

# BOUSSARD & GAVAUDAN HOLDING LIMITED

## MAY 2019 NEWSLETTER

### I. COMPANY INFORMATION

| General information |  |
|---------------------|--|
| Investment manager  | Boussard & Gavaudan Investment Management LLP                  |
| Company domicile    | Guernsey   |
| Website             | <a href="http://www.bgholdingltd.com">www.bgholdingltd.com</a> |
| Management fee      | 1.5% p.a.  |
| Performance fee     | 20% with HWM   |

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

### II. OVERVIEW

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



### III. SHARE INFORMATION as of 31 May 2019

| Net Asset Value (NAV)               | Euro share | Sterling share |
|-------------------------------------|------------|----------------|
| Estimated NAV*                      | € 22.0073  | £19.7576       |
| Estimated month to date return*     | 0.74%      | 0.85%          |
| Estimated year to date return*      | 0.01%      | 0.58%          |
| Estimated inception to date return* | 120.07%    | 97.58%         |

| Euro share                          | Amsterdam (AEX) | London (LSE) |
|-------------------------------------|-----------------|--------------|
| Market close                        | € 16.10         | -            |
| Premium / discount to estimated NAV | -26.84%         | -            |

| Sterling share                      | Amsterdam (AEX) | London (LSE) |
|-------------------------------------|-----------------|--------------|
| Market close                        | -               | £15.40       |
| Premium / discount to estimated NAV | -               | -22.06%      |

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

|  | BGHL           |
|--|----------------|
| Total value of the investments of BGHL based on the estimated NAV for the shares outstanding   | € 647 millions |
| Market capitalisation of BGHL based on the share price for the shares outstanding Amsterdam (AEX) market close for the Euro Share and London (LSE) market close for the Sterling share | € 474 millions |

