

BOUSSARD & GAVAUDAN HOLDING LIMITED

JULY 2019 NEWSLETTER

I. COMPANY INFORMATION

General information	
Investment manager	Boussard & Gavaudan Investment Management LLP
Company domicile	Guernsey
Website	www.bgholdingltd.com
Management fee	1.5% p.a.
Performance fee	20% with HWM

	SEDOL	ISIN	Reuters	Bloomberg
EUR Euronext	B1FQG45	GG00B1FQG453	BGHL.AS	BGHL NA
EUR LSE	B28ZZQ1	GG00B1FQG453	BGHL.L	BGHL LN
GBX LSE	B39VMM0	GG00B39VMM07	BGHS.L	BGHS LN
GBX Euronext	B39VMM1	GG00B39VMM07	BGHS.AS	BGHS NA

II. OVERVIEW

Boussard & Gavaudan Holding Limited (“BGHL”) is a Guernsey closed-ended investment company and is registered with the Dutch Authority for the Financial Markets as a collective investment scheme under article 1:107 of the Dutch Financial Markets Supervision Act. BGHL invests its assets in order to provide exposure to multiple alternative investment strategies managed by the Investment Manager. The investment objective is to seek to produce long-term appreciation of its assets. BGHL seeks to achieve this by investing in BG Fund (“the Fund”). In addition, a proportion of the net assets of BGHL may, at the discretion of the Investment Manager, be invested in other hedge funds and/or other financial assets selected by the Investment Manager. BGHL aims to generate a target annualized return in excess of 10% (net of all fees).



III. SHARE INFORMATION as of 31 July 2019

Net Asset Value (NAV)	Euro share	Sterling share
Estimated NAV*	€ 22.6167	£20.3505
Estimated month to date return*	1.95%	2.09%
Estimated year to date return*	2.78%	3.59%
Estimated inception to date return*	126.17%	103.51%

Euro share	Amsterdam (AEX)	London (LSE)
Market close	€ 16.95	-
Premium / discount to estimated NAV	-25.06%	-

Sterling share	Amsterdam (AEX)	London (LSE)
Market close	-	£15.25
Premium / discount to estimated NAV	-	-25.06%

	Euro share	Sterling share
Shares issued	28,782,231	608,712
Shares held in treasury	-	-
Shares outstanding	28,782,231	608,712

	BGHL
Total value of the investments of BGHL based on the estimated NAV for the shares outstanding	€ 665 millions
Market capitalisation of BGHL based on the share price for the shares outstanding Amsterdam (AEX) market close for the Euro Share and London (LSE) market close for the Sterling share	€ 498 millions

