

**OVERVIEW**

**Estimated AUM** €345m

**Firm AUM** €2.4bn

**Share price** €22.20  
(discount to NAV: 20%)

BGHL is a closed-ended investment company which invests in BG Fund, Boussard & Gavaudan's flagship fund with 19 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 "Compounded euro short-term rate index".

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	
2022	-3.11%	0.55%	-0.07%	1.42%	-1.36%	-0.68%	-3.07%	4.10%	-0.88%	-0.49%	-2.23%	1.02%*	-4.91%*	<b>Annualized Performance</b> +6.53%* since inception
2021	0.99%	0.57%	0.04%	2.81%	-0.24%	0.23%	0.45%	0.80%	1.72%	2.71%	1.80%	0.11%	12.59%	
2020	1.12%	2.55%	-10.12%	4.98%	1.41%	1.70%	1.25%	-0.25%	1.93%	1.45%	4.37%	2.98%	13.26%	
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%	<b>Annualized Volatility</b> 5.34%* since inception
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%	<b>Sharpe Ratio</b> 1.13* since inception
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%	<b>Beta to Euro Stoxx 50®</b> <b>(Total Return)</b> 0.04* since inception
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%	

\*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 +1.02% (EUR share class) and +1.29% (USD A share class) respectively vs Euro Stoxx 50® Total Return (-4.27%).

		Equity Strategies Special Situations	Equity Strategies Catalyst & Value	Credit Strategies	Volatility Strategies	Trading Strategies
<b>BG Fund Capital Allocation</b>		19%	11%	22%	26%	21%
<b>BG Fund Performance</b>	Dec 2022	0.63%	0.05%	-0.05%	0.45%	0.20%
<b>Attribution</b>	Year-to-date	-3.13%	-1.21%	-0.60%	1.92%	-0.05%

**CORPORATE UPDATE**

Since the restart of the share buyback program on 17 December 2019, the firm has bought back 3,623,077 shares. The current number of shares outstanding excluding treasury shares for both the EUR and GBP share classes is 12,433,763.

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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 30<sup>th</sup> June 2022 unless otherwise stated.

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

# 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 30 December 2022

Net Asset Value (NAV)	Euro share	Sterling share
Estimated NAV*	€ 27.7674	£24.4234
Estimated month to date return*	1.02%	1.20%
Estimated year to date return*	-4.91%	-3.48%
Estimated inception to date return*	177.67%	144.23%

Market information	Amsterdam (AEX)	London (LSE)
EUR share Market close	€ 22.20	-
EUR share Premium / discount to estimated NAV	-20.05%	-
Sterling share Market close	-	£20.00
Sterling share Premium / discount to estimated NAV	-	-18.11%

Transactions in own securities purchased into treasury	Euro share	Sterling share
Number of shares	-	-
Average Price	-	-
Range of Price	-	-

Ordinary Shares	Euro share	Sterling share
Shares issued	12,307,469	126,294
Shares held in treasury	0	0
Shares outstanding	12,307,469	126,294

	BGHL
Total value of the investments of BGHL based on the estimated NAV for the shares outstanding	€ 345 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	€ 276 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%	-10.12%	4.98%	1.41%	1.70%	1.25%	-0.25%	1.93%	1.45%	4.37%	2.98%	13.26%	159.36%	
2021	0.99%	0.57%	0.04%	2.81%	-0.24%	0.23%	0.45%	0.80%	1.72%	2.71%	1.80%	0.11%	12.59%	192.00%	
2022	-3.11%	0.55%	-0.07%	1.42%	-1.36%	-0.68%	-3.07%	4.10%	-0.88%	-0.49%	-2.23%	1.02%*	-4.91%*	177.67%*	
<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%	-10.50%	4.68%	1.43%	1.62%	1.01%	-0.19%	1.85%	1.32%	4.04%	2.56%	10.33%	127.69	
2021	0.63%	0.42%	-0.04%	2.64%	-0.27%	0.00%	0.29%	0.65%	1.76%	2.68%	1.81%	0.10%	11.14%	153.05%	
2022	-3.03%	0.63%	-0.09%	1.51%	-1.25%	-0.55%	-2.85%	4.36%	-0.77%	-0.35%	-2.13%	1.20*	-3.48%*	144.23%*	