\* Estimated figures

#### IV. BGHL TRACK RECORD

| BGHL Track Record – Historical NAV Returns Summary (Net of Fees) |        |        |        |        |        |        |        |        |         |        |        |        |         |          |
|--|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|---------|----------|
| Year   | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep     | Oct    | Nov    | Dec    | YTD     | ITD      |
| <b>BGHL EUR NAV</b>  |        |        |        |        |        |        |        |        |         |        |        |        |         |          |
| 2006   | -      | -      | -      | -      | -      | -      | -      | -      | -       | -      | 2.27%  | 2.82%  | 5.15%   | 5.15%    |
| 2007   | 3.13%  | 1.45%  | 4.68%  | 0.73%  | 1.38%  | -2.27% | 0.85%  | -2.21% | -0.32%  | 1.82%  | -2.16% | -1.38% | 5.56%   | 11.00%   |
| 2008   | -2.10% | -0.01% | -2.32% | 0.78%  | 1.29%  | -2.98% | -1.19% | 0.32%  | -10.49% | 1.67%  | 1.55%  | 1.09%  | -12.30% | -2.66%   |
| 2009   | 3.34%  | -0.17% | 1.20%  | 5.01%  | 4.17%  | 0.92%  | 1.91%  | 2.63%  | 2.92%   | 1.47%  | 0.30%  | 0.69%  | 27.15%  | 23.77%   |
| 2010   | 1.35%  | 0.59%  | 1.62%  | 0.81%  | -1.10% | 1.00%  | 2.11%  | -0.32% | 0.79%   | 2.11%  | 0.04%  | 1.97%  | 11.49%  | 37.99%   |
| 2011   | 0.71%  | 0.57%  | 2.16%  | 0.01%  | -0.05% | -0.85% | -0.80% | -0.20% | -2.17%  | 2.49%  | -3.92% | -0.39% | -2.58%  | 34.42%   |
| 2012   | 3.90%  | 2.01%  | -0.16% | 0.54%  | -0.61% | -0.32% | 0.12%  | 1.29%  | 0.04%   | 0.83%  | 0.42%  | 1.08%  | 9.45%   | 47.12%   |
| 2013   | 0.89%  | 0.74%  | -0.59% | 0.24%  | 1.27%  | 0.83%  | 0.96%  | 0.47%  | 1.07%   | 1.57%  | 2.28%  | 3.14%  | 13.60%  | 67.14%   |
| 2014   | 2.81%  | -0.01% | -0.74% | 1.62%  | 1.53%  | -0.58% | 0.08%  | 0.52%  | -1.08%  | -0.93% | 3.16%  | 0.37%  | 6.85%   | 78.59%   |
| 2015   | 2.96%  | 1.15%  | -0.36% | 1.12%  | 2.06%  | -1.92% | 3.56%  | 0.87%  | -1.47%  | 0.80%  | 4.80%  | 1.25%  | 15.65%  | 106.55%  |
| 2016   | 0.48%  | 2.02%  | 1.18%  | 0.70%  | 1.68%  | -0.59% | 0.78%  | 0.47%  | -0.01%  | -1.08% | 0.09%  | 1.32%  | 7.22%   | 121.45%  |
| 2017   | 0.59%  | 1.55%  | 0.08%  | 3.78%  | 1.16%  | -0.07% | 0.43%  | -0.11% | -0.52%  | -0.13% | -1.16% | 0.22%  | 5.87%   | 134.46%  |
| 2018   | 0.70%  | 1.34%  | -0.60% | -0.58% | 0.03%  | -0.25% | -2.92% | 0.18%  | 0.49%   | -2.35% | -1.40% | -0.88% | -6.15%  | 120.05%  |
| 2019   | -0.41% | -0.58% | 1.04%  | -0.76% | 0.74%* |        |        |        |         |        |        |        | 0.01%*  | 120.07%* |
| <b>BGHL GBP NAV</b>  |        |        |        |        |        |        |        |        |         |        |        |        |         |          |
| 2008   | -      | -      | -      | -      | -      | -      | -1.45% | -0.08% | -9.09%  | 0.16%  | 4.51%  | 3.69%  | -2.84%  | -2.84%   |
| 2009   | 1.88%  | 0.16%  | 0.52%  | 3.86%  | 3.22%  | 0.52%  | 1.62%  | 2.72%  | 2.97%   | 1.09%  | 0.28%  | 0.40%  | 20.91%  | 17.48%   |
| 2010   | 1.22%  | 0.40%  | 1.58%  | 0.72%  | -1.43% | 0.76%  | 2.01%  | -0.36% | 0.65%   | 1.97%  | -0.17% | 1.89%  | 9.57%   | 28.72%   |
| 2011   | 0.68%  | 0.37%  | 1.99%  | -0.10% | -0.11% | -1.31% | -0.93% | -0.27% | -2.71%  | 2.37%  | -4.46% | -0.45% | -5.00%  | 22.28%   |
| 2012   | 3.87%  | 2.14%  | -0.32% | 0.58%  | -0.66% | -0.33% | 0.13%  | 1.01%  | 0.04%   | 0.81%  | 0.39%  | 1.05%  | 8.98%   | 33.26%   |
| 2013   | 0.93%  | 0.71%  | -0.60% | 0.22%  | 1.11%  | 0.85%  | 0.94%  | 0.46%  | 1.05%   | 1.45%  | 2.20%  | 3.06%  | 13.04%  | 50.64%   |
| 2014   | 2.73%  | -0.05% | -0.81% | 1.60%  | 1.43%  | -0.65% | 0.04%  | 0.43%  | -1.08%  | -1.00% | 2.46%  | 0.14%  | 5.29%   | 58.61%   |
| 2015   | 2.85%  | 1.10%  | -0.41% | 1.12%  | 1.91%  | -1.97% | 3.04%  | 0.91%  | -1.41%  | 0.79%  | 4.31%  | 1.17%  | 14.08%  | 80.95%   |
| 2016   | 0.09%  | 2.09%  | 1.24%  | 0.75%  | 1.70%  | -0.49% | 0.84%  | 0.54%  | 0.04%   | -1.02% | 0.07%  | 1.38%  | 7.44%   | 94.40%   |
| 2017   | 0.63%  | 1.58%  | 0.13%  | 3.77%  | 1.29%  | -0.06% | 0.51%  | -0.04% | -0.50%  | -0.08% | -1.10% | 0.30%  | 6.52%   | 107.08%  |
| 2018   | 0.76%  | 1.41%  | -0.54% | -0.50% | 0.09%  | -0.19% | -2.78% | 0.28%  | 0.58%   | -2.23% | -1.29% | -0.79% | -5.14%  | 96.44%   |
| 2019   | -0.29% | -0.47% | 1.14%  | -0.64% | 0.85%* |        |        |        |         |        |        |        | 0.58%*  | 97.58%*  |

