

HALF YEARLY REPORT AND UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS

Boussard & Gavaudan Holding Limited

For the six months ended 30 June 2019

Boussard & Gavaudan Holding Limited

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Boussard & Gavaudan Holding Limited

Management and Service Providers

Directors

Andrew Henton (Chairman)
Andrew Howat
Sylvie Sauton

(Directors are non-executive and independent for the purpose of LR15.2.12-A)

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Legal Advisors

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For the latest information: <https://www.bgholdingltd.com/index.php>

Boussard & Gavaudan Holding Limited

Glossary of Terms

Described below are the legal entities underlying funds, management companies, as well as some other commonly used terms and their acronyms or defined terms used within this report.

Management companies

BGIM/Investment Manager	Boussard & Gavaudan Investment Management LLP
BGAM	Boussard & Gavaudan Asset Management, LP
BGPL	Boussard & Gavaudan Partners Limited

Funds

BGHL	Boussard & Gavaudan Holding Limited
Umbrella Fund	BG Umbrella Fund PLC
BGF	BG Fund (a sub-fund of the Umbrella Fund)
Master Fund	BG Master Fund ICAV

Commonly used terms

AIFMD	The Alternative Investment Fund Managers Directive, Directive 2011/61/EU
AIFM	Alternative Investment Fund Manager for the purposes of the AIFMD
AIF	Alternative Investment Fund for the purposes of the AIFMD
AIFMD Regulations	The Alternative Investment Fund Managers Regulations 2013 made by H.M. Treasury in the United Kingdom
Board	The Board of Directors
Code	The UK Corporate Governance Code published by the UK's Financial Reporting Council
Companies Law	The Companies (Guernsey) Law, 2008, as amended
Exane	Exane BNP Paribas
NAV	Net asset value
Period	The six months ended 30 June 2019
IFRS	International Financial Reporting Standards (as adopted by the European Union)
AFM	Authority for the Financial Markets
AUM	Assets Under Management
Financial Statements	Unaudited Interim Condensed Financial Statements

Boussard & Gavaudan Holding Limited

Chairman's Statement

For the six months ended 30 June 2019

Dear Shareholders,

I am pleased to present to you the half-yearly report and unaudited interim condensed financial statements of BGHL for the six months ended 30 June 2019.

From 1 January to 30 June 2019, BGHL's NAVs for the Euro and Sterling shares increased by 0.8% and 1.5% respectively, whilst the market price decreased by 8.1% for Euro share and improved by 2.6% for Sterling shares. NAV accretion in relative terms was disappointing. It is a fundamental feature of the Manager's event driven trading strategy to maintain high levels of capital protection, but the costs of hedging positions have weighed on performance over the past twelve months. Notwithstanding what has been a difficult twelve month period however, the long term performance track record of the Manager remains strong with BGHL Euro NAV returns of 97.7% over the past 10 years and a Sharpe ratio of 1.48 for 10 years. Encouragingly, in the context of macro market turbulence in recent months BGHL's NAV has fared considerably better since June.

The persistence of the discount at which BGHL's shares trade to NAV remains the most significant risk to be highlighted in this half yearly report. It is the Board's intention to provide greater marketing and sales support for BGHL's shares, which includes the imminent appointment of a retained broker. Other recent measures have not offset the combined impacts of poor NAV performance and the lack of recent share buy back activity in narrowing the discount. It was in this context that the Board announced proposals in July and August 2019 that are intended to grant shareholders an opportunity to realise NAV in a predictable manner over a five year period. The objective of the proposals is to accommodate the wishes of those investors seeking certainty over the ultimate realisation of NAV, whilst also satisfying the wants of investors for whom a listed share relatively uncorrelated to equity markets (and with absolute return characteristics) has a valuable role in portfolio construction. Whilst the objective remains unchanged, the Board continues to reflect on how best to craft a proposal by which to achieve it. The Board expects to make recommendations to shareholders in this regard during the Autumn.

So far as the risk of a hard Brexit is concerned, the company is considered to be as well prepared as it reasonably can be. Being domiciled in Guernsey (already a "third country" from an EU perspective) and dual listed in London and Amsterdam, the direct impacts on BGHL are limited. The Manager is also appropriately regulated in both London and Paris to manage the Master Fund in Dublin.

With regard to the review of the business, performance, allocation and risk analysis, I refer you to the Investment Manager's Report and Financial Highlights. In addition, I refer you to the Directors' Report, which describes BGHL's corporate governance systems. BGHL publishes on its website (www.bgholdingltd.com) daily and monthly NAVs and monthly newsletters based on data provided to it by the Sub-Administrator and the Investment Manager.

The Board is appreciative of the constructive engagement it has enjoyed with Shareholders since announcing its proposals earlier in the Summer. We remain committed to maintaining and enhancing long term shareholder returns.

Andrew Henton
Chairman

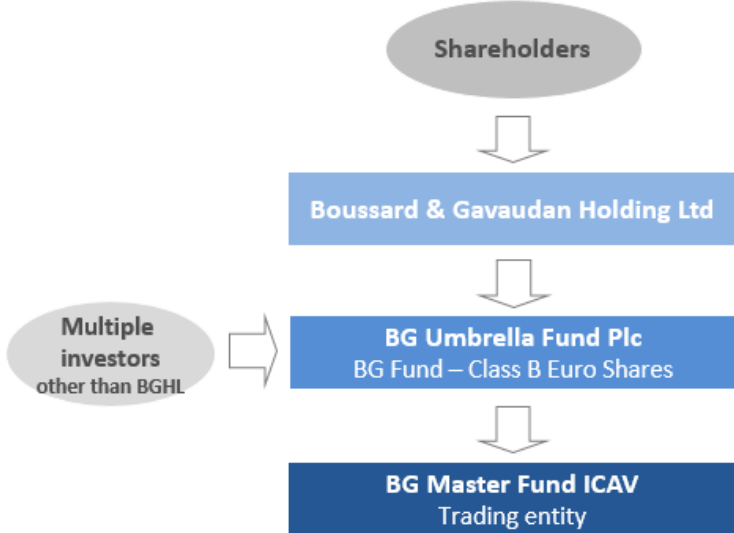
28 August 2019

Boussard & Gavaudan Holding Limited
Investment Manager’s Report and Financial Highlights
For the six months ended 30 June 2019

1. Background and Structure

Boussard & Gavaudan Investment Management LLP is the Investment Manager of BGHL, the Umbrella Fund and of the Master Fund.

The Umbrella Fund, BGF and the Master Fund structure.



BGHL invests in Class B Euro shares which are a separate Euro-denominated share class of BGF. BGF is a sub fund of the Umbrella Fund, predominantly owned by investors other than BGHL. BGHL is not subject to management fees and performance fees at BGF level in order to avoid multiple layering of fees. The Investment Manager receives management fees and performance fees in respect of its role as Investment Manager of BGHL.

The Umbrella Fund was incorporated under the laws of Ireland as a public company with limited liability on 16 November 2011 under the Companies Act 1990 with registration number 506116. The Umbrella Fund is authorised by the Central Bank of Ireland (the “Central Bank”) as a designated investment company pursuant to Part XIII of the Companies Act, 1990 and also as a qualifying investor alternative investment fund (QIAIF). The Umbrella Fund is structured as an umbrella fund with segregated liability between sub-funds. Each sub-fund of the Umbrella Fund maintains a single pool of assets subject to any allocations made to a class in accordance with the requirements of the Central Bank. The assets of each sub-fund are segregated from one another and are invested in accordance with the investment objectives and investment policies applicable to each such sub-fund and as set out in the relevant supplement to the Umbrella Fund’s prospectus.

BGF is a sub-fund of the Umbrella Fund, launched on 3 January 2012, which invests substantially all of its assets into the Master Fund. BGHL is therefore exposed to the strategies offered by the Master Fund.

The Master Fund is an open-ended Irish collective asset-management vehicle (ICAV) with variable capital incorporated under the laws of Ireland under the Irish Collective Asset-management Vehicles Act 2015 with registration number C154515. The Master Fund is also authorised by the Central Bank of Ireland as a QIAIF. The Master Fund, which is the trading entity, maintains a single pool of assets subject to any allocations made to a share class in accordance with the requirements of the Central Bank.

2 Investment policies

2.1 BGHL’s investment policy

BGHL invests its assets in order to deliver an exposure to multiple alternative investment strategies. The Investment Manager is responsible for the day-to-day management of BGHL’s investments. BGHL seeks to achieve its investment objective by investing the proceeds of any fund raising, net of any amounts retained to be used for working capital requirements, into BGF. BGF in turn invests in the Master Fund and, by utilising its borrowing powers, makes leveraged investments.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2019

Over time, 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 within the limits set out under the heading "Asset Allocation" below and subject to the limit on the leverage set out under the heading "Gearing" below, provided that, where such hedge funds are managed by the Investment Manager, BGHL will invest through a share class which will not be subject to management or performance fees at the level of the underlying hedge fund.

The Investment Manager may use BGHL's borrowing facilities at its discretion within the limits set out under the heading "Asset Allocation" below. The Investment Manager's ability to use borrowings is subject to the limit on leverage set out under the heading "Gearing" below. Such investments may include the acquisition of minority or majority interests in unlisted companies or listed companies ("Direct Investments"). The Investment Manager may also make private equity investments through investing in funds that have a private equity investment focus ("Indirect Private Equity Investments").

With the possible application of leverage and when taken with the returns achieved from BGF, investments other than the investment in BGF as described above are intended to allow BGHL to achieve an attractive return. BGHL's investments in assets other than BGF are expected to consist of investment opportunities that are identified by the Investment Manager in connection with its, and its affiliates, current activities but which are not pursued by BGF due to risk profiles or liquidity profiles inconsistent with those of BGF.

Gearing

BGHL uses its borrowing facilities to allow it to have a gross investment exposure of up to 200 percent of its NAV at the time of investment. BGHL has power under its Articles of Incorporation to borrow up to an amount equal to 100 percent of its NAV as at the time of borrowing. Leverage is used by BGHL for the purposes of (i) managing day to day cash flow, i.e. for meeting expenses of BGHL and for funding repurchases of its own shares and (ii) leveraging investments made by BGHL, including its investment in BGF or in other hedge funds managed by the Investment Manager (hereafter, "Manager Funds"), always in compliance with the exposure limitations set out under the heading "Asset Allocation" below.

Asset Allocation

Investments in Manager Funds

Substantially all of the net assets of BGHL are currently invested in BGF and it is anticipated that a significant proportion of BGHL's net assets will remain invested in BGF. Over time, no less than 80 percent of the NAV and no more than 110 percent of the NAV will be invested in Manager Funds, with at least 80 per cent of the NAV invested in BGF.

Investments in assets other than Manager Funds

In relation to those investments in assets other than Manager Funds, the Directors have determined that such investments shall not exceed certain limits, namely:

- Other Hedge fund investments. The Directors have determined that BGHL's investments in hedge funds (other than Manager Funds) when aggregated may not exceed an amount equal to 25 percent of its NAV at the time of making any such investment.
- Indirect Private Equity Investments. The aggregate value of Indirect Private Equity Investments may not exceed an amount equal to 25 percent of BGHL's NAV at the time of making any such investment. In addition, BGHL will not make any single Private Equity Investment representing in excess of an amount equal to 10 percent of its NAV as at the time that investment is made. Private Equity Investments made in linked transactions will be aggregated for the purposes of this calculation.
- Other Investments (Direct Investments). The aggregate value of Direct Investments may not exceed an amount equal to 50 percent of BGHL's NAV at the time of making any such investment.

