



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 30th September 2022

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 2022 (“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-22	30-June-22
Assets under management (€m)	352	352
Market capitalisation (€m)	276	291
Shares outstanding	12,446,842	12,446,842

	NAV per Share		Share price*		Discount to NAV	
	€ shares	£ shares	€ shares	£ shares	€ shares	£ shares
30-Sept-22	€ 28.25	£24.75	€ 22.20	£20.00	-21.42%	-19.18%
30-June-22	€ 28.25	£24.59	€ 23.40	£20.00	-17.16%	-18.68%
Performance	0.02%	0.62%	-5.13%	0.00%		

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

III. PERFORMANCE

Equity markets were under pressure this period, with the Euro Stoxx 50[®] Total Return and the S&P 500 total return falling respectively -3.7% and -4.9%. Credit markets widened with the iTraxx Crossover[®] (S37) moving from 580bps to 604bps at the end of September and the market implied volatility measure VStoxx[®] going from 31.2% to 30.1%.

1. BG Fund

BG Fund (EUR B) contributed slightly positively for the quarter.

1.1. Volatility strategies

Mandatory Convertible Bond Arbitrage

Mandatory convertible bonds contributed positively this quarter. Performance was due to an overall positive repricing of the positions. September saw the long-anticipated reopening of the primary market with a new mandatory convertible issued. As rates continue to rise the Investment Manager anticipates there may be more companies coming to market to issue mandatories in order to optimise their financing costs.

Convertible Bond Arbitrage

Convertible bonds (excl. mandatories) were amongst the biggest contributors during the quarter.

In a challenging environment, and despite poor liquidity in the secondary market, European convertibles performed well. Some CBs were trading at a significant discount to fair value during the period, and the Investment Manager took the opportunity to selectively add to some very attractive risk-reward positions, and these helped to contribute to performance as the positions normalised. In addition, several positive catalysts that had been anticipated came to fruition. The Investment Manager will continue to be highly selective in making investments focusing on identifying and isolating idiosyncratic alpha. The investment manager remains strongly of the view that hybrid new issues will come back with renewed vigour in the final quarter and will lead to exciting opportunities.

In the US, the challenging macro backdrop lead to difficult market conditions, putting pressure on CB prices in general. Notwithstanding the negative market dynamic, the Investment Manager generated a positive pnl due to the well-hedged portfolio and through active trading. There were several new issues from US companies and the Investment Manager thinks this signals further demand for hybrid issuance from corporates.

Volatility Trading

Volatility Trading contributed positively this quarter. Despite the sizeable sell off year-to-date in global equities, realised volatility has stayed remarkably calm and contained. The Investment Manager managed to generate profits by actively trading around existing positions while dispersion trades and some tactically defensive trades carried well.

Warrant Trading

Warrant arbitrage and SPACs were flat during the period.

1.2. Equity Strategies

The period was a bit challenging for equity strategies with gains and losses spread across a number of positions. The overall net small loss was driven by a mix of idiosyncratic news on specific names and downward market pressure due to investors de-risking on other positions which drove risk spreads wider.

Entering into September the market is focused more than ever on the pricing of risk, and the differentiation of pricing between safe and risky M&A deals is becoming more pronounced. Overall, the portfolio contains a very interesting and diverse mix of idiosyncratic risks, a number of which should crystallise in the coming months.

1.3. Credit Strategies

Capital Structure Arbitrage

Capital structure arbitrage was flat this quarter.

Credit Long / Short

Credit spreads underwent a volatile quarter, particularly on high yield and distressed debt. Investment grade debt was almost business-as-usual in terms primary issuance and secondary trading, however lower quality credit segments suffered significantly. The high yield market was effectively closed for new issuance from June to the end of August, and while a handful of high yield new issues occurred in September, a number of them were pulled due to lack of demand. Despite extreme volatility during the quarter, the iTraxx crossover index widened only marginally over the period and the credit long / short portfolio contributed positively to the fund.

Credit Special Situations

Credit special situations contributed slightly negatively this period.

1.4. Trading

Trading contributed positively overall to the quarter with a strong performance from the Systematic Trend Following strategy slightly offset by the Equity Quantitative Trading.

2. Investments Other Than BG Fund

The contribution of this investment was flat on the period.

Rasaland Investors ("RLI")

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 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.

IV. OUTLOOK

The Investment Manager expects the tougher macro backdrop and financing environment to generate activity from companies in order to bolster balance sheets, rationalising businesses through restructurings and spin offs or, absent organic growth, merging and consolidating to drive balance sheet efficiency.

The story of a building pipeline for primary issuance and corporate activity remains very strong. The choppy market backdrop and increasingly discriminating financing environment will drive new hybrid issues in order for companies to get ahead of the ever-growing concerns of higher interest rates and persistent inflation.

The Investment Manager expects the environment to be very favourable for the Company across the full range of its core arbitrage strategies where he is positioned to deploy further capital into convertible bond arbitrage, mandatory convertible bond arbitrage, capital structure arbitrage, and Vol trading, while continuing to extract returns from event driven and special situations with hard catalysts. The portfolio is tightly hedged, already invested in some very attractive positions and remains well-placed to capitalize on inflation, elevated rates and economic uncertainty.

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	(Paris)	+33 1 44 90 39 47

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 01.05.15.01