\* Estimated figures

## V. BGHL COMPOSITION

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

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

### A. BG FUND

European markets declined significantly in May, with the Eurostoxx 50<sup>©</sup> down -6.7% for the month. Volatility increased with VStoxx<sup>©</sup> finishing the month at 17.4%, up from 13.3%. iTraxx Crossover (S31) <sup>©</sup> ended May at 310bps (62bps wider).

Against this negative backdrop, the BG Fund USD A share class delivered a positive return of +0.94% in May. There were solid gains in several areas particularly mandatory convertibles, credit special situations and also in trading due to the defensive positioning in the equity quantitative trading strategy.

#### Volatility strategies

##### ***Mandatory convertible bond arbitrage***

Mandatory convertible bonds contributed +8bps this month, mainly driven by the Alibaba mandatory which converged to maturity. The transaction converted on 4 June 2019. There were no new primary issues during May.

##### ***Convertible bond arbitrage***

Convertible bond contribution (excl. mandatories) to the performance of the fund was +1bp in May. The primary market saw four deals totalling €1.38bn including: €830m from repeat issuers Orpea and GN Store; and €400m from JPM via a non-dilutive issue. It is worth highlighting that GN Store repurchased its existing bonds, originally issued in 2017, during this process.

| Name                  | Amount | Maturity  | Coupon | Premium | Note    | CDS     | Vol  | Delta |
|-----------------------|--------|-----------|--------|---------|---------|---------|------|-------|
| Biocartis 4% 2024     | 150    | 9-May-24  | 4.00   | 25.00%  | No Repo | n/a     | n/a  | n/a   |
| Orpea 0.375% 2027     | 500    | 17-May-27 | 0.38   | 47.50%  |         | 225 bps | 28.0 | 45    |
| GN Store 0% 2024      | 330    | 21-May-24 | 0.00   | 45.00%  |         | 150 bps | 30.0 | 38    |
| JPM / Siemens 0% 2022 | 400    | 24-May-22 | 0.00   | 10.00%  |         | 35 bps  | 24.5 | 40    |

Year-to-date, the primary market has been disappointing so far, both in terms of number of deals and the type of opportunities.

Despite the conditions, we have nevertheless been able to generate PnL in a few specific situations; however, opportunities have been infrequent and generally had minimal liquidity where they presented themselves.

#### ***Volatility Trading***

Realised volatility vs implied forwards at the end of May:

|        | 30d Implied vol level on 30/04/19 | Realised vol over the month | Difference |
|--------|-----------------------------------|-----------------------------|------------|
| US     | 13.12                             | 15.92                       | 2.80       |
| EUROPE | 13.26                             | 18.16                       | 4.90       |

Variation of implied volatilities during May:

|        | June. Vol Index Fut as of 30/04/19 | June. Vol Index Fut as of 31/05/19 | Vol move |
|--------|------------------------------------|------------------------------------|----------|
| US     | 15.78                              | 18.18                              | 2.40     |
| Europe | 15.75                              | 17.05                              | 1.30     |

Volatility trading contributed positively to the performance of the fund this month delivering +3bps.

