Management fee	1.5% p.a.
Performance fee	20% with HWM

	SEDOL	ISIN	Reuters	Bloomberg
EUR Euronext	B1FQG45	GG00B1FQG453	BGHL.AS	BGHL NA
EUR LSE	B28ZZQ1	GG00B1FQG453	BGHL.L	BGHL LN
GBX LSE	B39VMM0	GG00B39VMM07	BGHS.L	BGHS LN
GBX Euronext	B39VMM1	GG00B39VMM07	BGHS.AS	BGHS NA

## II. OVERVIEW

Boussard & Gavaudan Holding Limited (“BGHL”) is a Guernsey closed-ended investment company and is registered with the Dutch Authority for the Financial Markets as a collective investment scheme under article 1:107 of the Dutch Financial Markets Supervision Act. BGHL invests its assets in order to provide exposure to multiple alternative investment strategies managed by the Investment Manager. The investment objective is to produce long-term appreciation of its assets. BGHL seeks to achieve this by investing in BG Fund (“the Fund”). In addition, a proportion of the net assets of BGHL may, at the discretion of the Investment Manager, be invested in other hedge funds and financial assets selected by the Investment Manager. BGHL aims to generate a target NAV annualized return of Eonia capitalized + 400/600 bps over the business cycle, net of all fees.



### III. SHARE INFORMATION as of 31 March 2020

Net Asset Value (NAV)	Euro share	Sterling share
Estimated NAV*	€ 21.3568	£19.0191
Estimated month to date return*	-10.06%	-10.46%
Estimated year to date return*	-6.74%	-7.84%
Estimated inception to date return*	113.57%	90.19%

Market information	Amsterdam (AEX)	London (LSE)
EUR share Market close	€ 14.60	-
EUR share Premium / discount to estimated NAV	-31.64%	-
Sterling share Market close	-	£11.50
Sterling share Premium / discount to estimated NAV	-	-39.53%

Transactions in own securities purchased into treasury	Euro share	Sterling share
Number of shares	9,086	-
Average Price	€ 17.62	-
Range of Price	-	-

Ordinary Shares	Euro share	Sterling share
Shares issued	14,407,755	398,542
Shares held in treasury	9,086	0
Shares outstanding	14,398,669	398,542

	BGHL
Total value of the investments of BGHL based on the estimated NAV for the shares outstanding	€ 316 million
Market capitalisation of BGHL based on the share price for the shares outstanding Amsterdam (AEX) market close for the Euro Share and London (LSE) market close for the Sterling share	€ 215 million

\* Estimated numbers, net of fees. The data is not audited.

#### IV. BGHL TRACK RECORD

BGHL Track Record – Historical NAV Returns Summary (Net of Fees)														
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
<b>BGHL EUR NAV</b>														
2006	-	-	-	-	-	-	-	-	-	-	2.27%	2.82%	5.15%	5.15%
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%	11.00%
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%	-2.66%
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%	23.77%
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%	37.99%
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%	34.42%
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%	47.12%
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%	67.14%
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%	78.59%
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%	106.55%
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%	121.45%
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%	134.46%
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%	120.05%
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%	128.99%
2020	1.12%	2.55%	-10.06%*										-6.74%*	113.57%*
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
<b>BGHL GBP NAV</b>														
2008	-	-	-	-	-	-	-1.45%	-0.08%	-9.09%	0.16%	4.51%	3.69%	-2.84%	-2.84%
2009	1.88%	0.16%	0.52%	3.86%	3.22%	0.52%	1.62%	2.72%	2.97%	1.09%	0.28%	0.40%	20.91%	17.48%
2010	1.22%	0.40%	1.58%	0.72%	-1.43%	0.76%	2.01%	-0.36%	0.65%	1.97%	-0.17%	1.89%	9.57%	28.72%
2011	0.68%	0.37%	1.99%	-0.10%	-0.11%	-1.31%	-0.93%	-0.27%	-2.71%	2.37%	-4.46%	-0.45%	-5.00%	22.28%
2012	3.87%	2.14%	-0.32%	0.58%	-0.66%	-0.33%	0.13%	1.01%	0.04%	0.81%	0.39%	1.05%	8.98%	33.26%
2013	0.93%	0.71%	-0.60%	0.22%	1.11%	0.85%	0.94%	0.46%	1.05%	1.45%	2.20%	3.06%	13.04%	50.64%
2014	2.73%	-0.05%	-0.81%	1.60%	1.43%	-0.65%	0.04%	0.43%	-1.08%	-1.00%	2.46%	0.14%	5.29%	58.61%
2015	2.85%	1.10%	-0.41%	1.12%	1.91%	-1.97%	3.04%	0.91%	-1.41%	0.79%	4.31%	1.17%	14.08%	80.95%
2016	0.09%	2.09%	1.24%	0.75%	1.70%	-0.49%	0.84%	0.54%	0.04%	-1.02%	0.07%	1.38%	7.44%	94.40%
2017	0.63%	1.58%	0.13%	3.77%	1.29%	-0.06%	0.51%	-0.04%	-0.50%	-0.08%	-1.10%	0.30%	6.52%	107.08%
2018	0.76%	1.41%	-0.54%	-0.50%	0.09%	-0.19%	-2.78%	0.28%	0.58%	-2.23%	-1.29%	-0.79%	-5.14%	96.44%
2019	-0.29%	-0.47%	1.14%	-0.64%	0.68%	1.05%	2.06%	1.65%	-1.44%	-0.42%	0.89%	0.78%	5.05%	106.36%
2020	0.88%	2.03%	-10.46%*										-7.84%*	90.19%*

\* Estimated numbers, net of fees. The data is not audited.