* Estimated figures

IV. BGHL TRACK RECORD

BGHL Track Record – Historical NAV Returns Summary (Net of Fees)														
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
BGHL EUR NAV														
2006	-	-	-	-	-	-	-	-	-	-	2.27%	2.82%	5.15%	5.15%
2007	3.13%	1.45%	4.68%	0.73%	1.38%	-2.27%	0.85%	-2.21%	-0.32%	1.82%	-2.16%	-1.38%	5.56%	11.00%
2008	-2.10%	-0.01%	-2.32%	0.78%	1.29%	-2.98%	-1.19%	0.32%	-10.49%	1.67%	1.55%	1.09%	-12.30%	-2.66%
2009	3.34%	-0.17%	1.20%	5.01%	4.17%	0.92%	1.91%	2.63%	2.92%	1.47%	0.30%	0.69%	27.15%	23.77%
2010	1.35%	0.59%	1.62%	0.81%	-1.10%	1.00%	2.11%	-0.32%	0.79%	2.11%	0.04%	1.97%	11.49%	37.99%
2011	0.71%	0.57%	2.16%	0.01%	-0.05%	-0.85%	-0.80%	-0.20%	-2.17%	2.49%	-3.92%	-0.39%	-2.58%	34.42%
2012	3.90%	2.01%	-0.16%	0.54%	-0.61%	-0.32%	0.12%	1.29%	0.04%	0.83%	0.42%	1.08%	9.45%	47.12%
2013	0.89%	0.74%	-0.59%	0.24%	1.27%	0.83%	0.96%	0.47%	1.07%	1.57%	2.28%	3.14%	13.60%	67.14%
2014	2.81%	-0.01%	-0.74%	1.62%	1.53%	-0.58%	0.08%	0.52%	-1.08%	-0.93%	3.16%	0.37%	6.85%	78.59%
2015	2.96%	1.15%	-0.36%	1.12%	2.06%	-1.92%	3.56%	0.87%	-1.47%	0.80%	4.80%	1.25%	15.65%	106.55%
2016	0.48%	2.02%	1.18%	0.70%	1.68%	-0.59%	0.78%	0.47%	-0.01%	-1.08%	0.09%	1.32%	7.22%	121.45%
2017	0.59%	1.55%	0.08%	3.78%	1.16%	-0.07%	0.43%	-0.11%	-0.52%	-0.13%	-1.16%	0.22%	5.87%	134.46%
2018	0.70%	1.34%	-0.60%	-0.58%	0.03%	-0.25%	-2.92%	0.18%	0.49%	-2.35%	-1.40%	-0.88%	-6.15%	120.05%
2019	-0.41%	-0.58%	1.04%	-0.76%	0.59%	0.95%	1.95%*						2.78%*	126.17%*
BGHL GBP NAV														
2008	-	-	-	-	-	-	-1.45%	-0.08%	-9.09%	0.16%	4.51%	3.69%	-2.84%	-2.84%
2009	1.88%	0.16%	0.52%	3.86%	3.22%	0.52%	1.62%	2.72%	2.97%	1.09%	0.28%	0.40%	20.91%	17.48%
2010	1.22%	0.40%	1.58%	0.72%	-1.43%	0.76%	2.01%	-0.36%	0.65%	1.97%	-0.17%	1.89%	9.57%	28.72%
2011	0.68%	0.37%	1.99%	-0.10%	-0.11%	-1.31%	-0.93%	-0.27%	-2.71%	2.37%	-4.46%	-0.45%	-5.00%	22.28%
2012	3.87%	2.14%	-0.32%	0.58%	-0.66%	-0.33%	0.13%	1.01%	0.04%	0.81%	0.39%	1.05%	8.98%	33.26%
2013	0.93%	0.71%	-0.60%	0.22%	1.11%	0.85%	0.94%	0.46%	1.05%	1.45%	2.20%	3.06%	13.04%	50.64%
2014	2.73%	-0.05%	-0.81%	1.60%	1.43%	-0.65%	0.04%	0.43%	-1.08%	-1.00%	2.46%	0.14%	5.29%	58.61%
2015	2.85%	1.10%	-0.41%	1.12%	1.91%	-1.97%	3.04%	0.91%	-1.41%	0.79%	4.31%	1.17%	14.08%	80.95%
2016	0.09%	2.09%	1.24%	0.75%	1.70%	-0.49%	0.84%	0.54%	0.04%	-1.02%	0.07%	1.38%	7.44%	94.40%
2017	0.63%	1.58%	0.13%	3.77%	1.29%	-0.06%	0.51%	-0.04%	-0.50%	-0.08%	-1.10%	0.30%	6.52%	107.08%
2018	0.76%	1.41%	-0.54%	-0.50%	0.09%	-0.19%	-2.78%	0.28%	0.58%	-2.23%	-1.29%	-0.79%	-5.14%	96.44%
2019	-0.29%	-0.47%	1.14%	-0.64%	0.68%	1.05%	2.09%*						3.59%*	103.51%*

* Estimated figures

V. BGHL COMPOSITION

The proceeds have been invested in BG Fund (net of a certain amount retained by BGHL for working capital requirements and other requirements).

From 1 August 2019, BGHL is exposed to BG Fund up to approximately 109% of its net asset value. BGHL maximum possible exposure to BG Fund is 110% of its net asset value. In addition, BGHL has other investments.

A. BG FUND

European markets were slightly negative in July, with the Eurostoxx 50[©] down -0.2% for the month. Volatility increased with VStoxx[©] finishing the month at 14.4%, slightly up from 13.7%. iTraxx Crossover (S31) [©] ended July at 253bps (2bps tighter).