2.2 The Master Fund's investment policy

The investment objective of the Master Fund, in which BGF is mainly invested, is to seek to achieve an attractive return on capital consistent with principals designed to manage risk of capital loss. The Master Fund arbitrages linear and non-linear instruments that can be exchange traded or traded over the counter. The Investment Manager may use derivative financial instruments for investment purposes or to hedge against fluctuations in the relative values of the Master Fund's portfolio positions. The investments are subject to normal market fluctuations and to the risks inherent to investment in securities. There can be no assurances that appreciation will occur. The value of financial instruments can increase as well as decrease and the Master Fund may not realise its initial investment on the disposal of its investments.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2019

The Master Fund carries the following strategies and sub-strategies:

Volatility strategies:

- mandatory convertible bond arbitrage
- convertible bond arbitrage
- volatility trading

Equity strategies:

- merger arbitrage & special situations
- long / short trading with short-term catalyst & value

Credit strategies:

- credit long / short
- capital structure arbitrage
- restructuring / distressed securities strategies

Trading strategies:

- These are quantitative strategies involving the use of models and data analysis based on factors. Factors may include economic indicators, market data, fundamental, and valuation factors. The strategies may involve the systematic use of trading rules or machine learning techniques.

3. Highlights and review of the development of the business

The Investment Manager's role is to allocate BGHL's capital in accordance with its investment objective which is to produce long term appreciation of BGHL's assets. Except for its working capital, BGHL has fully invested its net assets as well as any amount borrowed.

BGHL (in Euro)	30 Jun 2019	31 Dec 2018	Variation %
Net assets	652,059,740	646,651,306	0.8%

The increase in BGHL's net assets is explained by a positive performance during the Period.

4. Performance

BGHL's Euro and Sterling share prices and NAV per share performed as follows:

BGHL	Ticker Bloomberg	Price		Performance	
		30 Jun 2019	31 Dec 2018	2019	5 years annualised
Euro share - Price	BGHL NA Equity	€15.90	€17.30	(8.1)%	2.3%
Euro share - NAV	-	€22.18	€22.00	0.8%	4.8%
Sterling share - Price	BGHS LN Equity	£15.50	£15.10	2.6%	4.7%
Sterling share - NAV	-	£19.93	£19.64	1.5%	4.8%
HFRX Global Hedge Fund Index	HFRXGL Index	1240.10	1,189.86	4.2%	(0.1)%
HFRX Equal Weighted Strategies Index	HFRXEW Index	1234.01	1,207.36	2.2%	0.3%

BGHL's NAV is calculated by BGHL's Sub-Administrator, SS&C Financial Services LLC. BGHL's Euro and Sterling share prices are provided by Euronext Amsterdam and the London Stock Exchange, respectively. Past performances are not indicative of future results.

The Investment Manager's actions affect BGHL's performance and NAV per share. Although the NAV per share appreciation influences BGHL's share price on the Amsterdam and London stock exchanges, the Investment Manager has little direct influence on the share price and on the discount between the share price and the NAV per share. The performance of BGHL's Sterling NAV per share tracks the performance of BGHL's Euro NAV per share, plus/minus the impact of the EUR/GBP hedge compared to a perfect hedge and less the accretive effect of the Euro shares bought back as part of any share buy-back programme.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2019

5. Risks

Through a rigorous investment process, the Investment Manager identifies and assesses risks before investing.

5.1 Risk Management Organisation and Policy

The Investment Manager has established a Risk Management unit, segregated from the Portfolio Management unit, which reports to its Chief Executive Officer. Risks and responsibilities are split between the Quantitative Risk Management team which is in charge of market risk and the Qualitative Risk Management team which is in charge of counterparty and operational risk. A Risk Management Committee oversees the Risk Management unit. Exposures are calculated using a risk management system which is a third party proprietary software package provided by a leading risk and portfolio management solution provider. The system provides extensive real time information on the Master Fund's exposures and limits, generates sensitivity analyses and calculates stress-test scenarios. The open architecture of the system allows the Investment Manager to create specific in-house reports for risk management purposes.

5.2 The Master Fund's Risk Management Policy

The Master Fund takes significant market risk exposure from the investments it makes. When assessing market risks the Investment Manager always combines:

- a macroeconomic, portfolio level with a microeconomic, position specific approach;
- quantitative measures with qualitative assessments; and
- a local risk measurement perspective which captures the impact both of limited market moves, and stress scenario type measurements which capture large market moves.

5.2.1 Macroeconomic risk

Macroeconomic risk is defined as those risks having a wide ranging effect on the entire portfolio or on a significant portion of it. It results from exogenous events such as economic changes, geopolitical uncertainty or general market disruptions.

Quantitative analysis

For *limited market variations* the Investment Manager assesses exposure by using a number of sensitivity factors (colloquially known as "Greeks", a recognised set of metrics used within the financial industry) mainly linked to changes and movements in equity markets, credit instruments, interest rates and foreign exchange. Greeks are used for real time portfolio hedging.

For *extreme market variations*, stress scenarios are run to measure the impact on the portfolio of a wide variety of market situations. Scenarios, which stress all types of market data, are produced daily and can be generated on demand. The reports allow risks to be assessed from the portfolio level down into each strategy, sub-strategy, trade and finally individual instrument in order to identify the main contributors to potential losses. A "trade" generally means a combination of financial instruments which contribute to the same arbitrage opportunity. Scenarios are graduated from level 1 to 5 with level 5 scenarios bearing the largest shocks. Level 3 scenarios are tested against established tolerance limits and trigger adjustment of the portfolio when limits are breached.

Results are checked daily by the Investment Manager's front office and quantitative risk management teams. Given the non linear nature of the portfolio and the wide range of instruments and strategies used, stress scenario calculations are considered by the Investment Manager to provide a better assessment of risk than value at risk calculations. A wide range of reports are also produced to monitor exposures and concentrations of risk. "What-if scenarios" as well as other risk indicators (which aggregate all types of exposures in different ways) are scrutinised. A non aggregated vision, focusing on nominal and/or notional amounts, is also used to track excessive concentrations of risk.

Qualitative analysis

The qualitative assessment focuses on hard to measure risks such as potential changes in the liquidity of various underlying financial instruments. Small and mid caps, leveraged positions as well as speculative positions entailing a hedge fund liquidation risk are examples of positions exposed to liquidity changes.

5.2.2 Microeconomic risk

Microeconomic risk is defined as the risk applying to a *specific "trade" position* in the portfolio and one of its main components is the *idiosyncratic risk* which measures the risks applying to *one single issuer* to whom the Master Fund has exposure. Idiosyncratic risk is used to assess events such as bankruptcy, takeovers, bond offers, credit rating changes or any other credit event. Idiosyncratic risks are identified in the decision-making phases before the investments takes place and during the investment's life.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2019

Quantitative analysis

For *limited market variations* the Investment Manager assesses exposure by using the Greeks by issuer. The Greeks (delta, gamma, theta and vega) in this sense measure risk in the context of key variables affecting option prices. Delta measures the effect of a change in the price of an underlying asset on an option's premium, and gamma reflects the rate of delta change in relation to that underlying price change. Theta measures the rate of decline in time premium to maturity, and vega is an indicator of how an option price changes as volatility changes.

For *extreme market variations*, crash tests by issuer are run. The scenario which aims at assessing the bankruptcy of an issuer aggregates all the positions of the Master Fund by issuer and then applies extreme shocks whose magnitude depends on each financial instrument type contributing to the trade, and on their recovery rate, both of which themselves depend on the seniority of instruments. The Master Fund's portfolio has protection against extreme movements by trading equity options which provide positive convexity to the portfolio. Options will behave as insurance to the portfolio, in particular through their Gamma sensitivity which provides protection in the event of a market crash.

Qualitative analysis

Qualitative analysis takes account of many events such as regulatory changes, changes in the management of a company but also liquidity risk. Liquidity risk is the risk that the Master Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It also reflects the ability of the Master Fund to unwind a specific trade in a reasonable timeframe. Liquidity has, by definition, an idiosyncratic component, but it also varies according to macroeconomic conditions. The Master Fund is exposed to the risk of credit related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. This credit exposure exists within financing relationships, derivatives and other transactions. Concentrations of risk are managed by diversifying the credit sensitivity of the portfolio across sectors, countries and maturities.

5.2.3 Capital allocation process and Equity-at-risk methodology.

The Investment Manager uses the "Equity-at-risk" methodology as a key indicator to monitor the leverage and solvency of the Master Fund and to allocate capital across strategies. Within each strategy, the Equity-at-risk allocated to each trade is used to calculate the return on equity which is the ratio used to assess the profitability of a trade. The Investment Manager secures the "Excess Margin" (see below) of the funds it manages by signing agreements which allow "Haircut" levels (see below) to be fixed over a pre-agreed period of time.

Equity-at-Risk and Excess Margin methodology

Prime brokers, when providing financing to hedge funds, take a risk that they assess using their own methodology. Even though each prime broker has its own methodology and risk measure, approaches tend to be similar. Risk measures are achieved by the use of "Haircuts". Haircuts reflect the level of risk attributed by a prime broker to a position. The higher the level of haircut, the higher the risk is. These methodologies take into account, to a large extent, the benefits of hedging by applying specific haircut and netting effects to hedged positions. Under these methodologies, an amount of equity, considered at risk, is allocated through the use of haircuts to each position. Each prime broker calculates its risk exposure to the sole portion of the fund's portfolio it holds. Given that prime brokers are the main financing and leverage providers, their view of the risk is central to the Investment Manager and so is the consequence of any restriction they may impose. Their measure constitutes an independent risk measurement.

The Investment Manager replicates the methodology applied by prime brokers through a model, named "**Equity-at-risk**". The model, applied to the entire portfolio, is a proxy for the calculations of the prime brokers. The difference between the AUM and the Equity-at-risk is the "**Excess-Margin**". The level of Excess-Margin is the level of spare risk to increase positions or enter into additional ones without having to raise additional cash. An Excess-Margin of 25%, which corresponds to a 75% level of Equity-at-Risk, means that the Master Fund can theoretically increase all of the positions in its portfolio by approximately 33% without having to raise further cash. The model provides an estimation of the fund's potential for additional leverage across its prime brokers. Equity-at-risk calculations are run every night and compared to the prime broker's calculations.

Boussard & Gavaudan Holding Limited
Investment Manager's Report and Financial Highlights
For the six months ended 30 June 2019

6. Capital allocation, risk and risk adjusted returns:

6.1 Capital allocation, risks and risk adjusted returns of BGHL

BGHL's investments are diversified thanks to its exposure -through BGF- to the investment strategies of the Master Fund which is its main investment. BGHL uses its borrowings from Natixis to leverage its exposure to BGF and to finance its "other investments". The additional exposure to BGF contributed an extra performance of BGHL during the Period.

Whilst disappointed with short term performance, the Investment Manager is satisfied that its investment approach will continue to deliver long term NAV appreciation for BGHL. BGHL's assets were allocated and performed as shown in the table below.

	Performance 2019	
	Euro share	Sterling share
BGHL	0.81%	1.47%
BGF Euro B Class - NAV	1.57%	1.57%
BGF Euro B Class – Leverage	0.15%	0.15%
Other Investments	(0.11)%	(0.11)%
Foreign Exchange	-	0.66%
Share buy back	-	-
Fees, miscellaneous	(0.80)%	(0.80)%

	Holding in % AUM		
	30-Jun-19 Exposure	Minimum Period Exposure	Maximum Period Exposure
BGHL	110.75%	110.52%	110.75%
BGF Euro B Class - NAV	100.00%	100.00%	100.00%
BGF Euro B Class – Leverage	9.45%	9.24%	9.45%
Other Investments	1.30%	1.28%	1.30%

Source: Boussard & Gavaudan Investment Management LLP

BGF Euro Class B's NAV is calculated by the Administrator, SS&C Financial Services LLC

During the Period, BGHL complied with its Investment Policy and has maintained its gross and commitment exposure, as required under AIFMD, within the limits established by the Investment Manager.