\* 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 2 January 2023, 98.82% 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

#### BGF 2023 Outlook and opportunity set

Over the past 20 years, BG Fund has delivered attractive and uncorrelated returns from its arbitrage and event-driven multi-strategy approach. Similar returns to MSCI World have been achieved but with a beta of around 0.08, a standard deviation of circa 4.9% (approximately a third that of the MSCI World) and with a very low correlation to most asset classes.

For the past decade, central banks and governments have been directly and indirectly supporting asset prices through a combination of artificially low interest rates, quantitative easing and huge spending programmes. The consequences of these policies, further exacerbated by the uncertainty and increased stimulus of the COVID years, are now being felt through a highly inflationary environment which has been compounded by a combination of global supply disruptions, geopolitical instability and labour shortfalls. This sudden shift in conditions has brought an end to this regime and the era of ultra-low interest rates and cheap leverage are, for the foreseeable future, things of the past. Some of the froth has already come off broad asset valuations however there is likely to be an extensive period of further uncertainty on asset prices as the effects of the regime shift are felt in the real world.

Inflation coupled with lower growth, elevated rates and a less supportive monetary backdrop mean that 2023 and future years will require a very different approach to investing compared to the past decade.

During H2 2022, we have rapidly transitioned the portfolio to start to take advantage of what we believe will be a prolific multi-year opportunity and a new investment cycle in asset classes that have been lacklustre for many years. Specifically, we think that convertible and mandatory convertible bond arbitrage, debt restructuring, capital structure arbitrage and subsets of risk arbitrage and special situations are entering into a sweet spot with capital flows and market stress likely to drive price dispersion and exceptional risk-return opportunities. This will mean a very different playbook from the past 6-10 years – which by and large has been driven by plentiful cheap leverage and ever rising asset valuations – and far fewer managers have experience navigating market environments not underpinned by high growth, speculative valuations and central bank spending.

Many corporates took advantage of favourable conditions over recent years to add significant amounts of debt at very cheap levels, and much of this debt will need to be refinanced over the next few years. This will have to be done at higher rates and wider credit spreads, and into a period of much lower growth and possible recession. Refinancing activity is expected to increase sharply from 2023 onwards as issuers move to get ahead of looming maturity dates. At the same time banks are continuing to reign in their lending activity. Notably a number of EU banks are continuing to offload credit risk and financing commitments. Loan books remain tight (due to a combination of regulatory constraints, tighter underwriting standards and generally cautious outlooks) and as such many corporates needing to roll or refinance will be forced instead to tap the capital markets either via straight debt issues (which will require very high coupon payments), or through the issuance of hybrid paper in the form of convertible bonds (CBs), mandatory convertibles and privately syndicated synthetic financings.

CBs, mandatory convertible bonds and syndicated structures monetise the volatility of the underlying equity to help decrease the size of the coupon needed to roll over this debt. While issuance of hybrid paper

in H2 2022 improved, we expect the volume and opportunities to increase significantly into 2023 and 2024. In addition to being regularly sounded out by debt and equity capital markets desks of investment banks, our conversations with CFOs points to a very healthy CB and mandatory CB issuance pipeline. This will be a multi-year opportunity and will offer significant scope for generation of very attractive returns by managers experienced in convertible bond arbitrage. We have already significantly increased capital to this area and will continue to redeploy further capital to new issues and mispricing opportunities. In addition to this, with less central bank support of asset prices, market action will be less homogenous and more discriminating. We expect to see significantly more cross-sectoral volatility along with greater inter- and intra-asset price and valuation disparity. These conditions will reignite opportunities for relative value trades and in particular capital structure arbitrage, which has become a lost art for many managers.