BG Fund delivered a return of +1.73% in July (USD A share class) driven primarily by equity strategies and trading.

Volatility strategies

Mandatory convertible bond arbitrage

Mandatory convertible bonds contributed +4bps this month. The Volcano-into-Anglo-American mandatories have been recalled and contributed +4bps. We will receive a make-whole amount and the current ratio of shares. In addition, it is worth highlighting that Volcano also sold some Anglo American via an accelerated book building. After this transaction, Volcano has no more interest in Anglo American. There were no primary issues in July.

Convertible bond arbitrage

Convertible bond contribution (excl. mandatories) to the performance of the fund was +1bp in July. The primary market saw two deals totaling €0.8bn. Both issues seemed expensive and had long-dated maturities. The secondary market was lackluster with few opportunities.

Volatility Trading

Realised volatility vs implied at the end of June:

	30d Implied vol level on 30/06/19	Realised vol over the month	Difference
US	13.66	8.51	-5.15
EUROPE	14.30	9.42	-4.88

Variation of implied volatilities during July:

	Aug. Vol Index Fut as of 30/06/19	Aug. Vol Index Fut as of 31/07/19	Vol move
US	14.59	14.40	-0.19
Europe	15.15	14.05	-1.10

Volatility trading contributed negatively to the performance of the fund in July (-3bps).

The global mood remained very dovish during July, mainly driven by central bank easing policies and projections. As a consequence, volatility was hit hard across the term structure, in both equities and FX, and negative carry from our long gamma positions remained a drag on performance.

During the last few days of the month, there was a marginal risk off tone to markets, mainly due to a more mixed global growth picture. This slight shift was fueled by renewed concerns about a US/China trade war, disappointing macroeconomic data, hard Brexit fears and the Fed's 'ability to deliver'. Despite these worries, implied volatilities remained subdued.

Despite the tough volatility environment, on the equity side we managed to offset most of the negative carry by actively trading around positions and we saw a positive contribution from dispersion trades. In FX, we suffered on gamma trading especially on the USDBRL pair, where implied volatility collapsed dramatically after pension reforms passed the first hurdle in Congress without any change in realised vols.

On the fixed Income side, long-term volatility increased as Euro rates reached new lows. The portfolio benefited from that move higher in vol while capturing also some of the move lower in rates.

Equity strategies

July was a solid month for the equity book, with a positive performance of 118bps. This was distributed across various sub-strategies.

On the fundamental side, the portfolio enjoyed a good H1 earnings season. Shares were fairly volatile on earnings releases, due partly to the uncertain economic outlook and we witnessed many moves north of 5%. Our portfolio benefited from good positioning going into the numbers, with our long gamma bias proving particularly efficient on this occasion.

We also benefited from the strong rebound of some of our telecom positions, at the forefront of which was Vodafone. Results publication carried two important positive news items: i) initiation of better portfolio monetisation through tower disposal; ii) guidance for improved future top-line going forward following a beat on the current period expectations.

The performance of Orange Belgium is also worth highlighting. A favourable regulatory ruling increased the prospects of future profitability, firstly giving a boost to share performance, which should be followed by the conclusion of an accretive network sharing deal with incumbent Proximus, enabling a further upward rerating.

Corporate activity remained buoyant during the month with a flurry of deals announced, though still on the smaller end of the spectrum in Europe. In this environment, the Risk Arbitrage and Special Situation strategies continued to deliver positive performance.

The exposure of the equity portfolio has increased, in line with our comments from the beginning of the year (February and March newsletters). With the economic and geopolitical uncertainty, we are keeping the portfolio as well hedged as possible, with convexity from our long gamma positions.

Credit strategies

Capital Structure Arbitrage

Capital structure arbitrage performance was flat this month. Once again, both asset classes evolved in an orderly fashion. We are not seeing appealing discrepancies between asset classes and we consequently remain lightly positioned in this sub-strategy.

Credit long / short

Credit long / short delivered a good contribution this month (+12bps).