## V. BGHL COMPOSITION

BGHL is invested in BG Fund (net of an amount retained by BGHL for working capital and other requirements).

As of 1 April 2020, 96.48% of BGHL net asset value is invested in BG Fund. BGHL has a maximum exposure limit to BG Fund of 110%. The remained BGHL net asset value is made up of direct investment and cash.

### A. BG FUND

The decline in European markets accelerated in March on the back of Coronavirus fears and consequences of the growing lockdowns on the global economy. The Eurostoxx 50<sup>©</sup> fell -16.3% for the month, volatility continued to increase with VStoxx<sup>©</sup> finishing the month at 48.6%, up from 42.2%, and iTraxx Crossover (S32) <sup>©</sup> ending March at 552bps (222bps wider for the month).

In this highly-stressed market context, BG Fund ended the First Quarter down -6.84% (USD A share class) vs Eurostoxx 50<sup>©</sup> (-25.59%). For March, BG Fund lost -9.56% (USD A share class) with negative contributions mainly arising from mark-to-market declines on positions in Equity Strategies.

### ADDITIONAL MARKET BACKDROP AND OPPORTUNITY SET

The significant market dislocation, increase in volatility and spread widening of the past few weeks has created opportunities for BG which have been largely absent for 5-10 years.

Many of these opportunities and strategies are non-directional arbitrage and volatility-based situations where the risk-reward is extremely attractive and is often combined with idiosyncratic clearly identifiable hard catalyst pay-offs. During the course of the sell-off and currently, the BG Fund has maintained robust levels of excess margin and unencumbered cash. We have used this excess capital and the market stress to add to our highest conviction positions and in addition have been building positions in new opportunity areas. We highlight some of these sub-strategies below and would be happy to discuss specific details, positions and trade structures on request.

After years on the sideline, convertible bond (CB) arbitrage has become very attractive again and we expect a surge in new issuance. This comes at a juncture when the traditional long only funds are seeing some redemptions and there are fewer experienced arbitrage funds left to take advantage of the current dislocation in Europe. For example, in early April, Amadeus raised €1.5bn through issuance of €750m in equity and €750m in convertible bonds. The pricing was such, that it offered the opportunity to buy volatility at levels lower than pre-crisis, while the spread on the debt was priced above the full-crisis credit spread. This generates a range of excellent profit opportunities for an active arbitrage manager such as BG. Furthermore, secondary market convertibles are also cheapening to attractive arbitrage buying levels.

Volatility Strategies are also back at attractive levels - although single stock vol looks high on an absolute basis, realised volatility is even greater, creating very profitable gamma trading opportunities. Similarly, vol of vol is high creating opportunities in areas such as warrant arbitrage, calendar spreads and skew trades. In addition, we anticipate more corporate trades, where banks syndicate their current positions (private collars/mandatories) and those for corporates seeking capital through new derivative structures.

Within event driven, many risk arbitrage spreads have widened to the point of dislocation as certain funds were forced to liquidate or de-risk, crystalizing losses for them while presenting historic opportunities to investors able to endure and look through the market stress. In addition, there are many special situation and restructuring opportunities in mid- and small-cap European companies where BG intends to act as the catalyst through provision of financing, restructuring or advice on an industry or financial sale. BG has had long and deep relationships with these companies for many years and there is an active ongoing engagement with management.

Corporate balance sheet restructuring is also seeing new interesting situations: overindebted companies are realising that there may be no upward exit and as such they will need to restructure. At the same time, many regular market participants and liquidity providers are retreating making the opportunity set even more exciting.

During BG's 17 years as an Event Driven & Arbitrage multi-strategy fund, we have built a very deep and experienced team along with a significant presence in European capital markets. The level of capital markets activity will once again start to blossom with companies raising equity, debt, and hybrid equity (convertible bonds).

## Volatility strategies

### **Mandatory convertible bond arbitrage**

Mandatory convertible bonds contributed -7bps in March. Flows were limited in the context of the Coronavirus outbreak and liquidity was challenging where we tried to add to positions. Valuations drifted slightly lower overall. We expect these small negative moves to reverse as the positions pull to maturity. There were no primary market issues during the month.

### **Convertible bond arbitrage**

Convertible bond contribution (excl. mandatories) to the performance of the fund was -10bps in March. As mentioned in previous newsletters, our general CB inventory has been small due to the limited arbitrage opportunities prior to the crisis. Consequently, the impact from CB's was relatively small despite the fact that convertible bond valuations cheapened. Most market flows were on investment grade names and on shorter dated maturities. With a number of forced sellers in the market, multiple opportunities have now appeared, and we are starting to deploy capital into the strategy.