While many companies will be able to tap the hybrid market, there will also be a swathe of corporates in this upcoming cycle who have challenged business models alongside deteriorating balance sheets. These companies are going to find it much harder to refinance and they will instead likely be forced to restructure their balance sheets. In Europe, we are already well positioned in a number of restructuring events and are specifically playing a leading role in one of the largest European debt restructurings on the circa €10bn balance sheet of Orpea, a French listed nursing home group. We expect a number of further very attractive restructuring opportunities. These restructurings typically offer tremendous upside and create truly idiosyncratic risk, uncorrelated to markets.

In special situations and risk arbitrage in equities, while overall activity in Europe and US will likely continue to see moderate volumes given the reduction in available financing, the space has become less crowded and consequently risk spreads and reward-to-risk generally look much more attractive than they have in a long time. Additionally, in the UK and Europe, given the geopolitical uncertainty over the past 5 years, first from Brexit, then from COVID, and more recently the invasion of Ukraine by Russia, deal activity has been slightly dampened. As the effects of these situations normalize and tail risks decrease, we think activity will continue to rebound. Given the relative valuation discount of UK & Europe vs the US combined with Sterling and Euro weakness vs the USD, M&A looks increasingly attractive to overseas buyers. While European targets look very appealing from a valuation and strategic acquisition perspective, however, to avoid the risk of value traps we will remain very disciplined on the strength, quality and timing of each event catalyst.

In summary, while the economic backdrop of inflation, high rates and low growth/recession are expected to continue to be very challenging for most conventional markets and asset classes, this tricky environment is conversely extremely attractive for BG Fund, reinvigorating a whole panoply of relative value, arbitrage and event driven opportunities across all of the key alpha engines of the fund.

As of 1 January, 2023, BG Fund assets under management are €2.2bn. The fund's historical monthly share class is open: Monthly 60 day liquidity, 1.5% management fee and 20% incentive fee.

## DECEMBER HIGHLIGHTS

European and US equity markets gave back some of the prior gains for the quarter in December with the Euro Stoxx 50<sup>®</sup> Total Return down -4.3% and the S&P500<sup>®</sup> Total Return down -5.8% for the month. The market implied volatility measure VStoxx<sup>®</sup> remained relatively stable during the month dropping marginally from 21.1% to 20.9% while credit markets widened slightly with the iTraxx Crossover<sup>®</sup> (S38) moving from 459bps in November to 474bps at year-end.

In this context, BG Fund (USD A) delivered a positive return of +129bps in December, driven mainly by risk arbitrage, special situations, convertible bond arbitrage and to a lesser extent by trading.

For the calendar year BG Fund has seen strong performance in convertible arbitrage, credit strategies, systematic trend following and volatility trading however performance in aggregate was held back by specific idiosyncratic positions in equities and credit special situations as well as equity quantitative trading.

BG Fund returned -3.08% overall for the 2022 calendar year (USD A), while the Euro Stoxx 50® Total Return dropped -9.5% and the S&P500® Total Return -18.1% over the year.

## DECEMBER COMMENTARY

### Volatility strategies

#### **Mandatory convertible bond arbitrage**

Mandatory convertible bonds were almost flat this month (-1bp).

#### **Convertible bond arbitrage**

Convertible bonds contributed another solid month delivering +42bps in December.

Our European convertible bonds performed strongly despite a market context of falling equities, flat credit spreads, continued inflation pressures and increasing risk-free interest rates. Our portfolio included most of the top gainers in European convertible bonds including Delivery Hero and JustEat TakeAway – we believe there is still value and have maintained our positions on these names.

There was no new primary issuance during December however we are anticipating new issues in early January. The two main considerations for us as we go into 2023 are both quantity and quality of convertible bonds. As a reminder, the outstanding amount of European CBs (including mandatories) has decreased by €10bn during 2022 to circa €75bn. (new Issues +€6.0bn, conversions -€4.0b, redemptions -€10.0bn, tender offers -€1.0bn, take over ratchets -€1.5bn). We anticipate new issues will grow the market size into 2023 as companies tap the CB market for cheaper financing. In terms of quality of deals, we anticipate higher credit quality names will tap the CB market alongside the usual high yield users. However, we will maintain our discipline to ensure the commercial terms are reasonable (for example, the Air France perpetual convertible terms were highly unacceptable to us and we declined to participate, despite interest from some long only funds and arbitrageurs).

