

BOUSSARD & GAVAUDAN HOLDING LIMITED

JUNE 2019 NEWSLETTER

I. COMPANY INFORMATION

General information	
Investment manager	Boussard & Gavaudan Investment Management LLP
Company domicile	Guernsey
Website	www.bgholdingltd.com
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 seek 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/or other financial assets selected by the Investment Manager. BGHL aims to generate a target annualized return in excess of 10% (net of all fees).



III. SHARE INFORMATION as of 28 June 2019

Net Asset Value (NAV)	Euro share	Sterling share
Estimated NAV*	€ 22.1881	£19.9355
Estimated month to date return*	0.97%	1.07%
Estimated year to date return*	0.83%	1.48%
Estimated inception to date return*	121.88%	99.36%

Euro share	Amsterdam (AEX)	London (LSE)
Market close	€ 16.10	-
Premium / discount to estimated NAV	-27.44%	-

Sterling share	Amsterdam (AEX)	London (LSE)
Market close	-	£15.40
Premium / discount to estimated NAV	-	-22.75%

	Euro share	Sterling share
Shares issued	28,782,231	608,712
Shares held in treasury	-	-
Shares outstanding	28,782,231	608,712

	BGHL
Total value of the investments of BGHL based on the estimated NAV for the shares outstanding	€ 652 millions
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	€ 474 millions

* Estimated figures

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
BGHL EUR NAV														
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%	0.97%*							0.83%*	121.88%*
BGHL GBP NAV														
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%	1.07%*							1.48%*	99.36%*

* Estimated figures

V. BGHL COMPOSITION

The proceeds have been invested in BG Fund (net of a certain amount retained by BGHL for working capital requirements and other requirements).

From 1 July 2019, BGHL is exposed to BG Fund up to approximately 109% of its net asset value. BGHL maximum possible exposure to BG Fund is 110% of its net asset value. In addition, BGHL has other investments.

A. BG FUND

European markets bounced back in June, with the Eurostoxx 50[©] up 5.9% for the month. Volatility decreased with VStoxx[©] finishing the month at 13.7%, down from 17.4%. iTraxx Crossover (S31) [©] ended June at 255bps (55bps tighter).

BG Fund delivered a return of +1.13% in June (USD A share class) with almost all strategies contributing positively.

Volatility strategies

Mandatory convertible bond arbitrage

Mandatory convertible bonds contributed +2bps this month. There were no new primary issues during June.

Convertible bond arbitrage

Convertible bond contribution (excl. mandatories) to the performance of the fund was +2bps in June. The primary market saw two deals totaling €1.0bn. Both issues had a long-dated maturity and looked expensive from a pricing perspective. Year to date, the primary market has been disappointing both in term of deals and opportunities. The secondary market has also disappointed in terms of opportunities.

Volatility Trading

Realised volatility vs implied forwards at the end of May:

	30d Implied vol level on 31/05/19	Realised vol over the month	Difference
US	18.71	10.59	-8.12
EUROPE	17.42	10.80	-6.62

Variation of implied volatilities during June:

	July. Vol Index Fut as of 31/05/19	July. Vol Index Fut as of 28/06/19	Vol move
US	18.38	15.53	-2.85
Europe	16.90	14.30	-2.60

Volatility trading had a marginally negative contribution to fund performance in June (-1bp).

Market sentiment shifted dramatically during the first part of the month with unexpected dovish comments from central banks. It led most risky assets to recover sharply from their losses of the previous month and favoured a bullish tone which was further fueled by hopes of a de-escalation of the looming US-China trade war.

In this more supportive environment, implied volatilities were under pressure throughout the month and generally reset lower. Realised volatility was also very low despite some market moving events like the FOMC rate decision and various significant macro data releases.

Active trading around positions mitigated some of the natural negative carry of the long vol book but it was difficult to fully off-set this drag. Moreover, the usual correlations and arbitrages we often observe between assets (FX, vol and equities) were disrupted by the speculation of central bank easing and prevented us from monetizing them.

Nevertheless, in the equity space, we still observed decent dispersion across sectors, mainly due to the central bank interest rate rhetoric and the positive evolution of the trade war situation. Existing positions performed quite well and helped to balance the portfolio returns.