Credit markets reported a positive month overall. This was particularly true in Europe with rate rallies and central bankers hinting at further dovish action including, inter-alia: the possibility of revisiting a corporate bond purchase program as well as measures to mitigate the impact of negative rates for financial institutions.

The primary market remained active despite the traditional summer season slow down, especially in the corporate space. Primary deals were well received overall and benefited from the continued inflows in the asset class. This activity created trading opportunities, not only on new deals but also on secondaries. We took advantage of the market strength to reduce our trading book in corporate high yield and set up some hedges ahead of August.

On the idiosyncratic side, our long position in Deutsche Bank senior credit outperformed hedges following the announcement of the restructuring of its investment bank. The plan, if delivered, will be positive for Deutsche's credit profile with reduced capital and funding requirements. The plan was welcomed by both regulators and rating agencies.

Credit special situations

Credit special situations contributed +1bp in July.

Trading

Trading strategies returned +41bps this month. The decline in rates remained a key driver for the market however, contrary to June, European equity indices were flat. This combination was beneficial to the defensive positioning of the Equity Quantitative strategy and to the Trend-following strategy which was profitable across all asset classes. While most of the Trend-following strategy gains came from rates, the currencies side delivered a good performance as well. In particular, the strategy was well positioned on the British Pound and on the Euro.

B. DIRECT INVESTMENTS OTHER THAN BG FUND

On top of its investment in BG Fund, BGHL has other investments. As of 31 July 2019, the net asset value of these investments represents about 1% of the net asset value of BGHL.

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.

VI. BOUSSARD & GAVAUDAN INVESTMENT MANAGEMENT UPDATE

A. TRANSACTION IN THE COMPANY'S SECURITIES

Please note that transactions in the Company's securities that have been performed by officers, directors and persons referred to in the section 5:60 of the Financial Supervision Act ("Wft") are reported:

- directly on the AFM website: www.afm.nl (professionals > registers > notifications > insider-transactions 5:60 wft);
- on the Company's website through a link to the AFM notification: www.bgholdingltd.com (Investment Manager > Regulatory information).

Transactions in the Company's own securities are also reported on:

- the AFM website: www.afm.nl (professionals > registers > notifications > price-sensitive press releases);
- the Company's website: www.bgholdingltd.com (Investor Relations > Financial announcements).

B. BGIM'S AUM

As of 1 August 2019, BG Fund assets under management are €2.88bn.

Sincerely,

E. Boussard and E. Gavaudan

Investment Manager

Boussard & Gavaudan Investment Management LLP
1 Vine Street, London W1J 0AH, United Kingdom

Emmanuel Gavaudan

☎ +44 20 3751 5389

✉ eg@bgam-uk.com

François-Xavier Baud

☎ + 44 20 3751 5395

✉ fx.baud@bgam-uk.com

Rafael Serrano

☎ +44 20 3751 5422

✉ rafael.serrano@bgam-uk.com

Benjamin Sturges

☎ +44 20 3751 5417

✉ benjamin.sturges@bgam-uk.com

Robin Lowe

☎ +44 20 3751 5420

✉ robin.lowe@bgam-uk.com



VII. ANNEXES ON BG FUND

Annex 1: Greeks	
Delta	2.0% 2 bps P&L variation for market +1%
Gamma	2.3% delta variation for market +1%
Vega	5 bps by vol point
Theta	-21 bps by 30 days
Optional theta	-27 bps by 30 days
Rho	-1.3 bps for 1 bp of interest rates increasing
Credit sensitivity	-2 bps for 1% of credit spreads widening (in relative)

Annex 2: Performance Attribution *	
Volatility Strategies	2 bps
Mandatory convertible bond arbitrage	4 bps
Convertible bond arbitrage (incl. credit convertible bonds)	1 bps
Volatility trading	-3 bps
Warrant arbitrage	0 bps
Equity Strategies	118 bps
Risk arbitrage / Special situations	33 bps
Long / short trading with short-term catalyst & Value	85 bps
Credit Strategies	13 bps
Credit long / short	12 bps
Capital structure arbitrage	0 bps
Credit special situations	1 bps
Trading	41 bps
Total	173 bps