### **Volatility Trading**

Realised volatility vs implied forward at the end of February\*:

	30d Implied vol level on 28/02/20	Realised vol over the month	Difference
US	40.11	96.20	56.09
EUROPE	42.23	78.85	36.62

Variation of implied volatilities during March \*:

	Apr. Vol Index Fut as of 28/02/20	1pr. Vol Index Fut as of 31/03/20	Vol move
US	23.02	46.77	23.75
Europe	22.80	43.85	21.05

Volatility trading contributed +52bps to the performance of the fund during March. During the month, both implied and realised volatility jumped significantly higher across all asset classes. Our various volatility positions (mainly single stock and index gamma exposures, volatility swap dispersion, FX volatility, VIX strategies and some light exotic exposures) benefited significantly from this change of regime and positions behaved well during the market turmoil.

We took a cautious approach when volatility started to move up and increased our positive convexity, buying additional gamma and avoiding holding any kind of positive carry positions.

Despite some deterioration in liquidity we also managed to monetize and exit a number of positions where implied levels became very elevated during the extreme stress and market panic.

We continue to carefully monitor the whole volatility space and trade new opportunities as they arise. Bid/offer costs are now higher than pre-crisis and we remain vigilant in assessing the risk reward profile of any new positions.

### **Warrant arbitrage**

Warrant arbitrage contributed -11bps in March. We are excited about the increase in vol of vol which will bring new opportunities to warrant arbitrage as well as calendar spreads and skew trades.

## Equity strategies

During the first week of March, equity markets continued the sell-off that began in February as COVID-19 officially became a pandemic. The equity market decline and dislocation were exacerbated during the second week of March as Saudi Arabia launched into an oil price war with Russia and increased output causing crude prices to collapse by 50-

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\* Source: Bloomberg

60%. In March, equities fell as much as -30% to the lows as the markets digested the impact of COVID-19 on the economy and as governments worldwide implemented lockdowns. Equity markets staged a partial rally towards month-end as countries around the world responded to the pandemic with monetary and fiscal stimulus packages.

Following a solid positive return in February, the equity portfolio lost -90bps this month. The largest losses occurred in risk arbitrage and value-with-catalyst positions. More painful than the equity market decline itself were the market dynamics and dislocation caused by other investment funds who were forced to liquidate and de-risk positions. These forced unwinds and concerns about deal MAC (material adverse change) clauses caused many M&A deal spreads to widen to the point of dislocation.

Some of our largest mark-to-market losses were in risk arbitrage strategies, where spreads on deals that appeared secure in February, suddenly priced a very high risk of collapse. Important to note is that BG was at no point a forced seller of positions – to the contrary we took advantage of our solid capital position to add selectively during the stress. For example, the Allergan / Abbvie spread widened to more than 8%, despite the deal being viewed as one of the most certain transactions, with no relevant MAC clauses applicable and closing expected within the next 2 months. The widening was primarily related to massive de-risking from dedicated Risk Arb Funds. On the Osram/AMS takeover, Osram shares collapsed (as much as -25% for the tendered line and -50% for the untendered one) on concerns that the AMS rights issue would fail, putting the deal financing at risk. The completion of the rights issue - which was already in any event fully underwritten by the banks - provided comfort to investors and the spread has converged materially from the wides. The Fiat/Peugeot spread also exploded driven by general concerns on the overall Auto industry, likelihood of cancellation of dividends, risk of renegotiation of terms, and a short sale ban in France preventing arbitrage funds buying the spread at distressed levels. In direct contrast to the probability implied by current market pricing, we believe the current environment rather reinforces the strategic rationale driving the deal.

In the value-with-catalyst sub-strategy, many stocks sold off disproportionately, with indiscriminate selling. Much of this selling seems to us as akin to ‘throwing the baby out with the bath water’. One great example is CGG which provides geophysical seismic imaging software and services. While CGG operates in the oil and gas space it was primarily impacted by the wholesale selling of shale oil stocks rather than specifics of its own business. The company has been fully restructured over the past few years, transitioning to an asset-light model with much upgraded management. While some parts of its business will clearly experience a slowdown, a large part of their business will remain very resilient. Free cash-flow is strong, debt is low, and liquidity is ample. Despite these positives, the stock traded below the price where it was at the height of its restructuring stress, when the company was over-levered and in insolvency proceedings. We have added to the position.

SPIE is another example of a robust industrial services business that saw its stock finish the month down an incredible -47%. We believe the company is resilient and less cyclical than priced by the market – proven by its performance in the '08-'09 crisis during which time its sales remained fairly consistent – and has ample liquidity and no balance sheet issues.

Similar situations can be seen on many other names and we are using this opportunity of dislocated markets to increase our key conviction positions.

## Credit strategies

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

Capital structure arbitrage was flat this month having gone into the crisis with limited positioning. Credit and equities sold off significantly with both asset classes evolving in line with the global risk off mood. Credit overall was more resilient due to the accommodative and supportive stance from new central bank buying programmes.

