



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 31 March 2021

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 31 March 2021 (“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

	31-Mar-21	31-Dec-20
Assets under management (€m)	349	357
Market capitalisation (€m)	283	278
Shares outstanding	13,240,263	13,787,763

	NAV per Share		Share price*		Discount to NAV	
	€ shares	£ shares	€ shares	£ shares	€ shares	£ shares
31-Mar-21	€ 26.35	£23.00	€ 21.40	£18.00	-18.78%	-21.74%
31-Dec-20	€ 25.94	£22.77	€ 20.20	£18.00	-22.11%	-20.94%
Performance	1.59%	1.01%	5.94%	0%		

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

III. PERFORMANCE

From 1 January to 31 March 2021, European markets rallied significantly with the Eurostoxx 50[®] Total Return up +10.7% for the quarter. The volatility index VStoxx[®] finished March at 18%, down from 23.4% and iTraxx Crossover[®] (S34) ended the month at 221bps (22bps wider on the quarter).

1. BG Fund

BG Fund (EUR B) has a positive contribution for the quarter.

1.1. Volatility strategies

Mandatory Convertible Bond Arbitrage

Mandatory convertible bonds made a small positive contribution this quarter. Although there were no primary issues, the Investment Manager is hopeful that current levels of corporate and capital market activity will lead to new issues in due course.

Convertible Bond Arbitrage

Convertible bond contribution to the performance of the fund was positive for the quarter. Primary and secondary markets were both relatively quiet and most of the primary issues came from US issuers. Notwithstanding this backdrop the overall market dynamic meant that the Investment Manager was able to act nimbly to access a number of attractive opportunities. Given the overall credit spread tightening, the Investment Manager also took the opportunity to sell some lower delta positions.

Volatility Trading

Volatility Trading had a positive contribution this quarter despite the fact that realised volatilities were significantly below implied volatilities throughout the quarter. Long gamma positions have consequently remained expensive to carry in most asset classes, and especially on equities. Nevertheless the Investment

Manager managed to offset the negative carry of these positions and to generate a net profit through active trading.

Warrant Trading

Warrant and SPAC arbitrage contributed positively this period. The Investment Manager took advantage of the rally in prices to take profits and reduce existing exposures. Positions are being added very selectively in new issues.

1.2. Equity Strategies

Overall, equity strategies had a small negative contribution for the quarter. Risk arbitrage and special situations performed very well however fundamental investments in value-catalyst positions suffered from sector rotations into cyclical from growth names, and from mid-cap into large cap. The Investment Manager expects that the rotation should slow down substantially from here.

1.3. Credit Strategies

Capital Structure Arbitrage

Capital structure arbitrage was flat this quarter .

Credit Long / Short

Credit spreads tightened over the period, with price dispersion particularly notable in high yield names. Overall the credit long / short book contributed positively and the portfolio remained resilient.

Credit Special Situations

Credit special situations continued to perform well across the board .

1.4. Trading

Trading contributed negatively this period, mainly due to the Equity Quantitative Strategy as growth and momentum were impacted by the sell-off in rates in Europe and the US .

2. Investments Other Than BG Fund

The contribution of this investment was almost 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 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.*

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