

BOUSSARD & GAVAUDAN HOLDING LIMITED

DECEMBER 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 December 2019

Net Asset Value (NAV)	Euro share	Sterling share
Estimated NAV*	€ 22.9059	£20.6439
Estimated month to date return*	1.17%	0.82%
Estimated year to date return*	4.10%	5.09%
Estimated inception to date return*	129.06%	106.44%

Euro share	Amsterdam (AEX)	London (LSE)
Market close	€ 18.00	-
Premium / discount to estimated NAV	-21.42%	-

Sterling share	Amsterdam (AEX)	London (LSE)
Market close	-	£15.60
Premium / discount to estimated NAV	-	-24.43%

	Euro share	Sterling share
Shares issued	15,104,678	398,542
Shares held in treasury	300,000	-
Shares outstanding	14,804,678	398,542

	BGHL
Total value of the investments of BGHL based on the estimated NAV for the shares outstanding	€ 349 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	€ 274 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%	1.92%	1.57%	-1.66%	-0.54%	0.79%	1.17%*	4.10%*	129.06%*
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%	2.06%	1.65%	-1.44%	-0.42%	0.89%	0.82%*	5.09%*	106.44%*

* 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 2 January 2020, BGHL is exposed to BG Fund up to approximately 97% 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 continued to rally in December, with the Eurostoxx 50[©] up 1.1% for the month. Volatility increased with VStoxx[©] finishing the month at 14.0%, up from 13.2%. iTraxx Crossover (S32) [©] ended December at 207bps (14bps tighter for the month).

In this market context, BG Fund delivered a return of +0.82% in December (USD A share class), thanks to risk arbitrage in equity strategies.

For the full year 2019, BG Fund returned +5.91% (USD A share class).

Volatility strategies

Mandatory convertible bond arbitrage

Mandatory convertible bonds contributed +2bps this month. Flows were limited in the secondary market. There was no primary issuance in December.

Convertible bond arbitrage

Convertible bond contribution (excl. mandatories) to the performance of the fund was -4bps in December. As was the case in prior months, global valuations drifted lower in a context of limited flows. The volume of primary issues was low (€0.8 bn) but not unusual for December.

Overall, in 2019, €17.3bn of convertibles were issued and €24.1bn were redeemed, including €9.6bn of conversions, recalls and takeovers, €7.0bn of maturities & put dates and €7.5bn of tender offers.

Volatility Trading

December realised volatility vs implied forward volatility at the end of November:

	30d Implied vol level on 29/11/19	Realised vol over the month	Difference
US	12.62	7.76	-4.86
EUROPE	13.17	12.95	-0.22

Variation of implied volatilities during December:

	Jan. Vol Index Fut as of 29/11/19	Jan. Vol Index Fut as of 31/12/19	Vol move
US	16.37	14.62	-1.75
Europe	14.95	14.35	-0.60

Volatility trading was marginally positive in December (+2bps). The environment remained in a low volatility mode with both realised and implied volatility under pressure in all asset classes.

However, in this benign environment, we managed to offset most of our theta spend through some downside VIX exposure via options and from some volatility exposure on banks. The flat skew on the banking sector had provided a cheap structure to play limited upside and range bound spot. However, outside of these two trades, most of our other positions were marked down slightly as volatility drifted lower.

Warrant arbitrage

Warrant arbitrage contributed +4bps this month.

Equity strategies

In December, the equity portfolio returned a positive 50bps. The bulk of the performance came from risk arbitrage strategies.

Our position in Just Eat contributed positively to the performance. After Prosus twice raised its cash offer, Takeway.com finally looks set to win the takeover battle with significantly improved exchange terms and irrevocable commitments from more than 46% of the capital. This offer is very likely to be successful when the tender period closes on 10 January.

We benefited as well from our position in Cobham. The stock was trading at a discount of almost 5% to the Advent offer on worries that, in case of a Labour majority in Parliament, the offer was at risk of being blocked by the Secretary of State, even though the previous government had stated they wanted to approve it. Following the result of the UK General Election, the deal has been cleared and will close on 17 January.

The portfolio also benefited from a tightening of the discount of Allergan share price to the Abbvie offer, as the market is becoming more confident that Abbvie has proposed remedies which will clear the last regulatory hurdles: FTC in the US and EC in Europe.

On the negative side, Qiagen was a detractor as the share price finished the month down 21.6%. After receiving indicative bid offers in November, Qiagen announced that following their review of strategic alternatives, they have decided to focus on a stand-alone strategy.

Following the UK election and progresses in the US China trade talks, a number of our fundamental investments in cyclical sectors benefited from the risk-on environment. Financial positions performed particularly well across various trades.