### ***Credit long / short***

Credit long / short had a negative contribution this month (-92bps). After a strong market at the beginning of the year, credit markets sold off in March alongside other risk assets. Cash markets fared particularly badly and the lows were seen mid-month as many market participants began working from home which disrupted, or at least slowed, operations for some participants. The market became progressively more operationally efficient with increased liquidity towards month end. As clarity emerged from central banks on their proposed buying programmes this helped the market to stabilise and we saw inflows into the asset class. The initial sell off and mark-downs saw little discrimination. However, we expect more dispersion going forward, with good quality corporate and financial credits rebounding first. We have already observed this in our portfolio and expect this trend to continue, with growing

trickle down the credit quality spectrum due to the newly announced buying of high yield and crossover assets by the Fed.

Among the largest negative contributors, was our long position in CGG bonds which was sold indiscriminately alongside other energy names. On financials, subordinated instruments such as AT1s suffered initially but started to rebound, particularly for national champions, on the back of favourable measures from regulators, central banks and issuers. We believe that the repricing in financial credit offers a very attractive risk/reward given the fundamental robustness of the financial sector and mitigating measures already implemented.

We have used the market sell off to reduce our short strategies, especially in indices, and are actively adding to highest conviction positions where opportunities arise.

We are constructive on credit as an asset class and believe as the market continues to become more discriminating this will bring trading and investment opportunities. New issues in investment grade have seen strong activity, however high yield issuance in Europe is yet to reopen. We will be watching this area carefully as the corporates who are more financially challenged will now have to pay a decent premium. The market has definitely turned more favourably in the investor's direction.

#### ***Credit special situations***

Credit special situations contributed -56bps this month, with the mark-to-market loss spread across our positions. On KCA Deutag, as has been expected for the past year, the company is now entering into talks with creditors in order to discuss a restructuring of its debt. KCA Deutag remains well positioned in the downturn as it operates mainly in the lowest extraction cost oil regions in the world (onshore Middle East and Russia) where petroleum revenues are essential to governments. Moreover, KCA Deutag's operations have proven to be highly cash flow generative even in the last oil market downturn.

#### **Trading**

Trading contributed positively (+69bps) mainly thanks to Systematic Trend Following and to Macro Trading.

On Systematic Trend Following, most of the profits came from our exposure to rates and in particular short-term rates. The model was well positioned to benefit from rate cuts by central banks especially in the US.

On Macro Trading, we primarily benefited from our risk-off positioning at the start of the month (long US 10-year sovereign bonds, short the US-Europe sovereign spread and long gold). Once the sell-off in risky assets started our bearish bias was reinforced by a short on oil prices. After the initial sell off, asset liquidation by distressed investors triggered a fall in almost all asset classes. Our macro positioning has now been mostly neutralized pending further clarity on the outlook. The core view is that central banks will prevent a financial crisis to occur near term however, huge fiscal reflation coupled with impaired structural productivity will trigger a structural rise in inflation once the current deflationary shock is over.

Equity Quantitative Strategy had a modest negative contribution in March following strong contribution in January and February. Over the first three months of the year BG substantially scaled back exposure. During the first leg down in markets, the strategy performed well thanks largely to its defensive positioning. However, in the second half of the month the substantial market deleveraging led to an overall negative contribution of the strategy (although still significantly positive for the year). We believe that the current environment calls for some minor adjustments to the strategy and we will slowly re-implement a slightly modified version.

### **B. DIRECT INVESTMENTS OTHER THAN BG FUND**

On top of its investment in BG Fund, BGHL has other investments. As of 31 March 2020, the net asset value of these investments represents about 1.45% of the net asset value of BGHL.

#### **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 investing in land, hotels and high-end resort developments in Mexico. RLI



main asset is a majority interest in ACTUR its private subsidiary. ACTUR's other shareholders are Mexican public institutions. ACTUR owns land developing assets and a minority interest in the publicly-traded company RLH Properties (ticker: RLHA:MM). RLI announced that it has received an offer for RLH Properties. The sale of this significant asset is still conditional.

Pending completion of the RLH sale, the current value of the investment in RLI is kept unchanged by BGIM. The December 2019 NAV of RLI is lower than the preceding December 2018 NAV because RLI is valuing RLH based on the agreed transaction price in the pending sale of RLH. The discount applied by BGIM to the latest NAV of RLI is accordingly reduced from 50% to 44.79%.

## **VI. BOUSSARD & GAUDAUDAN INVESTMENT MANAGEMENT UPDATE**

### **A. TRANSACTION IN THE COMPANY'S SECURITIES**

Please note that transactions in the Company's securities that have been performed by officers, directors and persons referred to in the section 5:60 of the Financial Supervision Act ("Wft") are reported:

- directly on the AFM website: [www.afm.nl](http://www.afm.nl) (professionals > registers > notifications > insider-transactions 5:60 wft);
- on the Company's website through a link to the AFM notification: [www.bgholdingltd.com](http://www.bgholdingltd.com) (Investment Manager > Regulatory information).

Transactions in the Company's own securities are also reported on:

- the AFM website: [www.afm.nl](http://www.afm.nl) (professionals > registers > notifications > price-sensitive press releases);
- the Company's website: [www.bgholdingltd.com](http://www.bgholdingltd.com) (Investor Relations > Financial announcements).