Equity strategies

In June, the equity portfolio delivered a solid +80bps. This was spread across numerous strategies and investments.

The risk arbitrage and special situations strategies maintained its positive trend as corporate activity continues to pick up, albeit still mainly concentrated in the US. In Europe, the activity has remained concentrated on smaller deals, creating profit opportunities, though more modest.

The outlier to this was our long position in Altran Technologies, a long-favoured position in the French engineering company, as Cap Gemini announced a friendly bid for the company with a 24% premium to the previous close.

Another name in which we were involved is the French aeronautics company Latécoère. The investment firm Searchlight, which already owns 26% of the company, made an offer of €3.85 per share on 28 June, a premium of 34% to Latécoère's closing price on Friday. This is another good example of corporate activity driven by private equity taking advantage of reduced valuation for small and mid-cap companies.

The rest of the portfolio recovered from the previous month's volatility with several of our more fundamentally driven positions performing well as investor sentiment became more positive.

Credit strategies

Capital Structure Arbitrage

Capital Structure arbitrage was almost flat this month (-1bp). Both asset classes evolved in a very orderly way during the month. Revival of the "central bank put" theme has encouraged a robust relief rally in the market as a whole.

Credit long / short

Credit long / short made a good positive contribution this month (+13bps).

Credit markets overall reported a very positive month and had a very strong finish to the quarter with the asset class benefiting from expectations of further dovish intervention from central banks around the globe. This was particularly true in Europe following Draghi's speech in Sintra. The market rebound erased last month's negative performance with inflows and the hunt for yield dominating flows into credit as investors struggled with an increasing stock of negatively yielding sovereign assets globally. We saw a particularly strong performance from AT1s as well as longer duration products such as corporate and insurance hybrid debt. High yield also performed positively but it is interesting to see that lower quality names lagged along with names perceived to be at risk of negative idiosyncratic newsflows. This is creating interesting opportunities on a number of specific situations.

The primary market remains strong with continued inflows into the asset class creating strong support.

Credit special situations

Credit special situations contribution was flat this month.

Trading

In June, Trading Strategies returned +16bps. Performance was mixed across strategies, as each reacted differently to the "wall of worry" climb we witnessed from markets in June.

The Systematic Trend-following strategy benefited from the strong decline in G7 rates while the Artificial Intelligence strategy captured the strong moves in Gold, Oil and S&P very well. The Macro strategy contributed nicely to the mix through Gold options and US steepeners positions. Conversely the Equity Quantitative Trading strategy suffered from its negative beta, as the equity market rallied significantly during the month.

B. DIRECT INVESTMENTS OTHER THAN BG FUND

On top of its investment in BG Fund, BGHL has other investments. As of 28 June 2019, the net asset value of these investments represents about 1% 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 (Mandarina and Xala projects) and a minority interest in the publicly-traded company RLH Properties (ticker: RLHA:MM). RLH Properties owns majority interests in the Four Seasons hotel in Mexico City and in four hotels in Cancun (Fairmont hotel, Rosewood hotel, Banyan Tree and the Hyatt Andaz hotels and the Camaleon PGA Golf Course) and RLH Properties owns land lots in the Mandarin area on which the One & Only hotel and the Rosewood hotel are being developed.

Based on recent indications that BGHL would only be able to exit at a material discount to RLI's NAV, BGHL decided to mark down the position by -50% in May 2017. The position is valued at 50% of the NAV calculated by RLI's administrator.

In July 2017, BGHL purchased 9,075,135 shares of Rasaland. BGHL currently holds 19,075,103 shares which represents approximately 10.1% of the share capital of RLI.

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

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

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

B. BGIM'S AUM

As of 1 July 2019, BG Fund assets under management are €2.83bn.