Credit strategies

Capital Structure Arbitrage

Capital Structure arbitrage was flat in December. We did not add new positions.

Credit long / short

Credit long / short made a positive contribution, delivering +11bps this month.

Positive trends continued in the market in December, with outperformance of longer duration products and high-yield vs. investment grade. While the beginning of the month saw decent activity especially on the primary market, the market continued to grind higher with primary and secondary flows slowing dramatically from mid-December.

Limited idiosyncratic news flows impacted our portfolio, with the main outperformance coming from our financial positions.

Credit special situations

Credit special situations contributed +2bps in December.

Trading

Trading contributed +14bps, mainly driven by the Equity Quantitative Trading strategy which contributed positively this month despite a defensive positioning while the market moved up (Eurostoxx 50[®] up 1.1% on the month, S&P 500 up 2.9%). The market was largely driven by macro news flow: up to the UK vote, a risk-off mode with a strong performance of the strategy, at which point we took profit and reduced the exposure; a fairly strong risk-on move around the vote, and a less strong move during the second half of the month. The risk-on periods partially reduced the strategy's positive performance.

B. DIRECT INVESTMENTS OTHER THAN BG FUND

On top of its investment in BG Fund, BGHL has other investments. As of 31 December 2019, the net asset value of these investments represents about 1.3% 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.

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 2 January 2020, BG Fund assets under management are €2.52bn.

We would like to thank our investors for their trust this year and we wish you all a happy, healthy and prosperous New Year 2020.

Sincerely,

E. Boussard and E. Gavaudan

Investment Manager

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VII. ANNEXES ON BG FUND

Annex 1: Greeks	
Delta	5.2% 5.2 bps P&L variation for market +1%
Gamma	2.6% delta variation for market +1%
Vega	13 bps by vol point
Theta	-12 bps by 30 days
Optional theta	-21 bps by 30 days
Rho	-0.9 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	4 bps
Mandatory convertible bond arbitrage	2 bps
Convertible bond arbitrage (incl. credit convertible bonds)	-4 bps
Volatility trading	2 bps
Warrant arbitrage	4 bps
Equity Strategies	50 bps
Risk arbitrage / Special situations	39 bps
Long / short trading with short-term catalyst & Value	11 bps
Credit Strategies	14 bps
Credit long / short	11 bps
Capital structure arbitrage	0 bps
Credit special situations	2 bps
Trading	14 bps
Total	82 bps

Annex 3: Equity at Risk	
Volatility Strategies	3.5%
Mandatory convertible bond arbitrage	1.3%
Convertible bond arbitrage (incl. credit convertible bonds)	1.0%
Volatility trading	0.2%
Warrant arbitrage	1.1%
Equity Strategies	37.6%
Risk arbitrage / Special situations	17.4%
Long / short trading with short-term catalyst & Value	20.2%
Credit Strategies	11.1%
Credit long / short	10.5%
Capital structure arbitrage	0.0%
Credit special situations	0.6%
Trading	11.2%
Quantitative equity trading	7.6%
Systematic trend following	1.1%
Index Rebalancing Arbitrage	0.0%
Trading using A.I	0.0%
Other	2.4%
Cash Equivalents	1.7%
Total	65.1%

* Estimated figures for USD A share class

Annex 4: Gross Exposure (in % of AUM) *		
Volatility Strategies		
	Long	20.3%
Mandatory convertible bond arbitrage	Short equity	19.5%
	Short credit	0.0%
	Long	4.6%
Convertible bond arbitrage (incl. credit convertible bonds)	Short equity	0.6%
	Short credit	0.0%
	Long	25.2%
Volatility trading	Short	26.3%
	Long	3.3%
Warrant arbitrage	Short	0.0%
	Equity Strategies	
Risk Arbitrage / Special Situations	Long	62.6%
	Short	40.2%
Long / Short trading with short-term catalyst / Value	Long	75.2%
	Short	73.9%
Credit Strategies		
Credit long / short	Long	14.7%
	Short	4.0%
Capital structure arbitrage	Long	0.0%
	Short	0.0%
Credit special situations	Long	0.7%
	Short	0.0%
Trading		
Quantitative equity trading	Long	37.1%
	Short	36.5%
Systematic trend following	Long	19.1%
	Short	7.4%
Index Rebalancing Arbitrage	Long	0.0%
	Short	0.0%
Trading using A.I	Long	0.0%
	Short	0.0%
Other	Long	15.1%
	Short	14.1%
Gross Exposure		500.4%

	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)	\sum Abs (delta)
Warrant Arbitrage	\sum delta long	\sum Abs (delta short)
Equity Strategies	\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
Trading	\sum delta long	\sum Abs (delta short)

* 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%	1.69%	1.34%	-1.03%	-0.19%	0.80%	0.82%*	5.91%*	181.02%*
Annualized Net Return														6.33%*

* Estimated figures

⁽⁴⁾ Performance figures include the performance of the Sark Fund (launched in 2003) which became the Boussard & Gavaudan Fund in 2010 and was subsequently restructured and renamed BG Master/Umbrella Fund in 2012.