Markets wobbled during May as trade war fears quickly re-escalated after President Trump surprised markets with a tweet saying he would more than double tariffs on most imported goods from China. Increasingly harsh trade war rhetoric continued to ramp up throughout the month between both countries. Consequently, the overall market tone changed significantly with sentiment turning much more cautious.

This notwithstanding there was no significant panic but rather an orderly correction in most risky assets. This was especially the case in equities and FX where volatility reaction remained relatively subdued.

The environment of higher uncertainty enabled us to trade more around core positions, especially on an intraday basis, to generate positive PnL. We also managed to take partial profit on some bearish convexity trades where risk-reward remained less attractive after the market correction.

Furthermore, there were some nice moves on specific earnings releases where our single-name long gamma exposure worked very well.

### Equity strategies

In May, the equity portfolio returned -44bps with a material part of the loss spread across a number of our fundamental investments with softer catalysts, many of which suffered from market de-risking.

After a strong equity strategy performance in April, the portfolio suffered on specific positions in the semi-conductors sector: STMicro and Infineon. These were directly impacted by the deterioration of US-China trade negotiations and the sanctions imposed on Huawei by the US.

Global interest rates moved down along the yield curve in May as markets started to anticipate a US rate cut; consequently, financials underperformed during the month, with Eurozone banks underperforming in particular, lagging the broader market by over 8%. This notwithstanding our financials portfolio held up overall, though Prudential gave back some gains, dragged down by its exposure to US rates and general emerging markets weakness.

Corporate activity seems to be picking up again in Europe and saw the announcement of larger deals such as an offer from Infineon Technologies to take over Cypress Technology. We anticipate we will see deal flow start to build further in the near future.

### Credit strategies

#### **Capital Structure Arbitrage**

Capital structure arbitrage performance was slightly up this month (+1bp).

Renewed concerns of a trade war meant a risk-off mode in all asset classes in May, albeit credit weakness was tempered by speculation of central bank easing. Discrepancies we saw between credit and equities were more driven by macro rhetoric than stock specific newsflow and we did not enter new positions. Active trading around existing positions enabled us to generate some positive PnL.

#### **Credit long / short**

Credit long / short made a slightly positive contribution this month (+2bps). With macro-concerns and trade war back in the spotlight, credit markets were softer in May after a very strong beginning of year. However, with dovish central banks in the background credit markets were overall resilient except for a few special situations or sectors directly impacted by the trade war dynamic. Taking into account rate moves, cash indices were actually flat/small positive in investment grade, while the negative performance in high yield was overall very contained in context of the performance year-to-date. As a result, secondary flows were very limited and ordered. We are monitoring price dislocations and potential opportunities that uniform risk-off moves can often create.

### ***Credit special situations***

Credit Special Situations contributed +12bps, primarily driven by our position in DIA where the main shareholder LetterOne reached an agreement with the banks for an extension of their debt.

### **Trading**

In May, trading strategies returned +112bps, mainly driven by our Equity Quantitative Trading portfolio. This represents a significant reversal from last month, and both the negative beta and the factor exposure of the strategy delivered gains. It is interesting to note that, despite the significant market rally during the first four months of the year, the strategy kept rather a defensive positioning. Following this solid performance, we have taken some profit on the portfolio and reduced our exposure.

## **B. DIRECT INVESTMENTS OTHER THAN BG FUND**

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

### **Rasaland Investors ("RLI")**

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

RLI main asset is a majority interest in ACTUR its private subsidiary. ACTUR's other shareholders are Mexican public institutions. ACTUR owns land developing assets (Mandarina and Xala projects) and a minority interest in the publicly-traded company RLH Properties (ticker: RLHA:MM). RLH Properties owns majority interests in the Four Seasons hotel in Mexico City and in four hotels in Cancun (Fairmont hotel, Rosewood hotel, Banyan Tree and the Hyatt Andaz hotels and the Camaleon PGA Golf Course) and RLH Properties owns land lots in the Mandarin area on which the One & Only hotel and the Rosewood hotel are being developed.

