

BOUSSARD & GAVAUDAN HOLDING LIMITED

I. COMPANY INFORMATION

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

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

II. OVERVIEW

Boussard & Gavaudan Holding Limited (“BGHL”) is a Guernsey closed-ended investment company and is registered with the Dutch Authority for the Financial Markets as a collective investment scheme under article 1:107 of the Dutch Financial Markets Supervision Act. BGHL invests its assets in order to provide exposure to multiple alternative investment strategies managed by the Investment Manager. The investment objective is to produce long-term appreciation of its assets. BGHL seeks to achieve this by investing in BG Fund (“the Fund”). In addition, a proportion of the net assets of BGHL may, at the discretion of the Investment Manager, be invested in other hedge funds and financial assets selected by the Investment Manager. BGHL aims to generate a target NAV annualized return of Eonia capitalized + 400/600 bps over the business cycle, net of all fees.



III. SHARE INFORMATION as of 30 April 2022

Net Asset Value (NAV)	Euro share	Sterling share
Estimated NAV*	€ 28.8477	£25.0552
Estimated month to date return*	1.47%	1.56%
Estimated year to date return*	-1.21%	-0.99%
Estimated inception to date return*	188.48%	150.55%

Market information	Amsterdam (AEX)	London (LSE)
EUR share Market close	€ 23.80	-
EUR share Premium / discount to estimated NAV	-17.50%	-
Sterling share Market close	-	£20.00
Sterling share Premium / discount to estimated NAV	-	-20.18%

Transactions in own securities purchased into treasury	Euro share	Sterling share
Number of shares	0	-
Average Price	€ 0.00	-
Range of Price	-	-

Ordinary Shares	Euro share	Sterling share
Shares issued	12,316,588	130,254
Shares held in treasury	0	0
Shares outstanding	12,316,588	130,254

	BGHL
Total value of the investments of BGHL based on the estimated NAV for the shares outstanding	€ 359 million
Market capitalisation of BGHL based on the share price for the shares outstanding Amsterdam (AEX) market close for the Euro Share and London (LSE) market close for the Sterling share	€ 296 million

* Estimated numbers, net of fees. The data is not audited.

V. BGHL COMPOSITION

BGHL is invested in BG Fund (net of an amount retained by BGHL for working capital and other requirements).

As of 1 May 2022, 99.50% of BGHL net asset value is invested in BG Fund. BGHL has a maximum exposure limit to BG Fund of 110%. The remained BGHL net asset value is made up of direct investment and cash.

A. BG FUND

APRIL HIGHLIGHTS

Equity markets continued to remain volatile in April with the Euro Stoxx 50[®] Total Return down -2.1% for the month, while the US markets fared significantly worse with the S&P 500[®] down -8.8% and the Nasdaq -13.4%. Credit also suffered from the general risk off sentiment and iTraxx Crossover[®] (S36) widened to 400bps from 311bps at the end of March. The market implied volatility measure VStoxx[®] increased slightly to 30.8% from 29.0% but varied materially during the month (elevated vol of vol).

In this context BG Fund delivered a robust +1.52% for April, with solid performance across convertibles and volatility and a strong performance from trading strategies.

Ahead of the French Presidential elections additional hedges were added. In our view, the market was underpricing the tail-risk impact of a Le Pen shock/Macron loss. As such, we established what we thought was extremely cheap convexity via short CAC vs Eurostoxx positions, short French Government Bonds vs German Bunds, and puts on the Euro. While Emmanuel Macron was victorious and a tail event was avoided, the hedges nevertheless delivered a small positive return. Going forward the fund as usual remains delta neutral and long optionality.

APRIL COMMENTARY

Volatility strategies

Mandatory convertible bond arbitrage

Mandatory convertible bonds contributed +5bps this month with most of the performance driven by small positive repricing. There was no primary activity during this period in Europe.

Convertible bond arbitrage

Convertible bond contribution (excl. mandatories) to the performance of the fund was +13bps in April.

The European CB market drifted lower on a delta neutral basis this month in a context where many long only investors wanted to reduce exposure on a number of specific names, which drove those positions down while other names remained expensive overall. The market generally was extremely quiet with secondary market activity at its lowest for the past two years and no primary issuance in Europe. Despite this backdrop, European convertible bonds performed relatively well, thanks to specific opportunities we initiated in recent months, such as our holding in Korian, that are now paying off.