### **B. BGIM'S AUM**

As of 1 April 2020, BG Fund assets under management are €2.19bn.

During this unprecedented time, we would like to extend our heartfelt best wishes to you, your families and colleagues.

Be well, stay safe.

Sincerely,

E. Boussard and E. Gavaudan

Investment Manager

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## VII. ANNEXES ON BG FUND

Annex 1: Greeks		
Delta	13.3%	13.3 bps P&L variation for market +1%
Gamma	1.7%	delta variation for market +1%
Vega	17 bps	by vol point
Theta	-70 bps	by 30 days
Optional theta	-82 bps	by 30 days
Rho	-1.5 bps	for 1 bp of interest rates increasing
Credit sensitivity	-2.8	for 1% of credit spreads widening (in relative)

Annex 2: Performance Attribution *	
<b>Volatility Strategies</b>	<b>24 bps</b>
Mandatory convertible bond arbitrage	-7 bps
Convertible bond arbitrage (incl. credit convertible bonds)	-10 bps
Volatility trading	52 bps
Warrant arbitrage	-11 bps
<b>Equity Strategies</b>	<b>-901 bps</b>
Risk arbitrage / Special situations	-256 bps
Long / short trading with short-term catalyst & Value	-644 bps
<b>Credit Strategies</b>	<b>-148 bps</b>
Credit long / short	-92 bps
Capital structure arbitrage	0 bps
Credit special situations	-56 bps
<b>Trading</b>	<b>69 bps</b>
<b>Total</b>	<b>-956 bps</b>

Annex 3: Equity at Risk	
<b>Volatility Strategies</b>	<b>5.6%</b>
Mandatory convertible bond arbitrage	1.0%
Convertible bond arbitrage (incl. credit convertible bonds)	1.6%
Volatility trading	1.8%
Warrant arbitrage	1.3%
<b>Equity Strategies</b>	<b>50.2%</b>
Risk arbitrage / Special situations	20.0%
Long / short trading with short-term catalyst & Value	30.2%
<b>Credit Strategies</b>	<b>12.7%</b>
Credit long / short	12.1%
Capital structure arbitrage	0.0%
Credit special situations	0.6%
<b>Trading</b>	<b>5.5%</b>
Quantitative equity trading	0.1%
Systematic trend following	2.9%
Index Rebalancing Arbitrage	0.0%
Trading using A.I	0.0%
Other	2.4%
<b>Cash Equivalents</b>	<b>0.8%</b>
<b>Total</b>	<b>74.8%</b>

\* Monthly estimated figures for USD A share class, net of fees. The data is not audited.

## Annex 4: Gross Exposure (in % of AUM)

Volatility Strategies		
	Long	18.2%
Mandatory convertible bond arbitrage	Short equity	17.5%
	Short credit	0.0%
	Long	6.3%
Convertible bond arbitrage (incl. credit convertible bonds)	Short equity	0.7%
	Short credit	0.0%
	Long	14.0%
Volatility trading	Short	11.6%
	Long	3.2%
Warrant arbitrage	Short	0.0%
	<b>Equity Strategies</b>	
Risk Arbitrage / Special Situations	Long	58.1%
	Short	30.2%
Long / Short trading with short-term catalyst / Value	Long	92.3%
	Short	79.2%
Credit Strategies		
Credit long / short	Long	16.8%
	Short	1.5%
Capital structure arbitrage	Long	0.0%
	Short	0.0%
Credit special situations	Long	0.3%
	Short	0.0%
Trading		
Quantitative equity trading	Long	0.3%
	Short	0.2%
Systematic trend following	Long	21.9%
	Short	6.7%
Index Rebalancing Arbitrage	Long	0.1%
	Short	0.1%
Trading using A.I	Long	0.0%
	Short	0.0%
Other	Long	4.1%
	Short	0.1%
<b>Gross Exposure</b>		<b>383.4%</b>

	Long	Short
Mandatory convertible bond arbitrage and Convertible bond arbitrage	$\sum$ market value long	Abs ( $\sum$ [delta equity + options]) + $\sum$ notional long for CDS
Volatility Trading	$\sum$ Abs (delta)	$\sum$ Abs (delta)
Warrant Arbitrage	$\sum$ delta long	$\sum$ Abs (delta short)
Equity Strategies	$\sum$ delta long	$\sum$ Abs (delta short)
Credit Strategies	$\sum$ market value long + $\sum$ Abs (notional short for CDS)	$\sum$ Abs (market value short) + $\sum$ notional long for CDS
Trading	$\sum$ delta long	$\sum$ Abs (delta short)