Annex 3: Equity at Risk	
Volatility Strategies	4.2%
Mandatory convertible bond arbitrage	2.1%
Convertible bond arbitrage (incl. credit convertible bonds)	0.7%
Volatility trading	1.1%
Warrant arbitrage	0.2%
Equity Strategies	28.1%
Risk arbitrage / Special situations	11.5%
Long / short trading with short-term catalyst & Value	16.5%
Credit Strategies	7.3%
Credit long / short	6.8%
Capital structure arbitrage	0.0%
Credit special situations	0.5%
Trading	14.2%
Quantitative equity trading	6.8%
Systematic trend following	1.7%
Index Rebalancing Arbitrage	2.5%
Trading using A.I	0.9%
Other	2.3%
Cash Equivalents	2.7%
Total	56.3%

* Estimated figures for USD A share class

Annex 4: Gross Exposure (in % of AUM) *		
Volatility Strategies		
	Long	21.8%
Mandatory convertible bond arbitrage	Short equity	20.5%
	Short credit	0.0%
	Long	5.7%
Convertible bond arbitrage (incl. credit convertible bonds)	Short equity	0.1%
	Short credit	0.0%
	Long	28.7%
Volatility trading	Short	32.7%
	Long	1.0%
Warrant arbitrage	Short	0.0%
	Equity Strategies	
Risk Arbitrage / Special Situations	Long	54.0%
	Short	32.5%
Long / Short trading with short-term catalyst / Value	Long	65.0%
	Short	64.7%
Credit Strategies		
Credit long / short	Long	11.8%
	Short	4.7%
Capital structure arbitrage	Long	0.0%
	Short	0.1%
Credit special situations	Long	0.7%
	Short	0.0%
Trading		
Quantitative equity trading	Long	32.4%
	Short	31.2%
Systematic trend following	Long	50.8%
	Short	17.0%
Index Rebalancing Arbitrage	Long	12.0%
	Short	12.0%
Trading using A.I	Long	4.6%
	Short	4.9%
Other	Long	14.2%
	Short	17.9%
Gross Exposure		541.0%

	Long	Short
Mandatory convertible bond arbitrage and Convertible bond arbitrage	\sum market value long	Abs(\sum [delta equity + options]) + \sum notional long for CDS
Volatility Trading	\sum Abs (delta equity)	\sum Abs (delta equity)
Warrant Arbitrage	\sum delta long	\sum Abs(delta short)
Equity Strategies and Trading	\sum delta long	\sum Abs(delta short)
Credit Strategies	\sum market value long + \sum Abs (notional short for CDS)	\sum Abs(market value short) + \sum notional long for CDS

* Some trades initially in Credit long / short are now reported in Credit special situations

Annex 5: Investment Manager's Track Record – Historical Returns Summary (Net of Fees)