In the US, the CB market experienced its worst monthly performance since March 2021. 10-year rates increased by 60bps and high yield CDX spreads were wider by 85bps in April, both of which exerted pressure on many (inadequately hedged) hedge funds, who continued to be sellers throughout the month. Given the large negative moves in the S&P 500 and Nasdaq, long-only investors also suffered, and added to the selling pressure in the market. BG Fund's US CB performance was a small positive in this context due to our careful management of interest rate, credit and equity delta exposures. While we do not expect an immediate return to a bull market after a challenging three months, we do anticipate that May will be a more constructive month.

Volatility Trading

Realised volatility vs implied forwards at the end of March *:

* Source: Bloomberg

	30d Implied vol level on 31/03/22	Realised vol over the month	Difference
US	20.56	25.55	4.99
EUROPE	28.99	20.02	-8.97

Variation of implied volatility during April *:

	May. Vol Index Fut as of 31/03/22	May. Vol Index Fut as of 29/04/22	Vol move
US	24.98	31.65	6.67
Europe	27.95	30.95	3.00

Volatility trading posted +8bps to the performance of the fund in April. This month, volatility repriced slightly higher, primarily driven by the big rates moves which caused significant realised volatility in the US markets especially on growth stocks. In addition, a number of disappointing earnings results further exacerbated volatility. The environment overall favoured our long gamma strategy where we were able to monetise significant stock moves during the earnings season.

Warrant arbitrage

Warrant arbitrage and SPAC contribution was flat this month.

Equity strategies

The equity portfolio finished the month down -13bps, with dispersed performance across positions. The portfolio remains tightly hedged.

A number of positions that were impacted by the market sell-off in March saw strong earnings releases which reassured the market and their stock prices recovered in April. An idiosyncratic name in the portfolio also benefited from ongoing speculation of consolidation in the Italian financial sector.

Conversely, the portfolio took a mark down on its Telepizza investment as the company is weathering a short-term margin contraction due to inflation; passing through increased cost of ingredients to customers will take time.

With the macro backdrop of inflation still increasing, interest rates going up and the continuation of the war in Ukraine, the overall risk-off sentiment impacted risk arbitrage and special situations and several of our pre-event names underperformed. Playtech for example, saw its price dip as the market worried a deal may take longer to complete. Our analysis suggests a takeover remains a high probability.

The imperative for corporate evolution and adaptation to the changing macro environment remains strong, as does the search for attractive targets. Recent activity, especially by financial sponsors and entrepreneurs, has continued apace. Deals over the past few weeks have included the \$44bn take private bid of Twitter by Elon Musk, the €18bn buyout of Atlantia by Blackstone and the Benetton family, and the sale by Vincent Bolloré of his African logistics business. In addition, the UK in general continues to see lots of corporate activity.

Credit strategies

Capital Structure Arbitrage

Capital structure arbitrage was flat this month.

Credit long / short

Credit long / short contributed +6bps. Risk-off sentiment in credit accelerated during April with the Crossover index widening by 89bps and the Main index by 12bps. Despite this negative sentiment CGG performed well, helped by its positioning on the next oil capex cycle in the context of high oil prices and the desire from Western economies to diversify their oil supplies away from Russia.

Credit special situations

Credit special situations contributed +3bps, primarily thanks to our holding in Ecobat the lead recycling business which is benefitting from the increase of commodity prices.

Trading

Trading was the main driver to this month's performance (+130bps), thanks to both the equity quantitative and the systematic trend following strategies.

The equity quantitative strategy had a strong April. After the recent market movements and sector rotations, the portfolio exposure is fairly balanced, with no significant bias. As a consequence, as in March, the profits were mostly explained by stock selection rather than macroeconomic exposures although the strategy also benefited from its negative beta.

The systematic trend following strategies also performed very well. Differing slightly from the prior months of 2022, April's return was concentrated on rates, with a more modest contribution from commodities. The increased expectation of central bank tightening led to a further drop in the price of bonds and interest rate contracts, especially in the US and Europe, thus benefitting our short positions which are still quite sizeable. The retreat in base metals, as well as crude oil and its derivatives, caused some losses, but we saw a significant appreciation in natural gas and some agricultural commodities such as orange juice, corn, soybean oil and cotton. All in all, the impact of commodities, though not as consequential as in the previous months, was still substantial.

Macro trading attribution was flat in April.

B. DIRECT INVESTMENTS OTHER THAN BG FUND

On top of its investment in BG Fund, BGHL has other investments. As of 30 April 2022, the net asset value of these investments represents less than 1.00% of the net asset value of BGHL.