## Annex 5: Investment Manager's Track Record – Historical Returns Summary (Net of Fees)

### USD A Share Class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD (4)
<b>Sark Fund</b>														
2003	-	-	0.67%	0.70%	0.77%	0.94%	0.84%	0.97%	1.15%	1.46%	1.01%	0.15%	9.00%	<b>9.00%</b>
2004	1.00%	-0.17%	0.96%	0.13%	0.07%	-0.35%	-0.47%	-0.47%	-0.24%	-0.59%	1.16%	1.06%	2.08%	<b>11.27%</b>
2005	1.66%	1.08%	1.09%	-0.64%	0.31%	1.30%	1.22%	0.62%	1.06%	-0.32%	0.81%	0.89%	9.45%	<b>21.79%</b>
2006	-0.01%	1.64%	1.78%	1.08%	-0.29%	1.49%	0.56%	1.74%	2.83%	3.06%	2.64%	3.01%	21.29%	<b>47.72%</b>
2007	3.19%	1.58%	4.82%	0.89%	1.45%	-2.15%	0.97%	-2.12%	-0.22%	1.92%	-2.13%	-1.17%	6.97%	<b>58.02%</b>
2008	-2.12%	-0.07%	-2.57%	1.02%	0.98%	-2.52%	-1.50%	0.21%	-10.63%	0.16%	-2.97%	0.22%	-18.56%	<b>28.69%</b>
2009	1.71%	-0.31%	0.84%	4.87%	4.29%	0.72%	2.01%	3.26%	3.48%	1.11%	0.21%	0.46%	24.96%	<b>60.81%</b>
<b>BG Fund</b>														
2010	1.24%	0.36%	1.58%	0.73%	-1.41%	0.77%	2.16%	-0.33%	0.67%	2.05%	-0.15%	1.88%	9.92%	<b>76.77%</b>
2011	0.65%	0.35%	1.93%	-0.15%	-0.12%	-1.35%	-1.00%	-0.30%	-2.72%	2.56%	-4.41%	-0.40%	-5.04%	<b>67.86%</b>
2012	4.03%	2.13%	-0.23%	0.49%	-0.66%	-0.26%	0.14%	1.08%	0.01%	0.87%	0.46%	0.20%	8.49%	<b>82.12%</b>
2013	0.84%	0.65%	-0.69%	0.28%	1.19%	0.73%	1.02%	0.48%	1.16%	1.23%	1.97%	2.17%	11.56%	<b>103.17%</b>
2014	2.41%	0.06%	-1.01%	0.60%	1.18%	-1.07%	0.20%	0.85%	-0.69%	-0.34%	1.76%	0.25%	4.23%	<b>111.75%</b>
2015	2.10%	0.87%	-0.20%	1.01%	1.76%	-1.72%	2.60%	0.81%	-0.97%	0.51%	2.47%	1.12%	10.77%	<b>134.56%</b>
2016	0.05%	2.04%	1.35%	0.86%	1.64%	-0.55%	1.16%	0.52%	0.14%	-0.81%	0.03%	1.35%	8.03%	<b>153.39%</b>
2017	0.63%	1.59%	0.38%	3.93%	1.42%	0.09%	0.34%	0.05%	-0.36%	0.01%	-0.96%	0.41%	7.73%	<b>172.97%</b>
2018	0.82%	1.37%	-0.34%	-0.35%	0.24%	-0.03%	-2.20%	0.42%	0.56%	-1.74%	-1.04%	-0.48%	-2.80%	<b>165.33%</b>
2019	-0.10%	-0.28%	1.19%	-0.42%	0.82%	1.13%	1.69%	1.34%	-1.03%	-0.19%	0.80%	0.79%	5.87%	<b>180.91%</b>
2020	0.91%	2.08%	-9.56%*										-6.84%*	<b>161.70%*</b>
													<b>Annualized Net Return</b>	<b>5.79%*</b>

\* Estimated numbers, net of fees. The data is not audited.

From March 2003 to Oct 2010, the fund was named Sark Fund before being renamed as BG Fund. No change took place in investment manager, strategies, or fee structure. Performance above is dividends reinvested and net of all fees.

