



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

**Interim Management Statement**  
**For the Quarter ended 30 September 2019**

**I. PRINCIPAL ACTIVITIES**

Boussard & Gavaudan Holding Limited (“BGHL” or “the Company”), a closed-ended investment company incorporated under the laws of Guernsey, announces its interim management statement for the period from 1 July to 30 September 2019 (“the period”).

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

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

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

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

## II. HIGHLIGHTS

	30-Sept-19	28-Jun-19
Assets under management (€m)	664	652
Market capitalisation (€m)	505	468
Shares outstanding	29,390,943	29,390,943

	NAV per Share		Share price*		Discount to NAV	
	€ shares	£ shares	€ shares	£ shares	€ shares	£ shares
30-Sept-19	€ 22.58	£20.38	€ 17.20	£15.05	-23.84%	-26.16%
28-Jun-19	€ 22.18	£19.93	€ 15.90	£15.50	-28.33%	-22.24%
Performance	1.80%	2.25%	8.18%	-2.90%		

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

## III. PERFORMANCE

From 1 July to 30 September 2019, European markets went up with the Eurostoxx 50 up +2.8%. VStoxx finished the quarter at 15.8%, up from 13.7% and iTraxx Crossover S31 ended September at 269bps (14bps wider on the quarter).

Against this backdrop, BGHL NAV was up +1.8% over the period.

### 1. BG Fund

As of 30 September 2019, the Company is exposed to BG Fund by approximately 109% of its net asset value. BG Fund EUR A share class was up this quarter (+1.7%).

#### 1.1. Volatility strategies

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

Mandatory convertible bonds contributed slightly positively this quarter, with all current positions trading marginally higher in a market with limited volumes. There were no primary issues this quarter.

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

Convertible bond contribution (excl. mandatories) to the performance of the fund was marginally positive. The secondary market was lacklustre with few opportunities. The primary issues that came seemed to be universally expensive and consequently new arbitrage opportunities were limited.

### ***Volatility Trading***

Volatility trading posted a slightly negative contribution to the performance of the fund for the quarter. Despite the persistent low volatility environment, the Investment Manager managed to offset most of the negative carry of being structurally long volatility by actively trading around positions. Towards the end of the quarter, the Investment Manager began to grow the overall level of protection, seeing it as an attractive entry point when assessed under multiple metrics.

### **1.2. Equity Strategies**

Equity strategies were the main positive contributor to the fund's performance for the quarter. At the beginning of the period, the portfolio contributed strongly with performance driven by several factors: a good H1 earnings season, tight hedging and defensive positioning.

August was marked by a violent market rotation out of defensive and into cyclicals. The portfolio reacted well thanks to fundamental investments in specific cyclical names and also to the portfolio's natural long gamma bias which proved particularly effective on this occasion. Corporate activity has remained buoyant overall, although deal sizes in Europe are still at the smaller end of the spectrum.

As for general positioning of the portfolio, with further uncertainty surrounding the macro outlook and ongoing geopolitical risks, the Investment Manager plans to remain tightly hedged, retaining significant long convexity in the portfolio through the use of options.

### **1.3. Credit Strategies**

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

Capital structure arbitrage was flat this quarter. The low volatility environment and ongoing dovish monetary policy has not helped to deliver attractive arbitrage opportunities and so positioning remains light in this sub-strategy.

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

Credit long / short made a positive contribution this quarter, driven by specific corporate and financial positions. The credit portfolio remains limited overall and is focused on certain idiosyncratic and trading opportunities.

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

Credit special situations was marginally negative for the quarter.

### **1.4. Trading**

Trading posted a net negative contribution to the fund, driven primarily by Index Rebalancing which was negatively impacted by sector reversals in September.

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

In addition to its investment in BG Fund, the Company has an investment in a private holding company. As of 30 September 2019, the net asset value of this investment represents about 1% of the net asset value of BGHL.

The contribution of this investment was almost flat on the period.

### **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 Mandarina 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.

**IV. OUTLOOK**

Financial prospects for the coming months will be linked to the level of opportunities that emerge across the Company's strategies in the European corporate environment.

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

For further information contact:

**Boussard & Gavaudan Investment Management LLP**

Emmanuel Gavaudan	(London)	+44 (0)20 3751 5389
François-Xavier Baud	(London)	+44 (0)20 3751 5395

## **Disclaimer**

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

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

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

*You should always bear in mind that:*

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

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

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