Sincerely,

E. Boussard and E. Gavaudan

Investment Manager

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VII. ANNEXES ON BG FUND

Annex 1: Greeks	
Delta	4.4% 4.4 bps P&L variation for market +1%
Gamma	2.0% delta variation for market +1%
Vega	21 bps by vol point
Theta	-14 bps by 30 days
Optional theta	-21 bps by 30 days
Rho	-2.2 bps for 1 bp of interest rates increasing
Credit sensitivity	-2 bps for 1% of credit spreads widening (in relative)

Annex 2: Performance Attribution *	
Volatility Strategies	4 bps
Mandatory convertible bond arbitrage	2 bps
Convertible bond arbitrage (incl. credit convertible bonds)	2 bps
Volatility trading	-1 bps
Warrant arbitrage	0 bps
Equity Strategies	80 bps
Risk arbitrage / Special situations	32 bps
Long / short trading with short-term catalyst & Value	48 bps
Credit Strategies	13 bps
Credit long / short	13 bps
Capital structure arbitrage	-1 bps
Credit special situations	0 bps
Trading	16 bps
Total	113 bps

Annex 3: Equity at Risk	
Volatility Strategies	4.0%
Mandatory convertible bond arbitrage	2.1%
Convertible bond arbitrage (incl. credit convertible bonds)	0.6%
Volatility trading	1.3%
Warrant arbitrage	0.1%
Equity Strategies	25.8%
Risk arbitrage / Special situations	12.3%
Long / short trading with short-term catalyst & Value	13.5%
Credit Strategies	6.4%
Credit long / short	5.7%
Capital structure arbitrage	0.0%
Credit special situations	0.7%
Trading	14.9%
Quantitative equity trading	6.5%
Systematic trend following	1.6%
Index Rebalancing Arbitrage	3.7%
Trading using A.I	0.7%
Other	2.4%
Cash Equivalents	2.1%
Total	53.3%

* Estimated figures for USD A share class

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

Volatility Strategies		
	Long	22.3%
Mandatory convertible bond arbitrage	Short equity	21.1%
	Short credit	0.0%
	Long	5.1%
Convertible bond arbitrage (incl. credit convertible bonds)	Short equity	0.0%
	Short credit	0.0%
	Long	8.3%
Volatility trading	Short	8.1%
	Long	0.6%
Warrant arbitrage	Short	0.0%
	Equity Strategies	
Risk Arbitrage / Special Situations	Long	53.5%
	Short	33.2%
Long / Short trading with short-term catalyst / Value	Long	63.7%
	Short	54.4%
Credit Strategies		
Credit long / short	Long	14.1%
	Short	4.9%
Capital structure arbitrage	Long	0.0%
	Short	0.1%
Credit special situations	Long	1.4%
	Short	0.0%
Trading		
Quantitative equity trading	Long	32.2%
	Short	31.7%
Systematic trend following	Long	45.0%
	Short	13.2%
Index Rebalancing Arbitrage	Long	19.1%
	Short	19.2%
Trading using A.I	Long	5.9%
	Short	1.8%
Other	Long	4.2%
	Short	2.5%
Gross Exposure		465.6%

	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 equity)	\sum Abs (delta equity)
Warrant Arbitrage	\sum delta long	\sum Abs(delta short)
Equity Strategies and Trading	\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

* Some trades initially in Credit long / short are now reported in Credit special situations

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⁾
Sark Fund														
2003	-	-	0.67%	0.70%	0.77%	0.94%	0.84%	0.97%	1.15%	1.46%	1.01%	0.15%	9.00%	9.00%
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%	11.27%
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%	21.79%
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%	47.72%
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%	58.02%
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%	28.69%
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%	60.81%
BG Fund														
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%	76.77%
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%	67.86%
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%	82.12%
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%	103.17%
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%	111.75%
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%	134.56%
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%	153.39%
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%	172.97%
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%	165.33%
2019	-0.10%	-0.28%	1.19%	-0.42%	0.82%	1.13%*							2.36%*	171.59%*

* Estimated figures

⁽⁴⁾ Inception to date figures starting 2010 combine Sark Fund, Boussard & Gavaudan Fund and BG Fund performances.