Rasaland Investors ("RLI")

Rasaland Investors ("RLI") RLI is a Malta-based holding company structured as a private equity fund in terms of fees and organisation and managed by BK Partners. RLI is dedicated to land, hotels and high-end resort developments in Mexico. RLI's main asset is a majority interest in ACTUR, a private company owning the land developing assets. ACTUR's other shareholders are Mexican public institutions.

In July 2020, RLI made a cash tender offer to buy back its own shares, for a price per share of US\$0.12270. The valuation of BGHL's investment in RLI shares was marked down on 31 August 2020, using the US\$0.12270 per share price as the estimated fair value of the RLI shares. This price represents a circa 80% discount to the latest published NAV per share.

VI. BOUSSARD & GAUJAN INVESTMENT MANAGEMENT UPDATE

A. TRANSACTION IN THE COMPANY'S SECURITIES

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

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

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

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

B. BGIM'S AUM

As of 1 May 2022, BG Fund assets under management are €2.32bn.

The annual and quarterly ESG reports are made available to investors on request.

Sincerely,

E. Boussard and E. Gavaudan

Investment Manager
Boussard & Gavaudan Investment Management LLP 1 Vine Street, London W1J 0AH, United Kingdom
Emmanuel Gavaudan ☎ +44 20 3751 5389 ✉ eg@bgam-uk.com
François-Xavier Baud ☎ +33 1 4490 3947 ✉ fx.baud@bgam-fr.com
Rafael Serrano ☎ +44 20 3751 5422 ✉ rafael.serrano@bgam-uk.com
Benjamin Sturges ☎ +44 20 3751 5417 ✉ benjamin.sturges@bgam-uk.com
Robin Lowe ☎ +44 20 3751 5420 ✉ robin.lowe@bgam-uk.com



VII. ANNEXES ON BG FUND

Annex 1: Greeks	
Delta	0.1% 0.1 bps P&L variation for market +1%
Gamma	1.0% delta variation for market +1%
Vega	19 bps by vol point
Theta	-29 bps by 30 days
Optional theta	-42 bps by 30 days
Rho	1.6 bps for 1 bp of interest rates increasing
Credit sensitivity	-4.4 bps for 1% of credit spreads widening (in relative)

Annex 2: Performance Attribution *	
Volatility Strategies	25 bps
Mandatory convertible bond arbitrage	5 bps
Convertible bond arbitrage (incl. credit convertible bonds)	13 bps
Volatility trading	8 bps
Warrant arbitrage	0 bps
Equity Strategies	-13 bps
Risk arbitrage / Special situations	8 bps
Long / short trading with short-term catalyst & Value	-21 bps
Credit Strategies	9 bps
Credit long / short	6 bps
Capital structure arbitrage	0 bps
Credit special situations	3 bps
Trading	130 bps
Total	152 bps

Annex 3: Equity at Risk **	
Volatility Strategies	13.5%
Mandatory convertible bond arbitrage	2.1%
Convertible bond arbitrage (incl. credit convertible bonds)	6.9%
Volatility trading	0.6%
Warrant arbitrage	4.0%
Equity Strategies	24.2%
Risk arbitrage / Special situations	15.1%
Long / short trading with short-term catalyst & Value	9.1%
Credit Strategies	13.4%
Credit long / short	8.7%
Capital structure arbitrage	0.0%
Credit special situations	4.7%
Trading	14.2%
Quantitative equity trading	9.4%
Systematic trend following	2.0%
Other	2.9%
Cash Equivalents	0.0%
Total	65.5%

* Monthly estimated figures for USD A share class, net of fees. The data is not audited.

** In July 2021 the EAR methodology was adjusted to better reflect the risk as if all positions were on a single PB account.

Annex 4: Gross Exposure (in % of AUM)

Volatility Strategies		
	Long	1.3%
Mandatory convertible bond arbitrage	Short equity	1.1%
	Short credit	0.0%
	Long	47.4%
Convertible bond arbitrage (incl. credit convertible bonds)	Short equity	38.2%
	Short credit	0.0%
	Long	4.0%
Volatility trading	Short	5.2%
	Long	9.7%
Warrant arbitrage	Short	0.1%
Equity Strategies		
Risk Arbitrage / Special Situations	Long	55.1%
	Short	27.2%
Long / Short trading with short-term catalyst / Value	Long	15.2%
	Short	14.5%
Credit Strategies		
Credit long / short	Long	9.6%
	Short	0.2%
Capital structure arbitrage	Long	0.0%
	Short	0.0%
Credit special situations	Long	5.8%
	Short	0.4%
Trading		
Quantitative equity trading	Long	35.7%
	Short	35.5%
Systematic trend following	Long	9.8%
	Short	37.1%
Other	Long	5.8%
	Short	5.2%
Gross Exposure		364.1%