BGHL % AUM	AIFMD Commitment method		AIFMD Gross method	
	Exposure	Limit	Exposure	Limit
30 June 2019	109.8%	200.0%	111.1%	200.0%
31 December 2018	109.7%	200.0%	111.0%	200.0%

6.2 Capital allocation, risks and risk adjusted returns of the Master Fund

The Master Fund's investments are diversified thanks to its exposure to its multiple investment strategies.

The Investment Manager allocates the capital of the Master Fund according to the Equity-at-risk methodology. The Master Fund's usage of Equity-at-risk and performance by strategies were as follows:

Master Fund (% AUM)	Performance	Equity at risk	
	30 June 2019	30 June 2019	31 December 2018
Volatility strategies	0.19%	3.9%	6.7%
Equity strategies	0.82%	25.3%	14.7%
Credit strategies	0.31%	6.3%	3.2%
Trading	0.25%	14.6%	6.8%
Others	0.00%	2.1%	1.8%
BGF Euro B Class – NAV	1.57%	52.2%	33.2%
	Excess Margin	47.8%	66.8%
	Total Risk	100.0%	100.0%

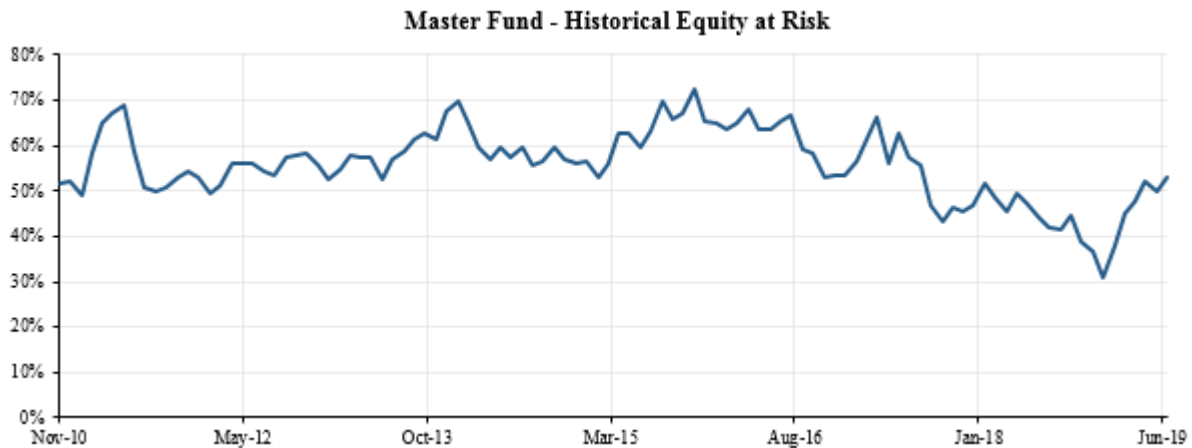
Source: Boussard & Gavaudan Investment Management LLP

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2019

The Investment Manager is very selective when deploying Equity-at-risk and seeks to maintain, at the Master Fund level, a prudent Excess-margin level at any time. The graph below illustrates the evolution of the equity at risk since November 2010.



Source: Boussard & Gavaudan Investment Management LLP

Having drastically reduced the Master Fund's equity-at-risk last year given the challenging market environment, the Investment Manager progressively redeployed back the risk during the Period as it started identifying attractive opportunities in a more stabilized market.

The Investment Manager monitors carefully the risk of the asset classes to which the Master Fund is sensitive. The main asset classes are the equity, credit and volatility asset classes for which sensitivities are shown and explained below.

Asset Class	Index	Ticker Bloomberg	Master Fund's beta vs Index(5 years)	Index volatility (5 years)
Equity	Stoxx 600	SXXP index	0.07	14.4%
Credit	FTSE Euro Corporate Bonds All Maturities	FECVCP index	0.24	2.2%
Interest rate	Bloomberg / EFFAS	BCEEIT Index	0.12	3.7%

Asset Class	Master Fund's Vega
Volatility	18 basis point by volatility point

Source: Boussard & Gavaudan Investment Management LLP

A beta sensitivity of 0.10 versus an index means that if the index increases or decreases by 1%, the Master Fund is likely to increase or decrease by 0.1%. The "Stoxx 600" index is an equity market index which represents large, mid and small capitalisation companies across the main countries of the European region. The "FTSE Euro Corporate bond" index is a credit market index which includes Euro issues from corporate entities. The Investment Manager believes that these indices are the most relevant equity and credit indices to compare the Master Fund with.

A vega sensitivity of 1 basis point means that an increase in volatility by 1 percentage point leads to a performance of 0.01% for the Master Fund. The Vega measures the sensitivity to volatility for a given instrument. For a given instrument, it is the derivative of its price with respect to the volatility of its underlying. The Investment Manager considers the Vega to be the best proxy of the Master Fund's sensitivity to volatility and believes there are no relevant indices to compare its volatility sensitivity against.

Given that interest rate risks are essentially hedged, the Master Fund has low beta sensitivity versus the "Bloomberg/EFFAS" index which is a government bond market index.

During the reporting period, the Master Fund complied with its Investment Policy and has maintained the gross and commitment exposures, as required under AIFMD, within the limits established by the Investment Manager.

Master Fund %AUM	AIFMD Commitment method		AIFMD Gross method	
	Exposure	Limit	Exposure	Limit
30 June 2019	632.1%	700.0%	793.6%	2000.0%
31 December 2018	261.8%	700.0%	457.2%	2000.0%

Source: Boussard & Gavaudan Investment Management LLP

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Investment Manager's Report and Financial Highlights

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7. Detailed performance analysis

7.1. Detailed allocation and performance analysis of the Master Fund

The Master Fund contributed approximately 1.7% (30 June 2018: 1.6%) to BGHL's performance during the Period, primarily driven by equity strategies.

Volatility strategies

Mandatory Convertible Bond Arbitrage

Mandatory convertible bonds contributed positively during the Period. The main requirement for this niche market is new issuance. While one of the core positions expired, the market saw two new issues in which the Fund received a good allocation.

Convertible Bond Arbitrage

Year-to-date, the convertible bond primary market has been disappointing, both in terms of number of deals and the type of opportunities. Nevertheless, the Master Fund has been able to generate performance in a few specific situations.

Volatility Trading

Volatility Trading posted a negative contribution, mainly due to the volatility collapse in the first three months and the overall impact of negative carry in volatility across all asset classes. Despite this, dispersion positions carried very well during the Period with some very decent single stock moves..

Equity Strategies

Equity strategies contributed positively. The risk arbitrage and special situations strategies performed well as corporate activity picked up. The rest of the portfolio recovered from the end of last year with several of more fundamentally driven positions performing well as investor sentiment became more positive.

Credit Strategies

Capital Structure Arbitrage

Capital structure arbitrage was slightly negative during the Period. The bullish trend in both asset classes remained very strong, mainly fuelled by central bank dovishness. This environment has not favoured dislocations and there have been limited opportunities to enter new positions or trade actively.

Credit Long / Short

Credit long / short made a positive contribution during the Period. Credit markets performed strongly in continuation of the general risk asset rebound observed since the beginning of the year. The Investment Manager remained cautious overall and portfolio risk was selectively increased on certain idiosyncratic and trading opportunities that have emerged.

Credit Special Situations

Credit special situations contributed positively.

Direct Lending

BG Master Fund ICAV invests in loans originated by Fiduciam Nominees Limited (<https://fiduciam.co.uk>). Fiduciam makes secured business loans to small and medium sized enterprises in several Western European jurisdictions. The loans are secured on real property. The size of the portfolio at the end of the Period is around €52.6 million (30 June 2018: €15.3 million).

Trading

Overall, trading contributed positively, mainly driven by the Systematic Trend-following strategy which benefited from the strong decline in G7 rates.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2019

7.2. Detailed performance analysis of assets other than Manager Funds

In addition to its investment in the Master Fund, BGHL has other investments. At the end of the Period, the net asset value of these investments represented 1.3% of the net asset value of BGHL.

Rasaland Investors plc ("RLI")

RLI is a Malta-based holding company structured as a private equity fund in terms of fees and organisation. RLI is managed by BK Partners. RLI is dedicated to investing in land, hotels and high-end resort developments in Mexico.

As of 30 June 2019:

- RLI was fully invested in and held a 45.4% interest in the private company ACTUR (the other ACTUR shareholders being Mexican public institutions).
- ACTUR owns
 - land development assets (Xala project) and
 - a minority interest (21.33%) in the publicly-traded company RLH Properties, S.A.B. de C.V. (ticker: RLHA:MM) ("RLH"), such indirect stake in RLH accounting for approximately 42.2% of RLI's NAV.

RLH operates as a hotel and tourism management and development company in Mexico. The company acquires, constructs and manages luxury and ultra-luxury resorts across Mexico, including the Four Seasons Hotel in Mexico City. The company was founded in 2013 and its shares of common stock have been traded on the Mexican Stock Exchange since November 2015.

Key events during the Period:

- RLH raised US\$ 213 million in cash through a rights issue: US\$ 193 million from third party investors and US\$ 20 million from ACTUR. The cash portion of the capital increase will be applied to the acquisition of stakes in hotels, branded residential business and to the development of the Mandarin hotels.
- ACTUR contributed the Mandarin land to RLH in exchange for RLH shares
- RLH acquired the Hotel Villa Magna in Madrid for €210 million from the Dogus Group.
- ACTUR and RLI's respective reinvestment period were extended to 2020 and their life extended to July 2022 with the possibility to extend for an additional 2 year period.
- These extensions were voted by the shareholders of ACTUR and RLI. They followed a request by a core institutional shareholder of ACTUR making a new equity investment, requiring a longer period to provide flexibility for the exit of its investment. The extensions better reflect the business plan of the group.

The expected timeframe for ACTUR to monetise its land assets continues to be longer than the expected timeframe for BGHL to exit its investment in RLI. Current small secondary market transactions suggest that BGHL will only be able to exit at a material discount to the net asset value of RLI. As a consequence, for its fair market value assessment of BGHL's investment in RLI, BGIM's valuation committee continues to apply a 50% illiquidity discount to the most recent net asset value per share calculated by the administrator of RLI.

RLI contributed an overall negative 2 basis point reduction to BGHL's performance during the Period. This performance is composed of a 1 basis point investment gain in Euro terms and 3 basis point forward foreign exchange contract loss to cover the investment in dollars.

8. Review of important events since the end of the Period

On 16 July 2019 the Company issued an announcement about proposals being considered to address the realisable value of shares, specifically the discount at which shares trade relative to the underlying NAV. Following feedback from and discussions with Shareholders, a further announcement was issued on 5 August 2019 which proposed amendments to the original proposals.

The objective of the proposals under consideration is to provide those Shareholders who wish to pursue it with a mechanism, over time, which allows them the certainty of realising the value of their holdings at net asset value. In crafting the proposals, the objective has been to accommodate both the wishes of those Shareholders wishing to achieve a managed realisation of NAV and the interests of other Shareholders who wish to see BGHL continue as is. It is currently envisaged that this will be delivered by the conversion of existing listed shares into unlisted securities which, following a lock up period of three years, can be redeemed at NAV on a monthly basis over the subsequent two years thereafter.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the six months ended 30 June 2019

Discussions with Shareholders continue and as of the date of this report the Board has yet to make its final recommendation to Shareholders.