USD A Share Class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD ⁽⁴⁾
Sark Fund														
2003	-	-	0.67%	0.70%	0.77%	0.94%	0.84%	0.97%	1.15%	1.46%	1.01%	0.15%	9.00%	9.00%
2004	1.00%	-0.17%	0.96%	0.13%	0.07%	-0.35%	-0.47%	-0.47%	-0.24%	-0.59%	1.16%	1.06%	2.08%	11.27%
2005	1.66%	1.08%	1.09%	-0.64%	0.31%	1.30%	1.22%	0.62%	1.06%	-0.32%	0.81%	0.89%	9.45%	21.79%
2006	-0.01%	1.64%	1.78%	1.08%	-0.29%	1.49%	0.56%	1.74%	2.83%	3.06%	2.64%	3.01%	21.29%	47.72%
2007	3.19%	1.58%	4.82%	0.89%	1.45%	-2.15%	0.97%	-2.12%	-0.22%	1.92%	-2.13%	-1.17%	6.97%	58.02%
2008	-2.12%	-0.07%	-2.57%	1.02%	0.98%	-2.52%	-1.50%	0.21%	-10.63%	0.16%	-2.97%	0.22%	-18.56%	28.69%
2009	1.71%	-0.31%	0.84%	4.87%	4.29%	0.72%	2.01%	3.26%	3.48%	1.11%	0.21%	0.46%	24.96%	60.81%
BG Fund														
2010	1.24%	0.36%	1.58%	0.73%	-1.41%	0.77%	2.16%	-0.33%	0.67%	2.05%	-0.15%	1.88%	9.92%	76.77%
2011	0.65%	0.35%	1.93%	-0.15%	-0.12%	-1.35%	-1.00%	-0.30%	-2.72%	2.56%	-4.41%	-0.40%	-5.04%	67.86%
2012	4.03%	2.13%	-0.23%	0.49%	-0.66%	-0.26%	0.14%	1.08%	0.01%	0.87%	0.46%	0.20%	8.49%	82.12%
2013	0.84%	0.65%	-0.69%	0.28%	1.19%	0.73%	1.02%	0.48%	1.16%	1.23%	1.97%	2.17%	11.56%	103.17%
2014	2.41%	0.06%	-1.01%	0.60%	1.18%	-1.07%	0.20%	0.85%	-0.69%	-0.34%	1.76%	0.25%	4.23%	111.75%
2015	2.10%	0.87%	-0.20%	1.01%	1.76%	-1.72%	2.60%	0.81%	-0.97%	0.51%	2.47%	1.12%	10.77%	134.56%
2016	0.05%	2.04%	1.35%	0.86%	1.64%	-0.55%	1.16%	0.52%	0.14%	-0.81%	0.03%	1.35%	8.03%	153.39%
2017	0.63%	1.59%	0.38%	3.93%	1.42%	0.09%	0.34%	0.05%	-0.36%	0.01%	-0.96%	0.41%	7.73%	172.97%
2018	0.82%	1.37%	-0.34%	-0.35%	0.24%	-0.03%	-2.20%	0.42%	0.56%	-1.74%	-1.04%	-0.48%	-2.80%	165.33%
2019	-0.10%	-0.28%	1.19%	-0.42%	0.82%	1.13%	1.73%*						4.14%*	176.31%*

* Estimated figures

⁽⁴⁾ Inception to date figures starting 2010 combine Sark Fund, Boussard & Gavaudan Fund and BG Fund performances.

EUR A Share Class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD ⁽⁴⁾
Sark Fund														
2003	-	-	0.75%	0.76%	0.82%	1.04%	0.93%	1.06%	1.18%	1.55%	1.05%	0.17%	9.69%	9.69%
2004	1.07%	-0.12%	1.03%	0.22%	0.14%	-0.29%	-0.42%	-0.42%	-0.19%	-0.49%	1.18%	1.07%	2.81%	12.77%
2005	1.70%	1.06%	1.09%	-0.69%	0.27%	1.27%	1.16%	0.50%	1.00%	-0.44%	0.71%	0.77%	8.70%	22.58%
2006	-0.18%	1.56%	1.64%	0.86%	-0.47%	1.35%	0.40%	1.56%	2.73%	2.90%	2.34%	2.91%	18.99%	45.85%
2007	3.14%	1.46%	4.67%	0.74%	1.39%	-2.24%	0.87%	-2.20%	-0.31%	1.83%	-2.15%	-1.24%	5.85%	54.38%
2008	-2.08%	-0.01%	-2.35%	1.10%	1.13%	-2.33%	-1.39%	0.21%	-10.93%	-0.44%	-2.86%	0.18%	-18.58%	25.69%
2009	1.92%	-0.28%	0.90%	4.88%	4.10%	0.73%	1.99%	3.21%	3.48%	1.13%	0.22%	0.48%	25.13%	57.27%
BG Fund														
2010	1.26%	0.37%	1.60%	0.74%	-1.49%	0.74%	2.01%	-0.34%	0.62%	2.02%	-0.14%	1.85%	9.56%	72.31%
2011	0.65%	0.38%	1.94%	-0.09%	-0.07%	-1.27%	-0.95%	-0.24%	-2.86%	2.47%	-4.50%	-0.49%	-5.08%	63.56%
2012	4.01%	2.12%	-0.28%	0.47%	-0.71%	-0.26%	0.10%	1.03%	-0.01%	0.84%	0.43%	0.17%	8.12%	76.84%
2013	0.80%	0.65%	-0.71%	0.25%	1.19%	0.71%	0.99%	0.48%	1.11%	1.22%	1.97%	2.14%	11.31%	96.85%
2014	2.47%	0.05%	-1.01%	0.61%	1.21%	-1.06%	0.20%	0.86%	-0.71%	-0.36%	1.75%	0.27%	4.29%	105.30%
2015	2.22%	0.85%	-0.21%	0.93%	1.79%	-1.73%	2.58%	0.78%	-1.01%	0.47%	2.59%	0.96%	10.60%	127.06%
2016	0.00%	1.98%	1.21%	0.79%	1.62%	-0.65%	1.07%	0.43%	0.03%	-0.92%	-0.03%	1.21%	6.91%	142.74%
2017	0.51%	1.53%	0.26%	3.75%	1.24%	-0.06%	0.19%	-0.10%	-0.47%	-0.11%	-1.08%	0.22%	5.97%	157.24%
2018	0.67%	1.24%	-0.55%	-0.53%	0.04%	-0.22%	-2.66%	0.18%	0.46%	-2.14%	-1.27%	-0.78%	-5.49%	143.11%
2019	-0.36%	-0.52%	0.96%	-0.69%	0.55%	0.88%	1.79%*						2.62%*	149.47%*