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

Hedge Funds Liquidation Stress Tests

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

- Small, Mid and Large caps adjustment

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

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

- Risk arbitrage adjustment

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

- Liquidity adjustment

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

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

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

Scenario	Description	Impact % of NAV
1	Delta - spot up	0.98%
2	Delta - spot down	-2.55%
3	Vega - vol up	0.76%
4	Vega - vol down	-0.73%
5	Credit spread widen	-0.94%
6	Credit spread tighten	1.01%
7	Market crash 0.5	-1.29%
8	Market crash 1	-2.44%
9	Market crash 2	-5.71%
10	Market crash 3	-6.70%
11	Market crash, rates down 1	-3.05%
12	Market crash, rates down 2	-6.32%
13	Market crash, rates down 3	-7.67%
14	Market crash, rates up 1	-1.88%
15	Market crash, rates up 2	-5.14%
16	Market crash, rates up 3	-5.68%
17	Equity Credit decorrelation 1	-0.55%
18	Equity Credit decorrelation 2	0.20%
19	Equity Credit decorrelation 3	-1.25%
20	Equity Credit decorrelation 4	-0.41%
21	Equity Credit decorrelation 5	0.35%
22	Equity Credit decorrelation 6	-1.14%
23	Market rally 1	0.65%
24	Market rally 2	1.38%
25	Market rally 3	2.15%
26	Market rally 4	1.24%
27	Market rally 5	1.96%
28	Market rally 6	2.72%
29	Market rally, Inflation 1	1.18%
30	Market rally, Inflation 2	1.91%
31	Market rally, Inflation 3	2.69%
32	Market rally, Inflation 4	2.20%
33	Market rally, Inflation 5	2.89%
34	Market rally, Inflation 6	3.50%
Worst		-7.67%

Annex 7: IFRS 13 Classification as of 31 March 2022

	% of NAV	Number of positions
Assets		
Level 1	52.4%	378
Level 2	30.6%	1137
Level 3	13.3%	85
Cash & cash equivalents	34.6%	5
Total Assets	130.8%	1605
Liabilities		
Level 1	-25.1%	198
Level 2	-5.7%	75
Total Liabilities	-30.8%	273
Total Assets + Liabilities	100.0%	1878

	% of NAV
• Encumbered cash and cash equivalents	
– Cash - Derivatives Clearing Organisation	3.1%
– Cash - Counterparties	6.3%
– Money market fund	4.7%
– Cash covering a short market value	0.0%
• Unencumbered cash and cash equivalents	
– Cash covering a short market value	20.4%
– Short-term papers < 90 days	0.0%
– Excess cash	0.0%
Total Cash and cash equivalents	34.6%

Annex 8: AIFMD disclosure to investor

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

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

Nothing to report

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

Nothing to report

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

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

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

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

	Maximum limit	Current usage
Commitment method	200%	98%
Gross method	200%	99%

Important Information

The Company is established as a closed-ended investment company domiciled in Guernsey. The Company has received the necessary approval of the Guernsey Financial Services Commission and the States of Guernsey Policy Council. The Company is registered with the Dutch Authority for the Financial Markets as a collective investment scheme pursuant to article 2:73 in conjunction with 2:66 of the Dutch Financial Supervision Act (Wet op het financieel toezicht). The shares of the Company (the "Shares") are listed on Euronext Amsterdam. The Shares are also listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange plc's main market for listed securities.

This is not an offer to sell or a solicitation of any offer to buy any securities in the United States or in any other jurisdiction. This announcement is not intended to and does not constitute, or form part of, any offer or invitation to purchase any securities or the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law.

Neither the Company nor BG Fund have been, and neither will be, registered under the US Investment Company Act of 1940, as amended (the "Investment Company Act"). In addition, the securities referenced in this announcement have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"). Consequently, any such securities may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, US persons except in accordance with the Securities Act or an exemption therefrom and under circumstances which will not require the issuer of such securities to register under the Investment Company Act. No public offering of any securities will be made in the United States.

You should always bear in mind that:

- all investments are subject to risk;
- past performance is not a reliable indicator of future results;
- the investment performance of BGHL may go down as well as up. You may not get back all of your original investment; and
- if you are in any doubt about the contents of this communication or if you consider making an investment decision, you are advised to seek expert financial advice.
- any reference to individual investments within this document should not be taken as a recommendation to buy or sell.

This communication is for information purposes only and the information contained in this communication should not be relied upon as a substitute for financial or other professional advice.

VC.44053.15920.IK