EUR A Share Class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD ⁽⁴⁾
Sark Fund														
2003	-	-	0.75%	0.76%	0.82%	1.04%	0.93%	1.06%	1.18%	1.55%	1.05%	0.17%	9.69%	9.69%
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%	12.77%
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%	22.58%
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%	45.85%
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%	54.38%
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%	25.69%
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%	57.27%
BG Fund														
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%	72.31%
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%	63.56%
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%	76.84%
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%	96.85%
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%	105.30%
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%	127.06%
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%	142.74%
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%	157.24%
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%	143.11%
2019	-0.36%	-0.52%	0.96%	-0.69%	0.55%	0.89%*							0.82%*	145.10%*

GBP A Share Class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
BG Fund														
2016	-	-	-	-	-	-	-	-	-	-	0.03%	1.26%	1.29%	1.29%
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%	8.05%
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%	3.25%
2019	-0.24%	-0.41%	1.06%	-0.58%	0.66%	0.99%*							1.48%*	4.78%*

* Estimated figures

⁽⁴⁾ Inception to date figures starting 2010 combine Sark Fund, Boussard & Gavaudan Fund and BG Fund performances.

General Stress Tests

	Scenario	Description	Impact % of NAV
1	Delta - spot up	Spot : 10% ; Credit : 0% ; Vol : 0% ; Rates : 0	1.17%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0	0.34%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0	0.07%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0	-0.14%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0	-0.38%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0	0.42%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0	-0.31%
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0	-0.32%
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0	0.31%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0	1.09%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -0.5	0.82%
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -0.5	1.41%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -0.5	2.15%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0.5	-1.34%
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0.5	-0.67%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 1	-0.73%
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0	0.08%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0	0.13%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0	-0.05%
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0	0.46%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0	0.29%
22	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0	-0.31%
23	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0	-0.51%
24	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0	0.75%
25	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0	0.87%
26	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0	0.93%
27	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0	1.48%
28	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0	1.58%
29	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0	1.63%
30	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	-0.42%
31	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0.5	-0.26%
32	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0.5	-0.16%
33	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	0.31%
34	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 1	-0.57%
35	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 1	-0.46%
36	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 1	-1.45%
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	-2.98%
39	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 2	-2.49%
40	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 2	-2.37%
41	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 2	-2.28%
	Worst		-2.98%

* We changed our methodology for bumping rate curve to be more in line with the market reality

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	Spot : 10% ; Credit : 0% ; Vol : 0% ; Rates : 0	2.05%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0	-4.05%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0	0.07%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0	-0.13%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0	-0.37%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0	0.41%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0	-2.68%
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0	-5.00%
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0	-9.53%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0	-12.00%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -0.5	-3.86%
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -0.5	-8.44%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -0.5	-10.95%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0.5	-6.01%
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0.5	-10.50%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 1	-13.81%
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0	0.53%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0	0.58%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0	0.41%
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0	-1.91%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0	-2.07%
22	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0	-0.31%
23	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0	-0.51%
24	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0	1.19%
25	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0	1.31%
26	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0	1.37%
27	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0	2.36%
28	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0	2.46%
29	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0	2.51%
30	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	0.03%
31	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0.5	0.19%
32	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0.5	0.30%
33	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	1.20%
34	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 1	0.33%
35	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 1	0.44%
36	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 1	-0.99%
37	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 1	-0.82%
38	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 2	-2.51%
39	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 2	-1.58%
40	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 2	-1.46%
41	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 2	-1.36%
Worst		-13.81%	

Annex 7: IFRS 13 Classification as of 31 May 2019

	% of NAV	Number of positions
Assets		
Level 1	37.3%	175
Level 2	25.4%	2923
Level 3	4.7%	67
Cash & cash equivalents	57.3%	10
Total Assets	124.6%	3175
Liabilities		
Level 1	-18.1%	121
Level 2	-6.6%	189
Total Liabilities	-24.6%	310
Total Assets + Liabilities	100.0%	3485

	% of NAV
• Encumbered cash and cash equivalents	
- Cash - Derivatives Clearing Organisation	2.9%
- Cash - Counterparties	3.3%
- Money market fund	2.0%
- Cash covering a short market value	24.9%
• Unencumbered cash and cash equivalents	
- Cash covering a short market value	24.3%
- Short-term papers < 90 days	0.0%
- Excess cash	0.0%
Total Cash and cash equivalents	57.3%

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%	112%
Gross method	200%	112%

Disclaimer

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

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

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

You should always bear in mind that:

- all investment is subject to risk;
- results in the past are no guarantee of future results;
- the investment performance of BGHL may go down as well as up. You may not get back all of your original investment; and
- if you are in any doubt about the contents of this communication or if you consider making an investment decision, you are advised to seek expert financial advice.

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

VC 06.11.12.02