The US convertible market was fairly quiet in December with a lot of market participants closing out a challenging year by taking the last two weeks off for Christmas holidays. Despite the negative market dynamics in December (5-year rates widening from 3.74% to 4%, and HY CDX moving from 452bps to 483bps), US convertible bonds held up well in a thinly traded market and our portfolio was able to profit from its interest rate hedges.

Overall, 2022 was a difficult year for convertible bonds, both for long-only funds and arbitrageurs, however our European and US convertible bond portfolios both performed well thanks to our selective stock picking, careful hedging and dynamic trading activity.

#### **Volatility Trading**

Volatility trading posted +2bps to the performance of the fund in December.

Realised volatility vs implied forwards at the end of November \*:

	30d Implied vol level on 30/11/22	Realised vol over the month	Difference
US (VIX®)	20.58	18.65	-1.93
Europe (Vstox®)	21.21	18.60	-2.61

Variation of implied volatilities during December \*:

\* Source: Bloomberg



	Jan Vol Index Fut as of 30/11/22	Jan Vol Index Fut as of 30/12/22	Vol move
US (VIX®)	24.67	23.10	-1.57
Europe (Vstoxx®)	23.60	21.95	-1.65

Both implied and realised volatility drifted lower in December. This underperformance of volatility was all the more notable because market sentiment was cautious and risk appetite poor in December, which might normally see the emergence of buyers of protection.

December reflected the trend we have seen throughout the year: the underperformance of skew and a spot down, volatility down dynamic. We believe this dynamic is driven by investors overall being underweight the market and already well-hedged on existing risk positions.

Despite the challenging market context our relatively light long volatility positioning has reduced the carry cost and we managed to profit from active trading.

### ***Warrant arbitrage***

Warrant arbitrage & Spacs contributed +3bps in December.

### **Equity strategies**

After a difficult year, equity strategies finished on a positive note in December (+68bps), driven by the strong performance in a number of our special situations and risk arbitrage positions.

The year-long Canadian battle for the takeover of Shaw Communications by Rogers Communications is nearing its conclusion with the appointed court concluding that, contrary to the Competition Bureau commissioner's claims, the transaction would actually be good for customers and should go through, leading to a sharp jump in the Shaw share price.

The portfolio also benefited from our active trading in Horizon Therapeutics. On 30 November, a rumour, quickly confirmed, emerged of three potential buyers for the company. Analysing the strategic interest of the three buyers and the potential synergies, we decided to invest. On 12 December, Amgen confirmed a firm offer for the company, and after a 15% rally, we took profit and exited our position.

Our position in Ferguson also outperformed during the month. The stock had been under pressure following plans to redomicile to the US and therefore exit from various European indices, the last one being the MSCI at the end of November. In December the flows reversed with the inclusion to various US indices driving interest from US investors and fuelling a stock price recovery which we used as an opportunity to take profit.

With the economic environment stabilising, we feel corporates have now become adjusted to the new environment and are already becoming much more active which sets a very encouraging tone for the opportunity set in 2023.

### **Credit strategies**

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

Capital structure arbitrage was flat in December.



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

Credit long / short contributed +3bps this month. In December the credit market behaved in a familiar pattern from 2022: a bout of sudden stress triggered by a sharp fall in equity markets which drove the iTraxx Crossover index wider while investment grade indices hardly moved. Despite this short term stress, the Crossover quickly recovered and tightened to finish the year at 474bps, below the 500bps stress threshold that it has surpassed for most of H2. We also saw the continued trend of dispersion where primarily HY and distressed credit names have continued to worsen while better quality names have been stable or improved, which is also reflected in our portfolio performance.

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

Credit special situations contributed -8bps, mostly driven by Orpea which announced a further write-off of the value of its real estate portfolio.