## EUR A Share Class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD (4)
<b>Sark Fund</b>														
2003	-	-	0.75%	0.76%	0.82%	1.04%	0.93%	1.06%	1.18%	1.55%	1.05%	0.17%	9.69%	<b>9.69%</b>
2004	1.07%	-0.12%	1.03%	0.22%	0.14%	-0.29%	-0.42%	-0.42%	-0.19%	-0.49%	1.18%	1.07%	2.81%	<b>12.77%</b>
2005	1.70%	1.06%	1.09%	-0.69%	0.27%	1.27%	1.16%	0.50%	1.00%	-0.44%	0.71%	0.77%	8.70%	<b>22.58%</b>
2006	-0.18%	1.56%	1.64%	0.86%	-0.47%	1.35%	0.40%	1.56%	2.73%	2.90%	2.34%	2.91%	18.99%	<b>45.85%</b>
2007	3.14%	1.46%	4.67%	0.74%	1.39%	-2.24%	0.87%	-2.20%	-0.31%	1.83%	-2.15%	-1.24%	5.85%	<b>54.38%</b>
2008	-2.08%	-0.01%	-2.35%	1.10%	1.13%	-2.33%	-1.39%	0.21%	-10.93%	-0.44%	-2.86%	0.18%	-18.58%	<b>25.69%</b>
2009	1.92%	-0.28%	0.90%	4.88%	4.10%	0.73%	1.99%	3.21%	3.48%	1.13%	0.22%	0.48%	25.13%	<b>57.27%</b>
<b>BG Fund</b>														
2010	1.26%	0.37%	1.60%	0.74%	-1.49%	0.74%	2.01%	-0.34%	0.62%	2.02%	-0.14%	1.85%	9.56%	<b>72.31%</b>
2011	0.65%	0.38%	1.94%	-0.09%	-0.07%	-1.27%	-0.95%	-0.24%	-2.86%	2.47%	-4.50%	-0.49%	-5.08%	<b>63.56%</b>
2012	4.01%	2.12%	-0.28%	0.47%	-0.71%	-0.26%	0.10%	1.03%	-0.01%	0.84%	0.43%	0.17%	8.12%	<b>76.84%</b>
2013	0.80%	0.65%	-0.71%	0.25%	1.19%	0.71%	0.99%	0.48%	1.11%	1.22%	1.97%	2.14%	11.31%	<b>96.85%</b>
2014	2.47%	0.05%	-1.01%	0.61%	1.21%	-1.06%	0.20%	0.86%	-0.71%	-0.36%	1.75%	0.27%	4.29%	<b>105.30%</b>
2015	2.22%	0.85%	-0.21%	0.93%	1.79%	-1.73%	2.58%	0.78%	-1.01%	0.47%	2.59%	0.96%	10.60%	<b>127.06%</b>
2016	0.00%	1.98%	1.21%	0.79%	1.62%	-0.65%	1.07%	0.43%	0.03%	-0.92%	-0.03%	1.21%	6.91%	<b>142.74%</b>
2017	0.51%	1.53%	0.26%	3.75%	1.24%	-0.06%	0.19%	-0.10%	-0.47%	-0.11%	-1.08%	0.22%	5.97%	<b>157.24%</b>
2018	0.67%	1.24%	-0.55%	-0.53%	0.04%	-0.22%	-2.66%	0.18%	0.46%	-2.14%	-1.27%	-0.78%	-5.49%	<b>143.11%</b>
2019	-0.36%	-0.52%	0.96%	-0.69%	0.55%	0.88%	1.79%	1.45%	-1.51%	-0.48%	0.83%	0.71%	3.62%	<b>151.89%</b>
2020	0.95%	2.19%	-10.24%*										-7.41%*	<b>133.24%*</b>
													<b>Annualized Net Return</b>	<b>5.08%*</b>

## GBP A Share Class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
<b>BG Fund</b>														
2016	-	-	-	-	-	-	-	-	-	-	0.03%	1.26%	1.29%	<b>1.29%</b>
2017	0.57%	1.57%	0.32%	3.74%	1.37%	0.01%	0.26%	-0.01%	-0.46%	-0.06%	-1.02%	0.29%	6.68%	<b>8.05%</b>
2018	0.72%	1.32%	-0.46%	-0.46%	0.10%	-0.16%	-2.51%	0.29%	0.56%	-2.03%	-1.14%	-0.69%	-4.44%	<b>3.25%</b>
2019	-0.24%	-0.41%	1.06%	-0.58%	0.66%	0.99%	1.92%	1.47%	-1.29%	-0.36%	0.92%	0.75%	4.94%	<b>8.35%</b>
2020	0.84%	2.09%	-10.23%*										-7.58%*	<b>0.14%*</b>
													<b>Annualized Net Return</b>	<b>0.04%*</b>

\* Estimated numbers, net of fees. The data is not audited.

From March 2003 to Oct 2010, the fund was named Sark Fund before being renamed as BG Fund. No change took place in investment manager, strategies, or fee structure. Performance above is dividends reinvested and net of all fees.

## Annex 6: Macroeconomic Risks Through Stress Tests

### General Stress Tests

	Scenario	Description	Impact % of NAV
1	Delta - spot up	Spot : 10% ; Credit : 0% ; Vol : 0% ; Rates : 0	1.87%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0	-0.51%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0	0.53%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0	-0.52%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0	-0.54%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0	0.58%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0	-0.23%
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0	-0.25%
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0	0.16%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0	1.00%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -0.5	0.37%
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -0.5	0.79%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -0.5	1.63%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0.5	-0.52%
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0.5	-0.09%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 1	0.43%
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0	0.22%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0	0.78%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0	-0.32%
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0	0.64%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0	-0.30%
22	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0	-0.01%
23	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0	<b>-1.06%</b>
24	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0	0.80%
25	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0	1.34%
26	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0	1.90%
27	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0	1.91%
28	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0	2.45%
29	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0	3.00%
30	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	0.53%
31	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0.5	1.07%
32	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0.5	1.62%
33	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	1.65%
34	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 1	1.86%
35	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 1	2.41%
36	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 1	0.19%
37	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 1	0.74%
38	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 2	0.64%
39	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 2	0.68%
40	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 2	1.22%
41	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 2	1.77%
	<b>Worst</b>		<b>-1.06%</b>

## Hedge Funds Liquidation Stress Tests

Stress tests' scenarios have been improved in order to take into account liquidity issues. This scenario aims at reflecting, to some extent, how the fund would react in distressed market environment (as was the case in late 2008). These stress tests combine the three following adjustments:

- Small, Mid and Large caps adjustment

In certain market conditions, beta may become much higher than its level in normal market conditions and thus the hedging of such positions may not be effective. To address this kind of circumstance we apply a corrective factor to the beta of small, mid and large caps respectively. Since April 2019, the corrective factors have been calibrated on the amplitude of the stresses by looking at worst historical scenario since 1987.