GBP A Share Class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
BG Fund														
2016	-	-	-	-	-	-	-	-	-	-	0.03%	1.26%	1.29%	1.29%
2017	0.57%	1.57%	0.32%	3.74%	1.37%	0.01%	0.26%	-0.01%	-0.46%	-0.06%	-1.02%	0.29%	6.68%	8.05%
2018	0.72%	1.32%	-0.46%	-0.46%	0.10%	-0.16%	-2.51%	0.29%	0.56%	-2.03%	-1.14%	-0.69%	-4.44%	3.25%
2019	-0.24%	-0.41%	1.06%	-0.58%	0.66%	0.99%	1.93%*						3.43%*	6.80%*

* Estimated figures

⁽⁴⁾ Inception to date figures starting 2010 combine Sark Fund, Boussard & Gavaudan Fund and BG Fund performances.

General Stress Tests

	Scenario	Description	Impact % of NAV
1	Delta - spot up	Spot : 10% ; Credit : 0% ; Vol : 0% ; Rates : 0	1.27%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0	0.50%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0	0.13%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0	-0.13%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0	-0.36%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0	0.39%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0	-0.13%
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0	0.05%
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0	0.97%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0	2.16%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -0.5	0.94%
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -0.5	1.80%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -0.5	2.95%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0.5	-0.76%
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0.5	0.21%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 1	0.64%
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0	0.07%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0	0.21%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0	-0.07%
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0	0.57%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0	0.37%
22	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0	-0.22%
23	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0	-0.49%
24	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0	0.68%
25	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0	0.82%
26	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0	0.96%
27	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0	1.55%
28	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0	1.66%
29	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0	1.78%
30	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	-0.27%
31	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0.5	-0.09%
32	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0.5	0.09%
33	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	0.60%
34	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 1	-0.18%
35	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 1	-0.01%
36	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 1	-1.22%
37	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 1	-1.03%
38	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 2	-2.68%
39	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 2	-2.12%
40	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 2	-1.98%
41	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 2	-1.83%
	Worst		-2.68%

* We changed our methodology for bumping rate curve to be more in line with the market reality

Hedge Funds Liquidation Stress Tests

Stress tests' scenarios have been improved in order to take into account liquidity issues. This scenario aims at reflecting, to some extent, how the fund would react in distressed market environment (as was the case in late 2008). These stress tests combine the three following adjustments:

- Small, Mid and Large caps adjustment

In certain market conditions, beta may become much higher than its level in normal market conditions and thus the hedging of such positions may not be effective. To address this kind of circumstance we apply a corrective factor to the beta of small, mid and large caps respectively. Since April 2019, the corrective factors have been calibrated on the amplitude of the stresses by looking at worst historical scenario since 1987.