9. Risks and Uncertainties

The principal risks and uncertainties are listed and described in the Directors' report. The Investment Manager views the key risks as follows:

- the level of return generated relative to "market" returns, and the relative variability in those returns;
- the impact on NAV if sudden materially adverse movements occur in financial markets; and
- the value of assets (including assets held within the Master Fund on a "look through basis") which cannot be priced by reference to observable prices in a liquid market.

BGHL's main investment exposures, including the main risks to which the Master Fund is exposed, have been described in this report. The key market risks are equity price risk, interest rate risk, foreign currency risk, credit risk, volatility risk and liquidity risk. The diversified nature of the investments within the Master Fund mitigates the apparent concentration risk within BGHL.

Notwithstanding the recent poor performance in terms of NAV accretion, the Investment Manager aims to continue to perform in accordance with its long term objective of delivering consistent NAV appreciation. The equity at risk of the Master Fund is deployed into attractive investment opportunities that are identified. The limited amount of leverage should not expose BGHL to significant refinancing or default risk.

In terms of headline risks to the Fund in 2019 the following, non-exhaustive, list contains potential events that could have an adverse impact on performance: continued uncertainty surrounding the details of the UK exit from the EU, the impact of tariffs and a "trade war" between the US, EU and China, risk of general economic slowdown or political upheaval in Europe and consequent reduced level of corporate activity, idiosyncratic risks surrounding specific investments in single names, the emergence of new technologies disrupting existing business models, risk of deflation, and central bank interest rate setting failing to maintain a stable environment with controlled inflation.

A continued environment of low volatility could also cause a potential drag on performance, while conversely there remains the risk of a significant and correlated sell-off in equities and government bonds which could have adverse systemic effects on the Master fund.

Risks remain exacerbated following the UK vote to leave the European Union and considerable political, legal and regulatory uncertainty remains between and within the UK and the EU that may lead to a reduction in corporate activity and investment. Consequential risks are weaker economic growth, increased regulatory controls, heightened volatility, an increase in the risk premium and potential capital outflows from the region.

In addition to Europe, political uncertainty in, and between, other global regions remains. The dynamic geo-political environment threatens to moderate global growth with shifting alliances and restructuring of trade deals and corporate taxation leading to economic uncertainty.

These risks remained framed against a backdrop of an uncertain path of central bank action as quantitative easing programmes continue to be wound down while central banks try to maintain a positive growth environment.

"Brexit" and the subsequent fall in Sterling versus the Euro had no material impact on BGHL's hedging programme. The Euro base currency, which is also the functional currency of BGHL creates potential FX exposure for Sterling share investors and, to protect the starting capital in Sterling terms against Euro/Sterling FX moves during the month, the starting capital is hedged with a Euro /Sterling FX forward rolled on a monthly basis. Hedges are rolled only on the starting capital each month and Sterling share investors remain exposed to intra-month currency risk on the profit or loss made in Euro terms over the course of each month.

As regards RLI, the illiquid nature of the investment, the status of the Mexican real estate market and the political environment in Mexico are all factors which could potentially push down its carrying value further. Given that the valuation of RLI is already marked at a significant discount to the net asset value per share calculated by the administrator, which the Investment Manager views as reflecting fair value, it is expected that the risk of further downside on this investment has been reduced.

Boussard & Gavaudan Investment Management LLP
Acting by its managing member,
Boussard & Gavaudan Partners Limited

28 August 2019

Boussard & Gavaudan Holding Limited

Directors' Report

For the six months ended 30 June 2019

The Directors present their half-yearly report and unaudited interim condensed financial statements for the Period.

Principal Activities

During the Period, BGHL continued to invest substantially all of its net assets in BGF, a feeder fund fully invested in the Master Fund. The Master Fund implements diversified investment strategies, including volatility, equity and credit strategies. The overall investment objective of the Master 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 to its investment in BGF and as described in BGHL's offering memorandum and investment policy, BGHL is permitted to enter into other investments, including private equity investments.

Performance of Investment Manager and Continued Appointment

From 1 January to 30 June 2019, BGHL's NAV per Euro share increased by 0.8% and NAV per Sterling share by 1.5%, while BGHL's market price for Euro share decreased by 8.1% and the market price for Sterling share increased by 2.6%.

On 21 July 2014, BGHL, BGF and the Master Fund appointed BGIM as AIFM.

The Investment Manager was registered on 5 November 2013 as a limited liability partnership or "LLP" in England and Wales for the purpose of complying with AIFMD Regulations, and the Investment Manager was authorised by the FCA on 11 July 2014 to perform the regulated activity of managing an AIF and remains so authorised.

The Board has reviewed the performance of the Investment Manager since the date of its appointment and is satisfied that the continued appointment of the Investment Manager on the terms agreed is in the interests of the shareholders. Please refer to the Investment Manager's Report for a review of the performance of BGHL over the Period. Please also refer to note 8 to the financial statements for further details on the terms of the investment management agreement.

Results for the Period and State of Affairs at 30 June 2019

The Condensed Statement of Financial Position and the Condensed Statement of Comprehensive Income for the Period are set out in the financial statements.

Directors

The Directors as at 30 June 2019 and as at the date of this report were:

- Andrew Henton, Chairman;
- Andrew Howat; and
- Sylvie Sauton

Mr. Andrew Howat was appointed as a director effective 1 July, 2017 and elected by the Company's shareholders at the annual general meeting held on 27 July, 2017. Mrs Sylvie Sauton was appointed as a director on 29 June, 2018. Mr. Henton was re-elected by the Company's shareholders at the annual general meeting held on 29 June 2018.

Directors' interests in shares

As of 30 June 2019, none of the directors invested in shares of BGHL.

Share buy-back programme and Liquidity Enhancement Agreement

BGHL's shares are dual listed on the London Stock Exchange and Euronext Amsterdam.

Since its listing, BGHL has operated a share buy back programme approved at each annual general meeting by its shareholders. Historically, this programme has been the key methodology by which the Board has sought to reduce the discount to the prevailing NAV at which BGHL's shares are trading, and to improve liquidity in the shares. However, although the Board seeks to minimise its level, such discount is largely driven by market forces beyond BGHL's control. BGHL intends to retain the scope to use the share buy back programme on a discretionary basis. BGHL's share buy-back programme is financed by redemptions of BGF shares. BGF has monthly liquidity, which means that redemptions are payable once in every calendar month. BGHL does not know in advance the volumes and frequency of share buy-backs for any given month.

Boussard & Gavaudan Holding Limited

Directors' Report

For the six months ended 30 June 2019

On 28 June 2019, the shareholders renewed BGHL's authority to make market purchases of its shares. Under such authority BGHL is allowed to purchase up to 8% of the shares of each class in issue (excluding treasury shares). At the time authority was granted, the limit of 8% shares in issue (excluding treasury shares) were 2,302,578 Euro shares and 48,697 Sterling shares. Previously, BGHL was granted an exemption by The Panel on Takeovers and Mergers in the UK from making a mandatory offer for the whole of the issued and to be issued share capital of the Company in accordance with Rule 9 of The Takeover Code if such obligation arose purely as a result of such market purchases. However, because the percentage of the Company's issued share capital which the Company was authorised to repurchase was reduced to 8% at the recent annual general meeting, there is no reasonable expectation that an obligation to make an offer will be triggered by such market repurchases, so renewal of the exemption was not sought during the Period.

Any repurchases under the share buy-back programme will be made at a discount to the prevailing NAV and will therefore be accretive to the NAV. They will therefore contribute to the different performance of BGHL's NAV relative to that of BGF.

During the Period no Euro or Sterling shares were repurchased.

The discounts of the shares with respect to their NAVs were as follows

Discount to NAV	30 Jun 2019	31 Dec 2018
Euro shares	(28.3)%	(21.4)%
Sterling shares	(22.2)%	(23.1)%

Below is a graph showing the discount to their NAV at which BGHL's Euro shares have traded and the Euro share buy-back activity since BGHL's inception. BGHL did not repurchase any shares in the Period.



Directors' Interests and Remuneration

Save as disclosed in these financial statements, BGHL is not aware of any potential conflicts of interest between any duty owed to BGHL by any of the Directors and their respective private interests. Each Director is currently paid an annual fee of €20,000 other than the Chairman, who is entitled to receive €38,000 per annum, and the Chairman of the Audit Committee, who receives an additional fee of €7,500 per annum.

Due to the nature of their roles and in light of BGHL's stated investment objective and policy, no discretionary compensation payments are ordinarily made to the Directors. No Director has a contract for services and none of them is entitled to compensation in lieu of notice.

Shareholders are at each annual general meeting given the opportunity to vote on the Directors' remuneration.

Directors' Duties and Responsibilities

The Directors' responsibilities are as follows:

- Statutory obligations and public disclosure;
- Strategic matters and financial reporting;
- Oversight of management and advisors' matters;
- Risk assessment and management, including reporting, monitoring, governance and control; and
- Other matters having a material effect on BGHL.

Boussard & Gavaudan Holding Limited

Directors' Report

For the six months ended 30 June 2019

Principal Risks and Uncertainties

BGHL's business model involves identifying and taking positions on assets whose market price does not reflect the Manager's assessment of intrinsic value. As market prices trend towards the Manager's assessment of intrinsic value, profits are generated. In adopting this strategy, BGHL is deliberately and consciously exposed to various types of market risk which are described in the report of the Investment Manager. Additional risks are described in the notes to the accompanying financial statements. The Report of the Audit Committee available in 2018 annual financial statements describes financial reporting risks and how these risks have been mitigated. The Board believes that these disclosures are accurate, complete and not misleading.

The most significant risk identified by the Directors is lack of liquidity in BGHL's shares exacerbating the prevailing discount to NAV at which they trade. This creates a potential arbitrage opportunity notwithstanding the long term track record of strong NAV appreciation. Since the end of the reporting period the Board has announced proposals which would give shareholders the option to convert their shares into unlisted securities, which in turn would return net asset value over a five year term. Whilst any share conversions would reduce the market capitalisation of the Company, the Board believes the proposals, combined with more proactive support for the Company's remaining listed shares, should impact favourably on the level of discount. The board has recently appointed a broker, and is engaged with Shareholders in developing its proposals, which will thereafter be put to Shareholders for approval.

The second principal risk is that of the investment strategy pursued by the Master Fund no longer achieving its investment objectives, leading to non-achievement by BGHL of a long term appreciation in its asset value on a "per share" basis.

This might be occasioned if the pricing relationships between and within different asset classes diverged materially from historical patterns, or the quality of investment analysis conducted within the Investment Manager was materially degraded. The next most significant risk is considered to be a significant systemic market event which cannot be anticipated in advance and is associated with geopolitical risk.

Brexit in isolation is not considered to pose a particular risk to BGHL. The hedging strategy adopted in relation to the Sterling share class is described in the report of the Investment Manager. BGIM is regulated to carry out investment management activities in both the UK and France, and has the necessary infrastructure to carry out such activity in both jurisdictions. In the event that political, regulatory or macro economic conditions changed such that it was beneficial for the investment manager to consolidate its activities in only one of these locations, the necessary changes could be implemented swiftly relying on procedures that are regularly tested as part of the business continuity plan. To the extent that particular adverse consequences might occur following a "hard" Brexit, the Investment Manager has already put in place mitigating strategies.

