

1 July 2022

Boussard & Gavaudan Holding Limited
a closed-ended investment company incorporated with limited liability
under the laws of Guernsey with registration number 45582
(the “Company”)

Legal Entity Identifier: 5493002XNM3W9D6DF327

Publication of Circular

Further to the announcement on 16 June 2022, the Company has today published a circular containing a Notice of EGM in response to the Requisition Notice (the “**Circular**”).

Introduction

On 10 June 2022, the Company received notice from Mr Emmanuel Gavaudan, requiring the Board to convene a general meeting of the Company to consider the appointment of two additional directors nominated by him – Mrs Nathalie Esposito and Mr Erich Bonnet.

Mr Gavaudan is the holder of 1,500,000 Euro Shares (representing 12.05 per cent. of the Company’s issued share capital), which entitles him to requisition an Extraordinary General Meeting.

Mr Gavaudan is also a principal of the Investment Manager and a member of the “Concert Party”, being the Investment Manager, together with persons considered to be acting in concert with the Investment Manager. As at 31 March 2022, the Concert Party owned 28.09 per cent. of the Company’s issued share capital.

Background to and reasons for rejecting the proposals

The Board currently comprises four directors who, as stated in the annual financial report for the year ended 31 December 2021, it believes have the correct mix of skills and experience appropriate to the requirements of the Company.

In March 2022, Mr Andrew Howat assumed the role of Chairman, replacing Mr Andrew Henton who retired as a director having served on the Board for ten years. The transition was part of a planned succession programme, providing ongoing continuity.

In addition, Ms Julia Goh was appointed as Chair of the Audit Committee, bringing 27 years’ of experience across accounting, hedge funds, global markets sales and trading in investment banks and risk management. The appointment of Ms Goh followed an extensive search process undertaken by an independent third-party search firm to identify individuals with the appropriate mix of skills and experience to be considered by the Board as the Audit Chair.

At that time, Mr Gavaudan proposed to the Board the appointment of Mr Bonnet as a director of the Company, which was duly considered by the Board. It was the Board’s view that Mr Bonnet did have relevant industry experience, but that this was not sufficient to act as Audit Chair and that Ms Goh was the best candidate for this role.

At the request of Mr Gavaudan, the Board also considered the appointment of Mr Bonnet as a fifth director alongside the appointment of Ms Goh. However, the Board concluded that it was important for it to maintain its independence and, as such, to only consist of individuals wholly independent of the Investment Manager and of Mr Gavaudan, who is one of the Company’s largest individual shareholders. In addition, the Board believed that an additional

director would add to the costs of the Company which would not be to the benefit of Shareholders.

Mr Gavaudan has subsequently served the Company with the Requisition Notice for the appointment of Mrs Esposito and Mr Bonnet. The background and experience of Mrs Esposito and Mr Bonnet, as provided with the Requisition Notice, is set out below.

As candidates proposed by Mr Gavaudan, a principal of the Investment Manager, the Board does not consider Mrs Esposito and Mr Bonnet to be independent of the Investment Manager or Mr Gavaudan. The Board has consulted with a significant proportion of the Independent Shareholders, who share this view. In light of this, and in line with corporate governance best practice, the Board has concluded that it is important for it to retain its independence and to consist only of individuals who are, and who are perceived to be, wholly independent of the Investment Manager and Mr Gavaudan. In addition, the Board considers a board comprising six directors to be beyond the requirements of the Company given its scale, with a market capitalisation of £251.5 million as at 28 June 2022, and a policy to invest the substantial majority of its assets in the Master Fund. In the event that one or more additional Directors were to be appointed, the cap on aggregate remuneration set out in the Articles would need to be amended by an ordinary resolution of Shareholders.

While the Board believes it has the necessary expertise, bringing a wealth of experience across investment management, investment trusts, banking, accounting, legal and risk, it is open to considering further appointments should Mr Gavaudan, or other Shareholders, believe that the Company would benefit from the appointment of individuals with additional skills. However, any such appointments should be following an independent process conducted by the Board, or a third party on behalf of the Board, to identify independent directors with such skills.

Biographies of nominated directors

Mrs Nathalie Esposito

Mrs Nathalie Esposito is a partner, member of the management committee and Head of Business Development at GSA Capital. GSA Capital operated as a quantitative hedge fund managing third party capital from 2005 until 2021 and is currently a privately owned proprietary trading and investment firm. At GSA Capital, Mrs. Esposito has been successfully driving the growth strategy, which has resulted in successful diversification of business lines and quadrupling of assets under management. For twelve years, from 2002 through 2014, she held senior positions in alternative investment research and portfolio management at BlackRock Alternative Advisors: sourcing and evaluating hedge fund talent across strategy types, leading due diligence processes and working closely with client relationship management.

Mr Erich Bonnet

Erich Bonnet is the founder, principal and managing partner of Smart Lenders Asset Management, an investment management firm specialised in direct lending to consumers and small businesses through marketplace lending platforms. From 2009 through 2014, Mr. Bonnet was the founder and Chairman at Furstenberg Finance and SB Partners, a family investment holding and consulting company, notably advising a major financial institution and private equity and distressed investment funds. From 1998 through 2008, Mr. Bonnet was the founder and Head of Strategy and Asset Management at ADI Alternative Investments, a multi-billion dollar investment firm specialising in alternative asset management.

Publication of Circular

A copy of the Circular has been submitted to the National Storage Mechanism and will shortly be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>. The Circular will also be available on the Company's website <https://www.bgholdingltd.com>.

A Notice convening the Extraordinary General Meeting, to be held at Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 2HT, Channel Islands on 29 July 2022 at 10:00 a.m., is set out at the end of the Circular. The Notice includes the full text of the Ordinary Resolutions to be considered at the Extraordinary General Meeting.

In order to become effective, the Ordinary Resolutions tabled at the Extraordinary General Meeting must be approved by a majority of the votes cast by Shareholders who vote in person or by proxy at the Extraordinary General Meeting.

Recommendation

For the reasons outlined above, the Board believes that the Ordinary Resolutions, if passed, would impact the independence of the Board, which would not be in the best interests of the Company and Shareholders as a whole.

Accordingly, the Board recommends that Shareholders vote AGAINST the Ordinary Resolutions to be proposed at the Extraordinary General Meeting.

Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as set out in the Circular.

For further information, please contact:

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