	-5%	-10%	-20%	-30%
Small (<1bn)	2.00	1.75	1.50	1.30
Mid (1bn-5bn)	1.50	1.50	1.25	1.20
Large (5bn-20bn)	1.20	1.15	1.10	1.05
Mega (>20bn)	1.00	1.00	1.00	1.00

- Risk arbitrage adjustment

The risk of risk arbitrage positions is taken into account differently in case the market drops by more than 10%. We consider that one third of risk arbitrage positions will collapse.

- Liquidity adjustment

An average discount (realized in 2008) is applied to bond, convertible bond (including mandatory convertible bond) and loan prices in case credit spreads widen by more than 25%.

Mandatories: Adj. price = Max(Shifted Price – 5% * Max(Credit spread shift – 25%, 0), Parity)

Others : Adj. price = Max(Shifted Price – 5% * Max(Credit spread shift – 25%, 0), 0)

	Scenario	Description	Impact % of NAV
1	Delta - spot up	Spot : 10% ; Credit : 0% ; Vol : 0% ; Rates : 0	1.52%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0	-3.42%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0	0.13%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0	-0.13%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0	-0.35%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0	0.39%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0	-2.14%
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0	-4.16%
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0	-8.44%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0	-10.35%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -0.5	-3.28%
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -0.5	-7.62%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -0.5	-9.57%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0.5	-4.96%
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0.5	-9.19%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 1	-11.86%
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0	0.22%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0	0.35%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0	0.08%
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0	-1.46%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0	-1.65%
22	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0	-0.22%
23	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0	-0.48%
24	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0	0.82%
25	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0	0.96%
26	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0	1.09%
27	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0	1.79%
28	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0	1.91%
29	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0	2.03%
30	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	-0.12%
31	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0.5	0.06%
32	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0.5	0.23%
33	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	0.86%
34	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 1	0.09%
35	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 1	0.26%
36	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 1	-1.06%
37	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 1	-0.87%
38	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 2	-2.50%
39	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 2	-1.83%
40	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 2	-1.70%
41	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 2	-1.55%
	Worst		-11.86%

Annex 7: IFRS 13 Classification as of 30 June 2019

	% of NAV	Number of positions
Assets		
Level 1	42.2%	156
Level 2	29.5%	2910
Level 3	4.8%	66
Cash & cash equivalents	53.2%	38
Total Assets	129.7%	3170
Liabilities		
Level 1	-23.2%	142
Level 2	-6.5%	116
Total Liabilities	-29.7%	258
Total Assets + Liabilities	100.0%	3428

	% of NAV
• Encumbered cash and cash equivalents	
- Cash - Derivatives Clearing Organisation	3.8%
- Cash - Counterparties	4.3%
- Money market fund	2.1%
- Cash covering a short market value	24.3%
• Unencumbered cash and cash equivalents	
- Cash covering a short market value	8.9%
- Short-term papers < 90 days	9.8%
- Excess cash	0.0%
Total Cash and cash equivalents	53.2%

In compliance with AIFMD, BGIM will report in the newsletter the information hereafter:

- The percentage of assets which are subject to special arrangements arising from their illiquid nature:

Nothing to report

- Any new arrangements for managing the liquidity of the AIF:

Nothing to report

- The current risk profile of the AIF and a description of the risk management systems employed by BGIM to manage market risk, liquidity risk, counterparty risk and other risks, including operational risk:

Please refer to this newsletter for the current risk profile of the Fund.

The backbone of the portfolio and risk management systems at BGIM relies on several components all interfaced together to ensure a full Straight Through Processing. The main system is FusionInvest provided by Misys used for position keeping and risk management. FusionInvest is interfaced to a real time market data vendor for real time P&L and risk calculation. Another key system is Trade Smart, the Execution Management System provided by Trading Screen that is interfaced to an in-house implemented Order Management System, itself connected in real time to FusionInvest. All figures used for qualitative and quantitative risk management are produced out of FusionInvest.

- The gross investment exposure of the Company at any time may represent a maximum of 2 times the Net Asset Value at the time of investment.

	Maximum limit	Current usage
Commitment method	200%	111%
Gross method	200%	111%

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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