



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 29 March 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 January to 29 March 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

	29-Mar-19	31-Dec-18
Assets under management (€m)	648	647
Market capitalisation (€m)	500	508
Shares outstanding	29,390,943	29,390,943

	NAV per Share		Share price*		Discount to NAV	
	€ shares	£ shares	€ shares	£ shares	€ shares	£ shares
29-Mar-19	€ 22.01	£19.72	€ 17.00	£14.70	-22.77%	-25.45%
31-Dec-18	€ 22.00	£19.64	€ 17.30	£15.10	-21.38%	-23.13%
Performance	0.04%	0.37%	-1.73%	-2.65%		

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

III. PERFORMANCE

From 1 January to 29 March 2019, European markets rallied with the Eurostoxx 50 at +11.67%. VStoxx finished at 15.3%, down from 23.9% and iTraxx Crossover S30 ended March at 274bps (78bps tighter on the quarter). With this backdrop, BGHL contributed +0.04% over the period.

1. BG Fund

As of 29 March 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 (+0.07%).

1.1. Volatility strategies

Mandatory Convertible Bond Arbitrage

Mandatory convertible bonds contributed positively. The main requirement for this market has been new issuance and there have been two new mandatories this quarter. Firstly, from Sika in February for CHF 1.3bn followed by Vodafone in early March with two tranches for a total of £3.45bn. The performance came both from the new mandatories as well as from repricing of other positions in the portfolio.

Convertible Bond Arbitrage

Convertible bond contribution (excl. mandatories) to the performance of the fund was marginally positive. There was one new deal this quarter. Secondary flows were limited and mostly concentrated in a few specific situations. The Investment Manager continues to believe that the convertible bond market is expensive, mostly due to excessive cash held in long-only convertible funds that need to be deployed.

Volatility Trading

Volatility trading posted a negative contribution to the performance of the fund, mainly due to a collapse in volatility in Eurostoxx and the overall impact of negative carry in volatility across all asset classes. Overall, the volatility market has been pretty unexciting this period and left little opportunity to trade around existing positions.

1.2. Equity Strategies

Equity strategies were the main positive contributor to the fund's performance this period. This was primarily driven by risk arbitrage trades as well as by the bounce in some of the mid cap names that had underperformed materially at the end of last year. The positive performance was partially offset by a number of idiosyncratic positions in the financial sector. With the market's continued normalisation following last year's massive de-risking, the Investment Manager is continuing to deploy more capital into equity strategies while trying to focus on positions with identifiable catalysts.

1.3. Credit Strategies

Capital Structure Arbitrage

Capital structure arbitrage was almost flat this quarter. The market context did not change much at all over the period and has mainly been driven by dovishness from central banks. In this low volatility environment, the Investment Manager has not really seen appealing discrepancies and the portfolio consequently remains lightly positioned in this sub-strategy.

Credit Long / Short

Credit long / short made a positive contribution this quarter. Credit markets performed strongly in continuation of the general risk asset rebound observed since January and credit markets particularly benefited from the dovish tone from central banks. While the Investment Manager reduced overall exposure during the second half of last year, portfolio risk is being selectively increased on certain idiosyncratic and trading opportunities that have emerged both in secondary and primary markets.

Credit Special Situations

Credit special situations was slightly positive this period.

1.4. Trading

Trading posted a net positive contribution to the fund, driven by quantitative equity trading.

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 29 March 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 Mandarinina 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:

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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.*

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