	-5%	-10%	-20%	-30%
<b>Small (&lt;1bn)</b>	2.00	1.75	1.50	1.30
<b>Mid (1bn-5bn)</b>	1.50	1.50	1.25	1.20
<b>Large (5bn-20bn)</b>	1.20	1.15	1.10	1.05
<b>Mega (&gt;20bn)</b>	1.00	1.00	1.00	1.00

- Risk arbitrage adjustment

The risk of risk arbitrage positions is taken into account differently in case the market drops by more than 10%. We consider that one third of risk arbitrage positions will collapse.

- Liquidity adjustment

An average discount (realized in 2008) is applied to bond, convertible bond (including mandatory convertible bond) and loan prices in case credit spreads widen by more than 25%.

Mandatories: Adj. price =  $\text{Max}(\text{Shifted Price} - 5\% * \text{Max}(\text{Credit spread shift} - 25\%, 0), \text{Parity})$

Others : Adj. price =  $\text{Max}(\text{Shifted Price} - 5\% * \text{Max}(\text{Credit spread shift} - 25\%, 0), 0)$



	Scenario	Description	Impact % of NAV
1	Delta - spot up	Spot : 10% ; Credit : 0% ; Vol : 0% ; Rates : 0	2.98%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0	-5.11%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0	0.53%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0	-0.52%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0	-0.54%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0	0.58%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0	-2.37%
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0	-4.74%
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0	-11.00%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0	-13.99%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -0.5	-3.96%
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -0.5	-10.21%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -0.5	-13.20%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0.5	-5.06%
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0.5	-11.31%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 1	<b>-14.70%</b>
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0	0.78%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0	1.34%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0	0.24%
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0	-1.27%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0	-2.46%
22	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0	-0.01%
23	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0	-1.06%
24	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0	1.36%
25	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0	1.90%
26	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0	2.45%
27	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0	3.03%
28	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0	3.56%
29	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0	4.11%
30	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	1.09%
31	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0.5	1.63%
32	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0.5	2.18%
33	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	2.76%
34	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 1	2.97%
35	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 1	3.52%
36	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 1	0.75%
37	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 1	1.29%
38	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 2	1.20%
39	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 2	1.80%
40	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 2	2.33%
41	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 2	2.88%
	<b>Worst</b>		<b>-14.70%</b>

**Annex 7: IFRS 13 Classification as of 31 January 2020**

	<b>% of NAV</b>	<b>Number of positions</b>
<b>Assets</b>		
Level 1	52.1%	204
Level 2	21.4%	1597
Level 3	12.7%	93
Cash & cash equivalents	41.5%	26
<b>Total Assets</b>	<b>127.7%</b>	<b>1920</b>
<b>Liabilities</b>		
Level 1	-24.5%	134
Level 2	-3.2%	140
<b>Total Liabilities</b>	<b>-27.7%</b>	<b>274</b>
<b>Total Assets + Liabilities</b>	<b>100.0%</b>	<b>2194</b>

	<b>% of NAV</b>
• Encumbered cash and cash equivalents	
- Cash - Derivatives Clearing Organisation	2.7%
- Cash - Counterparties	1.8%
- Money market fund	3.1%
- Cash covering a short market value	0.0%
• Unencumbered cash and cash equivalents	
- Cash covering a short market value	26.2%
- Short-term papers < 90 days	7.8%
- Excess cash	0.0%
<b>Total Cash and cash equivalents</b>	<b>41.5%</b>

## Annex 8: AIFMD disclosure to investor

In compliance with AIFMD, BGIM will report in the newsletter the information hereafter:

- The percentage of assets which are subject to special arrangements arising from their illiquid nature:

Nothing to report

- Any new arrangements for managing the liquidity of the AIF:

Nothing to report

- The current risk profile of the AIF and a description of the risk management systems employed by BGIM to manage market risk, liquidity risk, counterparty risk and other risks, including operational risk:

Please refer to this newsletter for the current risk profile of the Fund.

The backbone of the portfolio and risk management systems at BGIM relies on several components all interfaced together to ensure a full Straight Through Processing. The main system is FusionInvest provided by Misys used for position keeping and risk management. FusionInvest is interfaced to a real time market data vendor for real time P&L and risk calculation. Another key system is Trade Smart, the Execution Management System provided by Trading Screen that is interfaced to an in-house implemented Order Management System, itself connected in real time to FusionInvest. All figures used for qualitative and quantitative risk management are produced out of FusionInvest.

- The gross investment exposure of the Company at any time may represent a maximum of 2 times the Net Asset Value at the time of investment.

	Maximum limit	Current usage
Commitment method	200%	98%
Gross method	200%	99%

### **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.

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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