### **Trading**

Trading contributed +20bps in December with the positive performance driven primarily by the systematic trend following strategy which showed mixed results across most asset classes but a solid performance on rates and bonds, which provided most of the profit for the month with rates rising again in December.

The equity quantitative strategy was slightly positive benefiting overall from a more-hawkish-than-expected stance from the Fed while small caps recovered further vs large caps adding some further pnl.

Macro trading was flat in December with performance from a short US equity position offset by a too-cautions view on China. We maintain a bearish bias on the economic outlook for Q1 - we expect global business investment to contract sharply in H1 and feel the current economic backdrop looks similar to that in the 1973/1974 global recession.

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

On top of its investment in BG Fund, BGHL has other investments. As of 30 December 2022, the net asset value of these investments represents less than 1.00% of the net asset value of BGHL.

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

Rasaland Investors ("RLI") RLI is a holding company structured as a private equity fund in terms of fees and organisation and managed by BK Partners. BGHL holds the RLI shares through Campastros, S.L.U., a wholly-owned holding company in Spain. RLI is dedicated to investing in 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.

## VI. BOUSSARD & GAVAUDAN 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 2 January 2023, BG Fund assets under management are €2.20bn.

We would like to thank our investors for their continued support throughout the year and wish you all the best for 2023.

Sincerely,

E. Boussard and E. Gavaudan

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## VII. ANNEXES ON BG FUND

Annex 1: Greeks	
Delta	0.03% 0 bps P&L variation for market +1%
Gamma	0.2% delta variation for market +1%
Vega	24 bps by vol point
Theta	8 bps by 30 days
Optional theta	-19 bps by 30 days
Rho	0.8 bps for 1 bp of interest rates increasing
Credit sensitivity	-8.0 bps for 1% of credit spreads widening (in relative)

Annex 2: Performance Attribution *	
<b>Volatility Strategies</b>	<b>45 bps</b>
Mandatory convertible bond arbitrage	-1 bps
Convertible bond arbitrage (incl. credit convertible bonds)	42 bps
Volatility trading	2 bps
Warrant arbitrage	3 bps
<b>Equity Strategies</b>	<b>68 bps</b>
Risk arbitrage / Special situations	63 bps
Long / short trading with short-term catalyst & Value	5 bps
<b>Credit Strategies</b>	<b>-5 bps</b>
Credit long / short	3 bps
Capital structure arbitrage	0 bps
Credit special situations	-8 bps
<b>Trading</b>	<b>20 bps</b>
<b>Total</b>	<b>129 bps</b>

Annex 3: Equity at Risk **	
<b>Volatility Strategies</b>	<b>17.0%</b>
Mandatory convertible bond arbitrage	2.0%
Convertible bond arbitrage (incl. credit convertible bonds)	11.9%
Volatility trading	0.3%
Warrant arbitrage	2.9%
<b>Equity Strategies</b>	<b>20.5%</b>
Risk arbitrage / Special situations	12.9%
Long / short trading with short-term catalyst & Value	7.6%
<b>Credit Strategies</b>	<b>14.6%</b>
Credit long / short	7.6%
Capital structure arbitrage	0.0%
Credit special situations	7.0%
<b>Trading</b>	<b>13.8%</b>
Quantitative equity trading	8.8%
Systematic trend following	0.7%
Other	4.4%
<b>Cash Equivalents</b>	<b>0.0%</b>
<b>Total</b>	<b>65.9%</b>

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

\*\* In July 2021 the EAR methodology was adjusted to better reflect the risk as if all positions were on a single PB account.