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%	1.45%	-1.51%	-0.48%	0.83%	0.74%*	3.64%*	151.96%*
													Annualized Net Return	5.64%*

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%	1.92%	1.47%	-1.29%	-0.36%	0.92%	0.78%*	4.97%*	8.39%*
													Annualized Net Return	2.58%*

* Estimated figures

⁽⁴⁾ Performance figures include the performance of the Sark Fund (launched in 2003) which became the Bousard & Gavaudan Fund in 2010 and was subsequently restructured and renamed BG Master/Umbrella Fund in 2012.

General Stress Tests

	Scenario	Description	Impact % of NAV
1	Delta - spot up	Spot : 10% ; Credit : 0% ; Vol : 0% ; Rates : 0	1.48%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0	0.30%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0	0.14%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0	-0.12%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0	-0.47%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0	0.51%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0	-0.31%
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0	-0.27%
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0	0.47%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0	1.59%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -0.5	0.20%
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -0.5	0.90%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -0.5	2.00%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0.5	-0.49%
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0.5	0.26%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 1	1.22%
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0	0.13%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0	0.25%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0	0.02%
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0	0.60%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0	0.38%
22	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0	-0.33%
23	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0	-0.59%
24	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0	1.00%
25	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0	1.11%
26	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0	1.23%
27	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0	1.89%
28	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0	1.98%
29	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0	2.09%
30	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	0.74%
31	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0.5	0.86%
32	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0.5	0.99%
33	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	1.64%
34	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 1	1.59%
35	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 1	1.69%
36	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 1	0.60%
37	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 1	0.71%
38	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 2	0.69%
39	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 2	1.41%
40	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 2	1.48%
41	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 2	1.55%
	Worst		-0.59%

* 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	2.15%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0	-4.89%
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	-0.12%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0	-0.46%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0	0.50%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0	-2.96%
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0	-5.39%
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0	-10.04%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0	-12.10%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -0.5	-4.97%
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -0.5	-9.65%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -0.5	-11.74%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0.5	-5.57%
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0.5	-10.21%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 1	-12.39%
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0	0.50%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0	0.62%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0	0.39%
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0	-2.05%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0	-2.28%
22	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0	-0.33%
23	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0	-0.59%
24	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0	1.36%
25	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0	1.46%
26	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0	1.58%
27	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0	2.47%
28	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0	2.55%
29	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0	2.63%
30	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	1.14%
31	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0.5	1.26%
32	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0.5	1.38%
33	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	2.30%
34	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 1	2.29%
35	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 1	2.37%
36	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 1	1.03%
37	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 1	1.14%
38	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 2	1.20%
39	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 2	2.22%
40	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 2	2.27%
41	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 2	2.33%
	Worst		-12.39%

Annex 7: IFRS 13 Classification as of 31 October 2019

	% of NAV	Number of positions
Assets		
Level 1	54.1%	202
Level 2	27.9%	2939
Level 3	10.0%	78
Cash & cash equivalents	43.1%	28
Total Assets	135.1%	3247
Liabilities		
Level 1	-28.5%	186
Level 2	-6.6%	90
Total Liabilities	-35.1%	276
Total Assets + Liabilities	100.0%	3523

	% of NAV
• Encumbered cash and cash equivalents	
- Cash - Derivatives Clearing Organisation	5.4%
- Cash - Counterparties	2.6%
- Money market fund	2.7%
- Cash covering a short market value	0.0%
• Unencumbered cash and cash equivalents	
- Cash covering a short market value	25.7%
- Short-term papers < 90 days	6.8%
- Excess cash	0.0%
Total Cash and cash equivalents	43.1%

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%	100%
Gross method	200%	100%

Annex 9: FY 2019 Performance Attribution *

Volatility Strategies	42 bps
Mandatory convertible bond arbitrage	62 bps
Convertible bond arbitrage (incl. credit convertible bonds)	1 bps
Volatility trading	-31 bps
Warrant arbitrage	10 bps
Equity Strategies	518 bps
Risk arbitrage / Special situations	241 bps
Long / short trading with short-term catalyst & Value	276 bps
Credit Strategies	110 bps
Credit long / short	99 bps
Capital structure arbitrage	-2 bps
Credit special situations	12 bps
Trading	-79 bps
Total	591 bps

* Estimated figures for USD A share class

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 06.11.12.02