The Investment Manager seeks to deliver risk adjusted returns which are attractive. The main information provided by the Investment Manager to the Board, and by which risk exposures are assessed, are as follows:

Relative performance analysis: NAV accretion or dilution is reported monthly, and broken down by attribution to each specific strategy pursued within the Master Fund. Individual and aggregated strategy performances are compared to relevant indices or benchmarks. This serves to highlight over and under performances, and also any divergence from historic trends.

Stress testing: The impact on NAV is modelled each month against a series of downside scenarios. These scenarios make allowance not just for market movements, but also for liquidity related events (for example "mid cap" stocks falling by a greater amount than the main index due to materially reduced trading volumes in smaller company stocks). Different scenarios are modelled both singly, and in combination so that "contagion" risks are considered. Portfolio construction is informed by the results of this modelling.

Pricing analysis: The Investment Manager shares with the Board of Directors analysis that is prepared by the administrator of the Master Fund. This highlights the percentage of NAV in the Master Fund which is based on prices that cannot be independently verified by reference to an independent or market source. The existence of instruments for which independent pricing is not available is deemed to be a risk factor, and any such instruments are subjected to additional ongoing scrutiny.

In addition to the various financial and market risks, the Board actively monitors operational and commercial risk. Key risks in this regard are the following:

Prevailing share price: BGHL's shares currently trade at a discount to NAV and have done so for several years. This is a function of supply and demand for BGHL's shares in the market and cannot be controlled by the Board. The key element of the programme by which the Board has sought to manage the level of discount has been the share buy back programme. For so long as the prevailing share price is markedly less than NAV, it is value accretive to shareholders when BGHL buys back its own shares at that price. In considering other interventions that might influence the level of discount, the Board has sought to avoid significantly increasing the

Boussard & Gavaudan Holding Limited

Directors' Report

For the six months ended 30 June 2019

total expense ratio and to favour actions which are persistent in their effect, as opposed to short term and transient.

Scale of operations: The Board reviews the operational plans of the Investment Manager at least annually. In so doing it seeks assurances that adequate resources are available to maintain an effective and compliant operating infrastructure. Future business development plans, headcount, organisational structure and the experience of operational incidents (if any) are all taken into account.

Service providers: BGHL places reliance on the administrator, sub-administrator, depositary and sub-custodian of the Master Fund. To the extent that independent assurance statements or reports can be obtained in relation to these firms, the Board of Directors requests them. Oversight is also exercised via open market sources (credit ratings), direct enquiry of the Investment Manager and feedback from other independent advisers (including the auditor).

Cyber security: The threat posed by “hackers” to companies operating in the financial services sector, (the nature of whose activities involves the management of assets readily convertible into cash) is acknowledged by the Board of Directors. The measures in place to mitigate these risks (including those measures intended to identify and contain intrusions, should they occur) form part of the oversight regime directed at the Manager and key service providers. The Business Risk Assessment is used to monitor risk in its wider sense. This document identifies and describes key risks under seven categories (investment, liquidity, credit, market, counterparty, operational, governance and anti-money laundering), identifying the relevant controls by which to mitigate the associated risks. Impact assessments (a function both of likelihood and severity of impact) are considered for every risk identified, and the document informs both resource allocation (including the allocation of operational responsibility) and decision making about changes or additions to the control environment.

Risk Management and Internal Control Systems

The Audit Committee has conducted a review of BGHL’s system of internal controls and further information is given in the Report of the Audit Committee within the annual accounts.

The Board is ultimately responsible for BGHL’s system of internal controls and for reviewing its effectiveness. The Board has developed a framework that is designed to manage, rather than to eliminate the risk of failure to achieve BGHL’s business objectives. The framework involves identifying sources of risk, the potential significance (financial and operational) of any risk impact(s), and the associated controls in place to identify, prevent and mitigate those potential impacts. This is documented in a Business Risk Assessment which is considered at least annually by the Board. The framework is discussed with the Investment Manager, and members of the Audit Committee conduct an on site review meeting with the Investment Manager to review the effectiveness of controls and any breaches / errors that have occurred since the last inspection visit. Any such control failures are also recorded on an exceptions basis and reported at quarterly Board meetings or in real time if sufficiently significant. No significant failings or weaknesses have been identified. These processes ensure an at least annual review of BGHL’s system of internal controls, including financial, operational, compliance and risk management. The system can only provide reasonable and not absolute assurance against material misstatements.

The Board has delegated the management of BGHL’s investment portfolio, the provision of custody services, the administration (including the independent calculation of BGHL’s NAV), share registration, corporate secretarial functions and the production of the half-yearly unaudited and annual independently audited financial reports. The Board retains accountability for the functions it delegates. Formal contractual arrangements have been put in place between BGHL and the providers of these services.

Compliance reports are provided at each quarterly Board meeting by BGHL’s Secretary. The Board considers that its internal control processes meet best practice as recommended in the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published by the UK’s Financial Reporting Council as an adjunct to the UK Corporate Governance Code.

Regulatory Compliance

BGHL keeps abreast of regulatory and statutory changes and responds as appropriate. The Board continues to take advice on AIFMD from external professional advisers and to implement necessary measures to ensure compliance with relevant requirements of the AIFMD Regulations. The Chief Compliance Officer within the Investment Manager is also a resource relied upon by the Board in this regard. Although the majority of the obligations associated with AIFMD are applicable to the AIFM, the Board is satisfied that BGHL as an AIF complies fully with its relevant obligations under the UK’s AIFMD and the AIFMD Regulations 2013. Key Information Documents (“KIDs”) have been produced in accordance with the Packaged Retail and Insurance-based Investment Products (“PRIIPs”) regulation and are available at <https://www.bgholdingltd.com/priips.php>

Boussard & Gavaudan Holding Limited

Directors' Report

For the six months ended 30 June 2019

The EU General Data Protection Regulation (“GDPR”) was enacted during the year 2018. BGHL falls within its scope and had put in place measures to ensure compliance by 25 May 2018. Policies have been enacted both to ensure ongoing compliance by BGHL, but also to oversee compliance by third party service providers who process or hold relevant data belonging to BGHL.

Going Concern

The Board conducts a rigorous and proportionate assessment of BGHL’s operational and financial risks with reference to cash flow requirements, debt positions and the liquidity of investments on a quarterly basis. In performing its assessment the Board has considered the potential impact of the proposals that were announced in July and August 2019 (see page 13). Whilst those proposals remain under consideration and have yet to be finalised, their implications for the size and total expense ratio of the Company, and thus their impact on going concern, have been considered.

BGHL has also borrowed €70m from Natixis under the committed revolving loan facility agreement described in note 11 to the financial statements.

In addition to the management obligations associated with these debt positions, BGHL incurs ongoing fees and expenses associated with its day to day operations. The Company also has the authority to buy back its own shares, which is achieved by buying shares in the market for cash and cancelling them.

The Directors regularly consider the financial solvency of BGHL and are required by the Companies Law to do so on every occasion that any distribution is to be declared, including, but not limited to, dividends, the redemption and conversion of shares, and repurchases by BGHL of its own shares. Under Companies Law, there is no limit on the period of time for which the Directors are required to consider BGHL’s future solvency. The Directors are confident that BGHL’s assets exceed its liabilities and that BGHL has ample liquid assets to cover liabilities as they fall due. In addition, should BGHL have insufficient cash to meet its expenses, BGHL expects that it would very rapidly be able to realise sufficient investments (BG Master Fund Shares) to meet such expenses. This is evidenced by a formal solvency statement.

Notwithstanding the proposals described above, the Board has a reasonable expectation that BGHL has adequate resources to continue in operational existence for at least the next twelve months. Therefore, the financial statements have been prepared on a going concern basis

Relations with Shareholders

BGHL considers the ongoing interests of investors and other stakeholders on the basis of open and regular dialogue with the Investment Manager. Additionally, shareholders are welcome to contact the Board of BGHL in writing via the Secretary, should they wish to have a dialogue and/or provide any feedback.

Furthermore, at a minimum, the Chairman of the Board and the Chairman of the Audit Committee attend BGHL’s annual general meeting. Separate resolutions are proposed on each substantially separate issue at each general meeting of shareholders, including a vote on BGHL’s annual financial report at the annual general meeting, and forms of proxy issued by BGHL for use at each general meeting provide for three way voting – for, against or vote withheld. Notices of annual general meetings are always sent at least 20 working days before the meeting and in accordance with the notice periods set out in the Companies Law.

After each general meeting, the results of the meeting are announced and the announcement of results is also made available on the BGHL’s website. As a matter of best practice, all resolutions are voted upon on a poll. Finally, if required, BGHL can also make available representatives of the Investment Manager to shareholders.

While BGHL reports formally to its shareholders twice a year, it also maintains a website which contains comprehensive information (www.bgholdingltd.com). This includes historic communications, investment philosophy, risk management policies, Investment Manager’s reports, statistical information and corporate governance guidelines.

By order of the Board

Andrew Henton
Chairman

Andrew Howat
Director

28 August 2019

Boussard & Gavaudan Holding Limited
Interim Management Report
For the six months ended 30 June 2019

In accordance with the requirements of the Disclosure Guidance and Transparency Rules (UK Financial Conduct Authority Handbook) the Directors each confirm to the best of their knowledge that:

- (a) the interim condensed financial statements for the period ended 30 June 2019 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, and give a true and fair view of the assets, liabilities, financial position and profit of BGHL.
- (b) the condensed half yearly report includes a fair review of the development and performance of the business and the position of BGHL for the year to date, together with a description of the principal risks and uncertainties that BGHL faces for the remaining six months of the financial year.
- (c) There were no related party transactions in the Period, nor any changes in related party transactions described in the last annual report, that could have a material effect on the financial position of BGHL in the Period, other than as disclosed in the financial statements. Details of related parties are set out in note 6 to the financial statements.

By order of the Board

Andrew Henton
Chairman

Andrew Howat
Director

28 August 2019

Boussard & Gavaudan Holding Limited

Independent Review Report

INDEPENDENT REVIEW REPORT TO BOUSSARD & GAVAUDAN HOLDING LIMITED (“the Company”)

Introduction

We have been engaged by the Company to review the unaudited interim condensed financial statements in the Half-yearly financial report for the six months ended 30 June 2019 which comprise the Condensed Interim Statement of Financial Position, Condensed Interim Statement of Comprehensive Income, Condensed Interim Statement of Changes in Equity, Condensed Interim Statement of Cash Flows and related notes 1 to 17. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the unaudited interim condensed financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The unaudited interim condensed financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the unaudited interim condensed financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the unaudited interim condensed financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
Guernsey, Channel Islands
28 August 2019

Notes:

1. The maintenance and integrity of the Boussard & Gavaudan Holding Limited web site is the responsibility of the directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the unaudited interim condensed financial statements since they were initially presented on the web site.

2. Legislation in Guernsey governing the preparation and dissemination of unaudited interim condensed financial statements may differ from legislation in other jurisdictions.