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

Volatility Strategies		
Mandatory convertible bond arbitrage	Long	14.5%
	Short equity	11.4%
	Short credit	0.0%
Convertible bond arbitrage (incl. credit convertible bonds)	Long	63.4%
	Short equity	51.8%
	Short credit	0.0%
Volatility trading	Long	2.4%
	Short	3.5%
Warrant arbitrage	Long	8.1%
	Short	0.0%
Equity Strategies		
Risk Arbitrage / Special Situations	Long	34.5%
	Short	21.4%
Long / Short trading with short-term catalyst / Value	Long	13.2%
	Short	14.0%
Credit Strategies		
Credit long / short	Long	8.2%
	Short	0.3%
Capital structure arbitrage	Long	0.0%
	Short	0.0%
Credit special situations	Long	11.7%
	Short	2.3%
Trading		
Quantitative equity trading	Long	36.3%
	Short	32.9%
Systematic trend following	Long	7.2%
	Short	20.3%
Other	Long	12.5%
	Short	17.1%
Gross Exposure		387.0%

	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%	-9.61%	4.99%	1.42%	1.54%	0.92%	0.05%	1.83%	1.38%	4.32%	2.79%	12.52%	<b>216.09%</b>
2021	0.64%	0.43%	-0.01%	2.71%	-0.25%	0.01%	0.32%	0.67%	1.75%	2.78%	1.79%	0.26%	11.62%	<b>252.81%</b>
2022	-2.95%	0.60%	-0.04%	1.47%	-1.23%	-0.47%	-2.79%	4.26%	-0.64%	-0.28%	-2.13%	1.29%*	-3.08%*	<b>241.96%*</b>

*Annualized Net Return* 6.39%\*

### CHF A Share Class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
<b>BG Fund</b>														
2022	-	-	-	-	-	-	-2.95%	3.91%	-0.70%	-0.51%	-2.32%	0.89%*	-1.83%*	<b>-1.83%*</b>

*Annualized Net Return* -3.62%\*

\* 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%	-10.28%	4.91%	1.37%	1.64%	1.02%	0.01%	2.02%	1.33%	4.13%	2.58%	11.58%	<b>181.06%</b>
2021	0.59%	0.39%	-0.07%	2.60%	-0.29%	-0.03%	0.27%	0.63%	1.74%	2.73%	1.82%	0.11%	10.94%	<b>211.81%</b>
2022	-3.05%	0.55%	-0.16%	1.45%	-1.34%	-0.67%	-3.06%	4.14%	-0.85%	-0.47%	-2.24%	1.04%*	-4.77%*	<b>196.92%*</b>
													<b>Annualized Net Return</b>	<b>5.64%*</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%	-10.27%	4.89%	1.50%	1.69%	0.86%	0.04%	1.88%	1.37%	4.16%	2.63%	11.40%	<b>20.71%</b>
2021	0.64%	0.42%	-0.02%	2.69%	-0.26%	0.01%	0.31%	0.67%	1.79%	2.71%	1.91%	0.15%	11.53%	<b>34.62%</b>
2022	-2.97%	0.64%	-0.07%	1.54%	-1.23%	-0.53%	-2.84%	4.38%	-0.72%	-0.31%	-2.13%	1.22%*	-3.19%*	<b>30.33%*</b>
													<b>Annualized Net Return</b>	<b>4.39%*</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	0.17%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0	0.13%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0	1.03%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0	-1.02%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0	-1.86%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0	2.14%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0	-0.38%
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0	-0.65%
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0	-0.38%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0	-0.07%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -0.5	-0.84%
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -0.5	-0.59%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -1	-0.49%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0.5	-0.38%
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0.5	-0.10%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : <2y 0.5,>2y 1	0.30%
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0	-1.78%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0	-0.75%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0	<b>-2.81%</b>
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 0% ; Rates : 0	2.18%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0	1.17%
22	Equity Credit decorrelation 6	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0	3.19%
23	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0	1.11%
24	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0	2.17%
25	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0	3.24%
26	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0	1.19%
27	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0	2.27%
28	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0	3.36%
29	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	1.29%
30	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0.5	2.36%
31	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0.5	3.42%
32	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : <2y 0.5,>2y 1	1.39%
33	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : <2y 0.5,>2y 1	2.47%
34	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : <2y 0.5,>2y 1	3.55%
	<b>Worst</b>		<b>-2.81%</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%
Small (<1bn)	2.00	1.75	1.50	1.30
Mid (1bn-5bn)	1.50	1.50	1.25	1.20
Large (5bn-20bn)	1.20	1.15	1.10	1.05
Mega (>20bn)	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 = Max(Shifted Price – 5% \* Max(Credit spread shift – 25%, 0), Parity)

