

OVERVIEW

Estimated AUM €316m

Firm AUM €2.9bn

Share price €14.60
(discount to NAV: 32%)

BGHL is a closed-ended investment company which invests in BG Fund, Boussard & Gavaudan's flagship fund with 17 years of track record.

BG Fund aims to deliver a net return of Eonia capitalized +400 to 600 bps over the business cycle irrespective of the market performance.

BG Fund is driven by bottom-up fundamental and event catalyst research, combined with extensive multi-asset arbitrage and derivative expertise. Typically, investment ideas are catalyst driven with a focus on special situations and events.

Capital is dynamically allocated to the firm's best ideas and these ideas are categorized into four main types of strategies: Equity, Volatility, Credit and Trading strategies.

NAV PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	1.12%	2.55%	-10.06%*										-6.74%*
2019	-0.41%	-0.58%	1.04%	-0.76%	0.59%	0.95%	1.92%	1.57%	-1.66%	-0.54%	0.79%	1.14%	4.07%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
2006	-	-	-	-	-	-	-	-	-	-	2.27%	2.82%	5.15%

Annualized Performance
+5.82%* since inception

Annualized Volatility
5.15%* since inception

Sharpe Ratio
1.00* since inception

Beta to Euro Stoxx 50©
0.04* since inception

*Performance displayed is for EUR share class net of fees with income reinvested. Performance data is estimated and unaudited.

PERFORMANCE REVIEW

In a highly-stressed market context, BGHL and BG Fund ended the First Quarter down -6.74% (EUR share class) and -6.84% (USD A share class) respectively vs Eurostoxx 50© (-25.59%).

		Equity Strategies Special Situations	Equity Strategies Catalyst & Value	Credit Strategies	Volatility Strategies	Trading Strategies
BG Fund Capital Allocation		27%	41%	17%	8%	7%
BG Fund Performance Attribution	March 2020	-2.56%	-6.44%	-1.48%	0.24%	0.69%
	Year-to-date	-2.85%	-5.82%	-1.70%	0.54%	3.00%

CORPORATE UPDATE

Since the restart of the share buyback program on 17 December 2019, the firm has bought back 706,009 shares. The current number of shares outstanding excluding treasury shares for both the EUR and GBP share classes is 14,797,211.

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Risk warning: Past performance is no guide to future performance. The value of holdings may fall as well as rise and investors may not get back their initial investment. Performance displayed is for the EUR share class net of fees with income reinvested and is calculated on a NAV to NAV basis. Performance data is estimated and unaudited. All figures are correct as at 31st March 2020 unless otherwise stated.

Source: Bloomberg, Boussard & Gavaudan 31.03.2020.

HIGHLIGHTS

The decline in European markets accelerated in March on the back of Coronavirus fears and consequences of the growing lockdowns on the global economy. The Eurostoxx 50[®] fell -16.3% for the month, volatility continued to increase with VStoxx[®] finishing the month at 48.6%, up from 42.2%, and iTraxx Crossover (S32) [®] ending March at 552bps (222bps wider for the month).

In this highly-stressed market context, BG Fund ended the First Quarter down -6.84% (USD A share class) vs Eurostoxx 50[®] (-25.59%). For March, BG Fund lost -9.56% (USD A share class) with negative contributions mainly arising from mark-to-market declines on positions in Equity Strategies.

ADDITIONAL MARKET BACKDROP AND OPPORTUNITY SET

The significant market dislocation, increase in volatility and spread widening of the past few weeks has created opportunities for BG which have been largely absent for 5-10 years.

Many of these opportunities and strategies are non-directional arbitrage and volatility-based situations where the risk-reward is extremely attractive and is often combined with idiosyncratic clearly identifiable hard catalyst pay-offs. During the course of the sell-off and currently, the BG Fund has maintained robust levels of excess margin and unencumbered cash. We have used this excess capital and the market stress to add to our highest conviction positions and in addition have been building positions in new opportunity areas. We highlight some of these sub-strategies below and would be happy to discuss specific details, positions and trade structures on request.

After years on the sideline, convertible bond (CB) arbitrage has become very attractive again and we expect a surge in new issuance. This comes at a juncture when the traditional long only funds are seeing some redemptions and there are fewer experienced arbitrage funds left to take advantage of the current dislocation in Europe. For example, in early April, Amadeus raised €1.5bn through issuance of €750m in equity and €750m in convertible bonds. The pricing was such, that it offered the opportunity to buy volatility at levels lower than pre-crisis, while the spread on the debt was priced above the full-crisis credit spread. This generates a range of excellent profit opportunities for an active arbitrage manager such as BG. Furthermore, secondary market convertibles are also cheapening to attractive arbitrage buying levels.

Volatility Strategies are also back at attractive levels - although single stock vol looks high on an absolute basis, realised volatility is even greater, creating very profitable gamma trading opportunities. Similarly, vol of vol is high creating opportunities in areas such as warrant arbitrage, calendar spreads and skew trades. In addition, we anticipate more corporate trades, where banks syndicate their current positions (private collars/mandatories) and those for corporates seeking capital through new derivative structures.

Within event driven, many risk arbitrage spreads have widened to the point of dislocation as certain funds were forced to liquidate or de-risk, crystalizing losses for them while presenting historic opportunities to investors able to endure and look through the market stress. In addition, there are many special situation and restructuring opportunities in mid- and small-cap European companies where BG intends to act as the catalyst through provision of financing, restructuring or advice on an industry or financial sale. BG has had long and deep relationships with these companies for many years and there is an active ongoing engagement with management.

Corporate balance sheet restructuring is also seeing new interesting situations: overindebted companies are realising that there may be no upward exit and as such they will need to restructure. At the same time, many regular market participants and liquidity providers are retreating making the opportunity set even more exciting.

During BG's 17 years as an Event Driven & Arbitrage multi-strategy fund, we have built a very deep and experienced team along with a significant presence in European capital markets. The level of capital markets activity will once again start to blossom with companies raising equity, debt, and hybrid equity (convertible bonds).

Important Information

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 have 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 investments are subject to risk;
- past performance is not a reliable indicator 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.
- any reference to individual investments within this document should not be taken as a recommendation to buy or sell.

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