Boussard & Gavaudan Holding Limited
Condensed Interim Statement of Financial Position
As at 30 June 2019

		UNAUDITED	AUDITED
		As at	As at
	Note	30 June 2019	31 Dec 2018
		€	€
Assets			
Investments at fair value through profit or loss			
Cost €436,616,405 (2018: €439,838,617)	3	722,042,541	716,581,290
Unrealised gain on forward derivatives contracts and foreign exchange forward contracts	3	113,180	-
Due from brokers	14	1,230,000	1,610,000
Other assets		18,125	-
Cash and cash equivalents		1,370,477	1,229,554
Total assets		724,774,323	719,420,844
Equity and liabilities			
Liabilities			
Loans payable	11	70,000,000	70,000,000
Unrealised loss on foreign exchange forward contracts	3	114,399	100,456
Due to brokers	14	423	500
Management fees payable	8	2,420,240	2,490,030
Other liabilities		54,299	54,652
Interest payable	11	125,222	123,900
Total liabilities		72,714,583	72,769,538
Equity			
Share capital		511,878,078	511,878,078
Retained earnings		140,181,662	134,773,228
Total equity		652,059,740	646,651,306
Total equity and liabilities		724,774,323	719,420,844
Net asset value per share:			
Class A EURO shares outstanding 28,782,231 (2018: 28,782,231)		€ 22.1838	€ 22.0045
Class A GBP shares outstanding 608,712 (2018: 608,712)		£19.9331	£19.6444

The financial statements on pages 22 to 37 were approved by the Board of Directors on 28 August 2019 and signed on its behalf by:

Andrew Henton
Chairman

Andrew Howat
Director

The accompanying notes on pages 26 to 37 form an integral part of these financial statements

Boussard & Gavaudan Holding Limited
Condensed Interim Statement of Comprehensive Income
For the six months ended 30 June 2019

	Note	UNAUDITED For six months ended 30 June 2019 €	UNAUDITED For six months ended 30 June 2018 €
Income			
Net realised gain on financial assets and liabilities at fair value through profit or loss		2,236,678	7,146,579
Net change in unrealised gain on financial instruments at fair value through profit or loss		8,782,700	4,489,313
Net gain on financials assets at fair value through profit or loss		11,019,378	11,635,892
Other realised and unrealised foreign currency loss		(361)	(210)
Total income		11,019,017	11,635,682
Expenses			
Interest expense		561,970	642,299
Interest expense on cash equivalent		2,553	2,723
Performance fees	8	-	1,097,168
Management fees	8	4,835,232	5,232,330
Administrative fees	7	56,017	54,109
Directors fees	6	43,771	42,750
Professional fees		-	5,211
Audit fees		29,592	27,860
Other expenses		81,448	70,362
Total expenses		5,610,583	7,174,812
Net profit before tax		5,408,434	4,460,870
Taxation			
Net profit and total comprehensive income		5,408,434	4,460,870
Basic and diluted earnings per share			
Class A EURO €5,160,322 Profit / 28,782,231 shares (2018: €4,237,572 Profit / 28,758,219 shares)		€ 0.1793	€ 0.1474
Class A GBP £209,396 Profit / 608,712 shares, (2018: £194,708 Profit / 632,590 shares)		£0.3440	£0.3078

There is no Statement of Other Comprehensive Income presented as there was no other comprehensive income during the Period.

All activities are of a continuing nature.

The accompanying notes on pages 26 to 37 form an integral part of these financial statements

Boussard & Gavaudan Holding Limited
Condensed Interim Statement of Changes in Equity
For the six months ended 30 June 2019

	Share Capital	Retained Earnings	Total Equity
	€	€	€
2019 - UNAUDITED			
Balance as at 1 January 2019	511,878,078	134,773,228	646,651,306
Total comprehensive income	-	5,408,434	5,408,434
Balance as at 30 June 2019	511,878,078	140,181,662	652,059,740
	Share Capital	Retained Earnings	Total Equity
	€	€	€
2018 – UNAUDITED			
Balance as at 1 January 2018	511,878,078	177,123,014	689,001,092
Total comprehensive income	-	4,460,870	4,460,870
Balance as at 30 June 2018	511,878,078	181,583,884	693,461,962

The accompanying notes on pages 26 to 37 form an integral part of these financial statements

Boussard & Gavaudan Holding Limited
Condensed Interim Statement of Cash Flows
For the six months ended 30 June 2019

	UNAUDITED For six months ended 30 June 2019 €	UNAUDITED For six months ended 30 June 2018 €
<u>Cash flows from operating activities</u>		
Net profit and total comprehensive income	5,408,434	4,460,870
<u>Adjustments to reconcile net profit to net cash used in operating activities:</u>		
Unrealised gain on financial instruments at fair value through profit and loss	(8,782,700)	(4,489,313)
Realised gain on financial instruments at fair value through profit and loss	(2,236,678)	(7,146,579)
Increase in other assets	(18,125)	-
Decrease/(increase) in due from brokers	380,000	(6,503,021)
Increase/(decrease) in interest payable	1,322	(3,548)
Decrease in due to brokers	(77)	(121)
Decrease in performance fee payable	-	(8,477,832)
Decrease in management fee payable	(69,790)	(20,955)
Decrease in dividend receivable	-	195,474
Decrease in other liabilities	(353)	(61,941)
Net cash used in operating activities	(5,317,967)	(22,046,966)
<u>Cash flows from investing activities</u>		
Sales of investments at fair value through profit or loss	5,600,000	25,966,852
Net cash provided by investing activities	5,600,000	25,966,852
<u>Cash flows from financing activities</u>		
Net settlements of foreign exchange forward derivative contracts	(141,110)	326,879
Net cash used in/(provided by) financing activities	(141,110)	326,879
Net movement in cash and cash equivalents	140,923	4,246,765
Cash and cash equivalents at 1 January	1,229,554	-
Cash and cash equivalents at 30 June	1,370,477	4,246,765
Supplementary information		
Interest paid	(563,201)	(648,570)

The accompanying notes on pages 26 to 37 form an integral part of these financial statements

Boussard & Gavaudan Holding Limited

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2019

1. General information

1.1 BGHL

BGHL is a limited liability closed-ended investment company incorporated in Guernsey on 3 October 2006 with registration number 45582.

BGHL was admitted to the Eurolist Market operated by Euronext Amsterdam on 3 November 2006. As a result of listing and trading of the shares on Euronext Amsterdam, BGHL is subject to Dutch securities regulations and to supervision by the relevant Dutch authorities. BGHL is registered with the Dutch Authority for the Financial Markets as a collective investment scheme.

On 28 July 2008, BGHL's shares were also admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange Plc's main market for listed securities. As a result of admission to the Official List of the UK Listing Authority, BGHL is subject to the UK Listing Authority's Listing, Prospectus, Disclosure Guidance and Transparency Rules, save where Dutch securities regulations take precedence. BGHL's share issue costs were borne by the Investment Manager.

At the time of this dual listing, BGHL created a class of shares denominated in Sterling (the "**Sterling Shares**") through the conversion of existing Euro shares into new Sterling shares at the prevailing NAV per Euro share as at 30 June 2008. From that date, shareholders have been able to convert their existing holding of shares in BGHL from one class into another class. Conversions, from one class to another, are effected once a year on the last business day of November, in compliance with the procedure published on BGHL's website.

1.2 The Investment Manager

Boussard & Gavaudan Investment Management LLP is the Investment Manager of BGHL. The Investment Manager is an English limited liability partnership. The Investment Manager is authorised by the United Kingdom's Financial Conduct Authority to perform the activity of managing alternative investment funds.

The Investment Manager also manages BGF and the Master Fund.

The Administrator arranges for the monthly publication of the NAV of BGHL as at the end of the previous month and the Investment Manager provides daily estimates.

As of 30 June 2019 and 31 December 2018 neither of BGHL and BGF had any employees or owned any facilities.

2. Accounting policies

Basis of preparation and statement of compliance

The financial statements have been prepared on a historical cost basis except for financial assets and liabilities held at fair value through profit or loss that have been measured at fair value.

The financial statements are prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union and with legislation and rules pertaining to Amsterdam Euronext and London Stock Exchange listed companies, as well as in accordance with the Companies Law.

The financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with BGHL's annual financial statements for the year ended 31 December 2018, which are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The accounting policies have been applied consistently by BGHL to all periods presented in these interim financial statements, except for IFRIC 23 which was adopted from 1 January 2019. Major accounting policies are described below.

Boussard & Gavaudan Holding Limited

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2019

New standards, amendments and interpretations issued but not effective for the financial Period beginning 1 January 2019 and not early adopted by BGHL

There are no standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant or material impact on BGHL.

New standards, amendments and interpretations effective for the Period beginning 1 January 2019 and adopted by BGHL

BGHL adopted IFRIC 23, 'Uncertainty over income tax treatments' on its effective date of 1 January 2019. This IFRIC clarified how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. IFRIC 23 also explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. Adoption of IFRIC 23 did not have impact on the BGHL's financial statements.

There are no other standards, amendments to standards or interpretations that are effective for periods beginning on 1 January 2019 that have a material effect on the financial statements of BGHL.

Significant accounting judgements, estimates and assumptions

The preparation of BGHL's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying BGHL's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Fair Value

When the fair value of financial assets cannot be derived from active markets, their fair value is determined using valuation techniques that may include the use of valuation models. BGHL applies judgement when selecting the method of valuation.

For a description of methods and assumptions used in assessing fair value of financial assets, please refer to note 3.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. BGHL based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of BGHL. Such changes are reflected in the assumptions when they occur.

Fair Value

The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility.

Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy.

The models are tested for validity by calibration against prices from any observable current market transactions in the same instrument (without modification or repackaging) when available. To assess the significance of a particular input to the entire measurement, BGHL performs sensitivity analysis or stress testing techniques.

Boussard & Gavaudan Holding Limited

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2019

BGHL may invest in private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets.

The Investment Manager considers the valuation techniques and inputs used in valuing these investments as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund.

When assessing the fair value of the RLI position, BGHL made an estimation of the level of discount to the valuation reported by RLI reflecting the value currently realisable by BGHL.

For a description of estimates and assumptions used in assessing fair value of financial assets, please refer to note 3. Management believes that the estimates utilised in preparing its financial statements and management judgements applied are reasonable. However, actual results could differ from these estimates.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which BGHL operates ('the functional currency'). The functional currency is Euro, which reflects BGHL's primary activity of investing in Euro denominated securities. BGHL has adopted the Euro as its presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at fair value through profit or loss when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Included within this category are:

- Investments in equity instruments;
- Investments in debt instruments that are held under a business model to manage them on a fair value basis for investment income and fair value gains; and
- Derivative forward contracts that are in an asset position.

Investments in equity and debt instruments are initially recognised at fair value excluding attributable purchase costs. For equity and debt instruments that are listed they are subsequently valued by using quoted prices, whereas non-listed equities are determined by using the NAV determined by independent administrator as its basis or by using valuation models. The valuation methodology is discussed in note 3.

Boussard & Gavaudan Holding Limited

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2019

Derivative forward contract

A forward contract is a contract which obliges one party to the contract to buy, and the other party to sell, the asset that is the subject of the contract for a fixed price at a future date. Forward contracts are initially recorded at fair value. A forward currency contract involves an obligation to purchase or sell a specific currency at a future date, at a price set at the time the contract is made. Forward foreign exchange contracts are subsequently valued by reference to the forward price at which a new forward contract of the same size and maturity could be undertaken at the valuation date. The unrealised gain or loss on open forward currency contracts is calculated as the difference between the contract rate and this forward price, and is recognised in the Statement of Financial Position.

Changes in the fair value of investments are recorded in the Statement of Comprehensive Income in net unrealised gain/loss on financial assets at fair value through profit or loss.

Any transfers between levels of the fair value hierarchy, are deemed to have occurred at the end of the reporting Period.

Financial liabilities at fair value through profit or loss

A financial derivative liability is required to be measured at fair value through profit or loss. Included within this category are: Derivative forward contracts that are in a liability position.