Others : Adj. price = Max(Shifted Price – 5% \* Max(Credit spread shift – 25%, 0), 0)

Scenario	Description	Impact % of NAV
1	Delta - spot up	0.63%
2	Delta - spot down	-2.93%
3	Vega - vol up	1.03%
4	Vega - vol down	-1.02%
5	Credit spread widen	-1.86%
6	Credit spread tighten	2.14%
7	Market crash 0.5	-2.00%
8	Market crash 1	-4.17%
9	Market crash 2	-7.63%
10	Market crash 3	-9.36%
11	Market crash, rates down 1	-4.34%
12	Market crash, rates down 2	-7.83%
13	Market crash, rates down 3	<b>-9.75%</b>
14	Market crash, rates up 1	-3.91%
15	Market crash, rates up 2	-7.37%
16	Market crash, rates up 3	-9.01%
17	Equity Credit decorrelation 1	-1.55%
18	Equity Credit decorrelation 2	-0.52%
19	Equity Credit decorrelation 3	-2.58%
20	Equity Credit decorrelation 4	0.62%
21	Equity Credit decorrelation 5	1.61%
22	Equity Credit decorrelation 6	-0.37%
23	Market rally 1	1.34%
24	Market rally 2	2.40%
25	Market rally 3	3.47%
26	Market rally 4	1.65%
27	Market rally 5	2.73%
28	Market rally 6	3.82%
29	Market rally, Inflation 1	1.52%
30	Market rally, Inflation 2	2.59%
31	Market rally, Inflation 3	3.65%
32	Market rally, Inflation 4	1.85%
33	Market rally, Inflation 5	2.93%
34	Market rally, Inflation 6	4.01%
<b>Worst</b>		<b>-9.75%</b>

**Annex 7: IFRS 13 Classification as of 30 November 2022**

	<b>% of NAV</b>	<b>Number of positions</b>
<b>Assets</b>		
Level 1	36.1%	324
Level 2	68.4%	1297
Level 3	9.8%	67
Cash & cash equivalents	40.1%	3
<b>Total Assets</b>	<b>154.4%</b>	<b>1691</b>
<b>Liabilities</b>		
Level 1	-47.3%	235
Level 2	-7.1%	96
<b>Total Liabilities</b>	<b>-54.4%</b>	<b>331</b>
<b>Total Assets + Liabilities</b>	<b>100.0%</b>	<b>2022</b>

	<b>% of NAV</b>
• Encumbered cash and cash equivalents	
- Cash - Derivatives Clearing Organisation	4.4%
- Cash - Counterparties	5.1%
- Money market fund	2.6%
- Cash covering a short market value	0.0%
• Unencumbered cash and cash equivalents	
- Cash covering a short market value	28.1%
- Short-term papers < 90 days	0.0%
- Excess cash	0.0%
<b>Total Cash and cash equivalents</b>	<b>40.1%</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%

## Annex 9: FY 2022 Performance Attribution \*

<b>Volatility Strategies</b>	<b>192 bps</b>
Mandatory convertible bond arbitrage	5 bps
Convertible bond arbitrage (incl. credit convertible bonds)	159 bps
Volatility trading	35 bps
Warrant arbitrage	-6 bps
<b>Equity Strategies</b>	<b>-435 bps</b>
Risk arbitrage / Special situations	-313 bps
Long / short trading with short-term catalyst & Value	-121 bps
<b>Credit Strategies</b>	<b>-60 bps</b>
Credit long / short	54 bps
Capital structure arbitrage	0 bps
Credit special situations	-114 bps
<b>Trading</b>	<b>-5 bps</b>
<b>Total</b>	<b>-308 bps</b>

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

### **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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