Accounting policy for forward contracts in liability position is the same as described in financial assets at fair value through profit or loss.

Recognition/derecognition of financial assets and liabilities at fair value

Purchases and sales of financial assets and liabilities at fair value are recognised on the trade date - the date on which BGHL commits to purchase or sell the investment. Financial assets and liabilities are derecognised when the rights to receive cash flows from the investments have expired or BGHL has transferred substantially all risks and rewards of ownership.

Loans payable

Loans payable are carried at amortised cost.

Due from and due to brokers

Amounts due from and to brokers represent deposits held with brokers, receivables for securities sold, payables or payments for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively, and cash pledged as collateral on derivative contracts. Amounts due from brokers is initially measured at fair value plus transaction costs and subsequently measured at cost less impairment. Amounts due to brokers is initially measured at fair value less transaction costs and subsequently measured at amortised cost.

Impairment of financial assets

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there has been no impairment loss identified. Investments held at fair value through profit or loss is not subject to IFRS 9 impairment requirements.

For receivables including amounts due from brokers, the Company uses a 12 month expected loss allowance. The Company has completed some high-level analysis and forward looking qualitative and quantitative information, to determine if the receivables are low credit risk. Based on this analysis the expected credit loss ("ECL") on receivables is not material and therefore no impairment adjustments were accounted for.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Boussard & Gavaudan Holding Limited

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2019

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts.

Taxation

Current income tax assets and liabilities for the current Period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where BGHL directly and through the Master Fund, operates and generates taxable income.

BGHL invests in foreign countries which may levy withholding tax at source on revenues derived by non residents. Where such tax is withheld at source by the broker or another party BGHL records the revenue on a gross basis in Statement of Comprehensive Income (the revenue is grossed up and offset against an expense representing the tax withheld at source).

Expenses

Expenses are accounted for as they occur on an accrual basis. Expenses are charged to the Statement of Comprehensive Income.

Interest income and expense

Interest income, arising on due from brokers and interest expense on due to broker and short term loans are recognised in the Statement of Comprehensive Income within interest income and interest expense.

Dividend income

Dividend income is recognised on ex-dividend date.

Investment entity

BGHL has unrelated investors and has exposure to multiple investments. Ownership interests in BGHL are in the form of equity shares which are exposed to variable returns from changes in the fair value of BGHL's assets and liabilities. BGHL has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

- (a) BGHL has obtained funds for the purpose of providing investors with investment management services.
- (b) BGHL's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income, through investments.
- (c) The performance of investments is measured and evaluated on a fair value basis.

BGHL's exit strategy with respect to its investment in BGF is that BGHL may redeem its shares in BGF on a monthly basis and does not have any special or preferential rights in BGF. Redemptions and subscriptions in BGF are made in order to manage BGHL's exposure in accordance with BGHL's investment policy.

Basic and diluted earnings per share, and NAV per share

Basic earnings per share are calculated by dividing the net income by the weighted average number of registered shares in issue, during the Period. There is no difference between the basic and diluted earnings per share.

NAV per share is calculated by dividing the net assets at the Statement of Financial Position date by the number of shares outstanding at the Statement of Financial Position date.

Treasury shares

When BGHL purchases its own equity instruments (treasury shares), they are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of BGHL's own equity instruments.

Boussard & Gavaudan Holding Limited
Notes to the Condensed Interim Financial Statements
For the six months ended 30 June 2019

3. Fair value of financial instruments

The following tables analyse BGHL's net assets between the three levels of the fair value hierarchy:

30 June 2019	Level 1	Level 2	Level 3	Total Fair Value	Total Cost
Financial assets at fair value €:					
BG Fund	-	713,687,133	-	713,687,133	428,234,619
Private equity investments	-	-	8,355,408	8,355,408	8,381,786
Sub-Total €		713,687,133	8,355,408	722,042,541	436,616,405
Derivatives					
Forward foreign exchange contracts	-	113,180	-	113,180	-
Total €	-	713,800,313	8,355,408	722,155,721	436,616,405
Financial liabilities at fair value €:					
Derivatives					
Forward foreign exchange contracts	-	(114,399)	-	(114,399)	-
Total €		713,685,914	8,355,408	722,041,322	436,616,405

31 December 2018	Level 1	Level 2	Level 3	Total Fair Value	Total Cost
Financial assets at fair value €:					
BG Fund	-	708,269,674	-	708,269,674	431,456,831
Private equity investments	-	-	8,311,616	8,311,616	8,381,786
Sub-Total €		708,269,674	8,311,616	716,581,290	439,838,617
Financial liabilities at fair value €:					
Derivatives					
Forward foreign exchange contracts	-	(100,456)	-	(100,456)	-
Total €	-	708,169,218	8,311,616	716,480,834	439,838,617

Other short term operating assets and liabilities are excluded from the table due to their nature.

In accordance with IFRS, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants. The above tables analyse BGHL's investment into the three levels of fair value hierarchy in accordance with IFRS 13 as described below:

Level 1 – quoted prices in active markets for identical investments that BGHL has the ability to access.

Level 2 – valuations based on other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment spreads, credit risk, etc.) or quoted prices from inactive exchanges. Forward contracts are valued primarily based on market observable inputs such as a share price or forward foreign currency curves at the balance sheet date.

Level 3 – valuations based on significant unobservable inputs (including BGHL's own assumptions in determining the fair value of investments)

3.1 Level 3 investments

Financial assets €	30 June 2019	31 Dec 2018
Opening Balance	8,311,616	8,184,572
Unrealised gain	43,792	127,044
Closing Balance	8,355,408	8,311,616

The above table presents the movements in Level 3 investments. There were no transfers between levels for the Period.

Boussard & Gavaudan Holding Limited

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2019

Rasaland Investors Plc (“RLI”)

RLI is classified as a Level 3 asset for valuation purposes since its fair value uses significant unobservable inputs. RLI is administered by Francis J. Vassallo & Associates, a Maltese company. RLI management value the net assets of the company using a documented valuation procedure. The key significant unobservable input used in this process is land values in Mexico sourced from independent professional advisers, Cushman & Wakefield. These “area based” land values are applied without adjustment to individual properties, the existence and ownership of which is also independently verified by law firm Baker & Mackenzie. Consistent and accurate application of the agreed valuation methodology is verified by PricewaterhouseCoopers on an annual basis. The administrator, Francis J. Vassallo & Associates, only performs an annual valuation each 31 December. The value of RLI had remained almost unchanged, slightly above cost, since BGHL made its investment in June 2008.

In accordance with BGHL’s valuation policy, this investment is treated as a private equity fund which should be valued at fair value. A forced sale transaction on approximately 5% of the share capital of RLI in May 2017 provided evidence that BGHL will likely only be able to exit at a material discount to the net asset value of RLI if it wishes to exit before the expected term. There has been no significant transactions during the Period. BGIM has received a fairly strong indication that it is going to be at least another 10 years until RLI realises its assets, whereas BGHL’s exit horizon is likely to be within a much shorter timeframe. As a consequence, BGIM’s valuation committee has amended its valuation methodology and fair value assessment. Since May 2017, given BGHL’s time horizon to exit this investment and past transactions, the Investment Manager’s valuation committee has applied a 50% illiquidity discount to the net asset value per share calculated by the administrator.

As of the date of this report, BGHL now holds 19,075,103 shares which is approximately 10.1% (31 December 2018: 10.1%) of the share capital. Change in unrealised gain on RLI investment for the Period amounted to €43,792 (30 June 2018: gain €65,202):

RLI	30 June 2019	31 December 2018	Variation %
NAV per share (USD)	0.9977	0.9977	0.0%
Discounted price	0.4988	0.4988	0.0%
Carrying value (USD)	0.4988	0.4988	0.0%

Source: Francis J. Vassallo & Associates

The valuation produced by BGHL is derived from the net asset value, which is driven in part by land and hotel asset values and there is a direct correlation between those values and the net asset value of RLI. In addition, the valuation is sensitive to change in the illiquidity discount. As of 30 June 2019, a 25% increase or decrease in the NAV per share or Carrying value would result as below:

	Quantity	Type	Price	Asset Value €	25% increase			25% decrease		
					Price +25%	Gain €	Asset Value €	Price -25%	Loss €	Asset Value €
30-Jun-19	19,075,103	NAV per share \$	0.9977	16,710,815	1.25	4,177,704	20,885,519	0.75	(4,177,704)	12,533,112
		Carrying value \$	0.4988	8,355,408	0.62	2,088,852	10,444,260	0.37	(2,088,852)	6,266,556
31-Dec-18	19,075,103	NAV per share \$	0.9977	16,623,232	1.25	4,155,808	20,779,041	0.75	(4,155,808)	12,467,424
		Carrying value \$	0.4988	8,311,616	0.62	2,077,904	10,389,520	0.37	(2,077,904)	6,233,712

3.2 Level 2 investments

The significant majority of BGHL’s gross assets are invested in the Master Fund. Notwithstanding the significance of BGHL as a material investor in the Umbrella Fund, BGHL does not enjoy any special or particular rights in relation to the management of the Master Fund because of the voting rights attached to its investment. Specifically, it receives no information from the Umbrella Fund that is not communicated simultaneously to other investors, has no right to appoint a Director or attend board meetings, and has no influence on investment and operational decisions. Therefore, BGHL has no control over the Umbrella Fund nor, in the opinion of the Directors, could it exercise significant influence as described in IAS 28.

BGHL’s investment in BGF is classified as Level 2 in the fair value hierarchy because the only inputs to valuation are number of shares and the quoted observable market price of those shares. The quoted price is published on the Irish Stock Exchange. BGHL classifies the interest in BGF as Level 2 because there is not a continuous active market in BGF’s shares. The market is active only once a month when investors can transact in BGF shares at the published price which is calculated by the administrator of BGF based on its NAV.

Boussard & Gavaudan Holding Limited

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2019

The underlying investments of BGF, which are principally held by the Master Fund, are predominantly classified as Level 1 and Level 2 in the fair value hierarchy. The proportion of Level 3 investments of the Master Fund is disclosed in the table below including the proportion of the investments which are fair valued by the Investment Manager using a variety of techniques including discounted cash flows and public/private company comparables.

Master Fund % AUM (*)	30 June 2019	31 Dec 2018	Variation
Level 3	2.61%	1.79%	0.82%
of which Investment Manager's Valuation	0.50%	0.07%	0.43%

Source: Administrator, SS&C Financial Services LLC

(*) Profit & Loss of the FX to hedge investors is included in the AUM of the Master Fund.

Instruments held by the Master Fund are valued in the risk management system which is fed by real time market data in order to price the portfolio. Some instruments such as, but not limited to, derivatives are priced by using in-house developed models.

The system calculates profits and losses as well as net asset values. Inputs are used in applying the various valuation techniques and broadly based on the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, spot and volatility prices, interest rate, credit and foreign exchange levels, default probabilities, liquidity factors as well as other data.

BGHL does not have access to the detail of the underlying valuations nor to the sensitivities and strategies of the Umbrella Fund, BGF and the Master Fund other than as explained in the Investment Manager's Report. BGHL does not have the ability nor the responsibility to direct or to implement the Master Fund's investment objective and policy. As a consequence BGHL does not consider that it is appropriate to seek to disclose in the notes of the financial statements.

Umbrella Fund

BGHL's holding of voting shares in the Umbrella Fund is disclosed in the table below:

BGHL's holdings	30 June 2019	31 Dec 2018
Voting shares - Umbrella Fund	24.76%	24.60%

The investment in the Umbrella Fund is measured at fair value through profit or loss.

Investment by BGHL into BGF in €	30 June 2019	31 Dec 2018
Subscriptions	-	7,940,000
Redemptions	(5,600,000)	(18,500,000)
Change in holding	(5,600,000)	(10,560,000)

As at 30 June 2019 there were no capital commitment obligations and no amounts due to BGF for unsettled purchases.

4. Financial instruments and associated risks

BGHL's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in BGHL's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to BGHL's continuing profitability. BGHL is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

Risk management structure

The Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management of BGHL.

The unaudited interim condensed financial statements do not include financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with BGHL's annual financial statements as at 31 December 2018.

There have been no changes in the risk management department or in any risk management policies since the year end and it is envisaged that the principal risks and uncertainties expected by the Investment Manager and Board of Directors in the next 6 months will be similar to the last 6 months and will be managed in the same way.

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Liquidity risk

BGHL manages its liquidity risk by combining the unencumbered cash held for working capital purposes and the redemptions in BGF. BGHL invests into BGF by subscribing redeemable participating shares. BGHL may redeem its shares in BGF on a monthly basis with a 60-day notification and does not have any special or preferential rights in BGF.

The Investment Manager of the Master Fund monitors the liquidity adequacy between assets and liabilities on an ongoing basis. As part of this monitoring, attention is paid to the liquidity and the maturity of the assets in the portfolio.

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

Credit risk

BGHL's credit risk is assessed as low since its exposure to brokers/dealers is with reputable broker/dealers, all securities transactions of BGHL are cleared by major securities firms pursuant to customer agreements, BGHL's appointed Custodian is a large financial institution having investment grade ratings from the major rating agencies and all of BGHL's exposures to counterparties are with reputable financial institutions.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there has been no impairment loss identified. Investments held at fair value through profit or loss is not subject to IFRS 9 impairment requirements.

For receivables including amounts due from brokers, the Company uses a 12 month expected loss allowance. The Company has completed some high-level analysis and forward looking qualitative and quantitative information, to determine if the receivables are low credit risk. Based on this analysis the expected credit loss ("ECL") on receivables is not material and therefore no impairment adjustments were accounted for.

5. Capital management

BGHL is not subject to any externally imposed capital requirements. When managing the capital of BGHL as detailed below, the Investment Manager seeks to provide consistent absolute returns in accordance with BGHL's investment objectives and policies, for example those related to gearing. BGHL operated a share buy-back programme designed to reduce its capital, which has had the favourable effect of increasing the NAV per share since the shares were repurchased at a discount to their NAV. Transactions under the programme are disclosed in note 10.

Over the Period the indebtedness of BGHL, comprised of short-term commitments, has changed as follows:

Fair value in €	30 June 2019	31 Dec 2018
External Debt	70,000,000	70,000,000
Equity	652,059,740	646,651,306
Ratio = External Debt / Equity	10.74%	10.82%

6. Related Party transactions

The relationship between BGHL and the Investment Manager and the fees earned are disclosed in note 8. Each Director is entitled to an annual fee of €20,000 (2018: €20,000) for an annualised total of €40,000 (2018: €40,000); the Chairman is entitled to receive €38,000 (2018: €38,000) per annum and the Chairman of the audit committee is entitled to receive an additional fee of €7,500 (2018: €7,500) per annum.

The issued share capital of BGHL is owned by numerous parties and therefore in the opinion of the Directors, there is no ultimate and immediate controlling party as no BGHL investors hold more than 50% of total shares in issue.

7. Administration fees

JTC Fund Solutions (Guernsey) Limited, the Administrator, is entitled to an annual fee. In addition, the Administrator outsources the accounting to SS&C Financial Services LLC for an annual service fee payable monthly.

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8. Management fees and Performance fees

Under the Investment Management Agreement, the Investment Manager has been given responsibility for the day-to-day discretionary management of BGHL's assets in accordance with BGHL's investment objective and policy, subject to the overall supervision of the Directors. The Investment Management Agreement is terminable by either party giving to the other not less than twelve months notice in writing, except in certain circumstances where, inter alia, the Investment Manager ceases to have all necessary regulatory permissions, becomes insolvent or is in material breach of the Investment Management Agreement, in which case the Investment Management Agreement may be terminated forthwith. If the Investment Management Agreement is terminated before 31 December in any period, the performance fee in respect of the then current Calculation Period is calculated and paid as though the date of termination were the end of the relevant Calculation Period.

The Investment Manager receives a management fee, accrued monthly and payable quarterly, calculated at the annual rate of 1.5 percent of the NAV.

The Investment Manager is also entitled to receive a performance fee. The Performance Fee is calculated in respect of each Calculation Period. The Performance Fee is deemed to accrue on a monthly basis as at each Valuation Day. For each Calculation Period, the Performance Fee is equal to 20 percent of the appreciation in the NAV per share during that Calculation Period above the previous high NAV per share of the relevant class (the "Base NAV per share"). The Base NAV per share is the highest NAV per share achieved as at the end of any previous Calculation Period (if any).

For the Period the Management fees and the Performance fees were as follows:

	Expense during the Period 30 June 2019 €	Payable at the end of the Period 30 June 2019 €	Expense during the Period ended 30 June 2018 €	Payable as at 31 December 2018 €
Management Fees	4,835,232	2,420,240	5,232,330	2,490,030
Performance Fees	-	-	1,097,168	-

9. Total Expense Ratio

Total expense ratios are as below. Performance fees are not taken into account in the total expense ratio.

Period ended	AUM € Period Average	Management Fees	Administration & Depositary Fees	Other Fees	Total Expense Ratio
30 June 2019	645,598,998	1.50%	0.02%	0.05%	1.56%
30 June 2018	696,687,615	1.50%	0.02%	0.04%	1.56%

The above ratios are annualised.

10. Share Capital and Treasury shares

Authorised share Capital

The authorised share capital of BGHL is €1,010,000 divided into 5,100,000,000 ordinary shares of €0.0001 each and 5,000,000,000 C shares of €0.0001 each. During the period there was no class C shares in issue.

Allotted, issued and fully paid

The share capital detail as of 30 June 2019 is as follows:

Class A shares	Euro shares				Sterling shares
	Issued and fully paid	Treasury shares	Outstanding shares	% Treasury shares (*)	
Share balances					Issued and fully paid
At 1 January 2018	28,758,219	-	28,758,219	0.0%	632,590
Share Cancelled	-	-	-	-	-
Share Conversions	24,012	-	24,012	-	(23,878)
At 31 December 2018	28,782,231	-	28,782,231	0.0%	608,712
Share Cancelled	-	-	-	-	-
Share Conversions	-	-	-	-	-
At 30 June 2019	28,782,231	-	28,782,231	-	608,712

(*) Under the Companies Law and the listing rules of EuroNext Amsterdam and the UK Listing Authority, BGHL is only allowed to acquire its own shares with the prior approval of its members in general meeting and that authority is limited to a maximum of 14.99% of its issued share capital on the date that the members' resolution is passed. As explained in the Directors' Report, authority to repurchase 8% of the issued share capital was sought and granted at the annual general meeting held on 28 June 2019. All shares held in treasury are cancelled after each month end and BGHL seeks renewal of its authority to repurchase its own shares at each annual general meeting.

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Voting

The shareholders are entitled to receive notice of and to attend and vote at general meetings of BGHL and each holder of shares being present in person or by proxy or corporate representative at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by corporate representative shall have one vote in respect of each share held by him.

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in BGHL may be issued with such preferred, deferred or other special rights or restrictions whether as to dividend, voting, return of capital or otherwise as BGHL at any time by ordinary resolution may determine and subject to and in default of such determination as the Board may determine. Subject to the provisions of the Companies Law, the terms and rights attaching to any class of shares, the Articles and any guidelines established from time to time by the Directors, BGHL may from time to time, purchase or enter into a contract, under which it will or may purchase any of its own shares.

If at any time the share capital is divided into further classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue) may whether or not BGHL is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class. On a winding-up, the shareholders are entitled to the surplus assets remaining after payment of all the creditors of BGHL.

11. Loans payable

	30 June 2019	31 Dec 2018
	€	€
Beginning cost	(70,000,000)	(70,000,000)
Ending Cost	70,000,000	(70,000,000)
Accrued interest	(125,222)	(123,900)
Loans payable at fair value	(70,125,222)	(70,123,900)

The above carrying values are a reasonable approximation of their fair values.

Over the Period, BGHL has borrowed money in Euro at a variable rate plus a spread rate of 1.80% (31 December 2018: 1.80%).

Bank Facility

On 22 November 2013, BGHL and Natixis SA entered into a facility agreement under which Natixis made available to BGHL a committed credit facility (the "Facility").

On 22 November 2018, the Facility's maturity was extended by two years to 22 November 2020. BGHL has the right to prepay and cancel the Facility at any time.

At the end of the Period, the Facility was utilised in full and all the proceeds were used to invest in BGF.

The total amount due under the Facility was as follows:

Bank Facility – Natixis in €	30 June 2019	31 Dec 2018
Principal	(70,000,000)	70,000,000
Accrued Interest	(125,222)	(123,900)

In order to secure its obligations under the Facility, BGHL granted to Natixis a first priority security interest over the following number of BGF's Euro B Class shares.

Security Interest	30 June 2019	31 Dec 2018	Variation %
BGF – Euro B Class – Shares	2,800,000	2,800,000	-
BGF – Euro B Class – Price	181.984417	179.176963	1.6%
Value in Euro	€509,556,370	€501,695,498	1.6%

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12. Segment information

For management purposes, BGHL is engaged in one main operating segment, which invests in financial instruments. All of BGHL's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of BGHL as one segment. The financial results from this segment are equivalent to the financial statements of BGHL as a whole.

The following table analyses BGHL's total income per geographical location. The basis for attributing the total income is the place of incorporation of the instrument's counterparty.

In EURO	30 June 2019	30 June 2018
Ireland	11,017,461	11,757,238
United Kingdom	(42,320)	(187,277)
Rest of the world	43,876	65,721
Total	11,019,017	11,635,682

The following table analyses BGHL's operating income per investment type.

In EURO	30 June 2019	30 June 2018
Equity securities	11,061,252	13,125,598
Derivative financial instruments	(41,874)	(1,489,706)
Foreign exchange loss on financial instruments not at fair value through profit or loss	(361)	(210)
Total	11,019,017	11,635,682

13. Taxation

BGHL has been granted exemption under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 from Guernsey Income Tax, and is charged the annual fee of £1,200 (2018: £1,200). As a result, no provision for income tax has been made in the financial statements.

BGHL invests in foreign countries which may levy withholding tax at source on revenues derived by non residents. Where such tax is withheld at source by the broker or another party BGHL records the revenue on a gross basis in Statement of Comprehensive Income (the revenue is grossed up and offset against an expense representing the tax withheld at source)

14. Due from brokers and due to brokers

Amount due from brokers include €1,230,000 (31 December 2018: €1,610,000) of cash pledged as collateral on forward foreign exchange contracts.

15. Comparatives

Comparative information for the condensed interim statement of comprehensive income, statement of changes in equity and statement of cash flows has been provided for the six months from 1 January 2018 to 30 June 2018, whereas comparative information for the condensed interim statement of financial position has been presented as at 31 December 2018.

16. Post balance sheet events

As of 31 July 2019, BGHL sold shares in BGF for an amount of €3,600,000. There were no other material post balance sheet events since the period-end.

17. Approval of financial statements

The financial statements were approved and authorized for issue by the Board on 28 August 2019, at which date these financial statements were considered final.