Based on recent indications that BGHL would only be able to exit at a material discount to RLI's NAV, BGHL decided to mark down the position by -50% in May 2017. The position is valued at 50% of the NAV calculated by RLI's administrator.

In July 2017, BGHL purchased 9,075,135 shares of Rasaland. BGHL currently holds 19,075,103 shares which represents approximately 10.1% of the share capital of RLI.

## **VI. BOUSSARD & GAVAUDAN INVESTMENT MANAGEMENT UPDATE**

### **A. TRANSACTION IN THE COMPANY'S SECURITIES**

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

- directly on the AFM website: [www.afm.nl](http://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](http://www.bgholdingltd.com) (Investment Manager > Regulatory information).

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

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

### **B. BGIM'S AUM**

As of 1 June 2019, BG Fund assets under management are €2.86bn.

Sincerely,

E. Boussard and E. Gavaudan

Investment Manager

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## VII. ANNEXES ON BG FUND

| Annex 1: Greeks    |  |
|--------------------|--|
| Delta              | 6.8% 6.8 bps P&L variation for market +1%              |
| Gamma              | 1.3% delta variation for market +1%                    |
| Vega               | 3 bps by vol point                                     |
| Theta              | -17 bps by 30 days                                     |
| Optional theta     | -23 bps by 30 days                                     |
| Rho                | -0.6 bps for 1 bp of interest rates increasing         |
| Credit sensitivity | -1 bps for 1% of credit spreads widening (in relative) |

| Annex 2: Performance Attribution *                          |                |
|---|----------------|
| <b>Volatility Strategies</b>                                | <b>11 bps</b>  |
| Mandatory convertible bond arbitrage                        | 8 bps          |
| Convertible bond arbitrage (incl. credit convertible bonds) | 1 bps          |
| Volatility trading  | 3 bps          |
| Warrant arbitrage   | 0 bps          |
| <b>Equity Strategies</b>                                    | <b>-44 bps</b> |
| Risk arbitrage / Special situations                         | -9 bps         |
| Long / short trading with short-term catalyst & Value       | -35 bps        |
| <b>Credit Strategies</b>                                    | <b>14 bps</b>  |
| Credit long / short   | 2 bps          |
| Capital structure arbitrage                                 | 1 bps          |
| Credit special situations                                   | 12 bps         |
| <b>Trading</b>  | <b>112 bps</b> |
| <b>Total</b>  | <b>94 bps</b>  |

| Annex 3: Equity at Risk                                     |              |
|---|--------------|
| <b>Volatility Strategies</b>                                | <b>3.7%</b>  |
| Mandatory convertible bond arbitrage                        | 1.9%         |
| Convertible bond arbitrage (incl. credit convertible bonds) | 0.5%         |
| Volatility trading  | 1.1%         |
| Warrant arbitrage   | 0.1%         |
| <b>Equity Strategies</b>                                    | <b>25.8%</b> |
| Risk arbitrage / Special situations                         | 14.8%        |
| Long / short trading with short-term catalyst & Value       | 11.0%        |
| <b>Credit Strategies</b>                                    | <b>6.0%</b>  |
| Credit long / short   | 5.3%         |
| Capital structure arbitrage                                 | 0.0%         |
| Credit special situations                                   | 0.7%         |
| <b>Trading</b>  | <b>14.1%</b> |
| Quantitative equity trading                                 | 6.6%         |
| Systematic trend following                                  | 1.2%         |
| Index Rebalancing Arbitrage                                 | 2.9%         |
| Trading using A.I   | 0.8%         |
| Other   | 2.6%         |
| <b>Cash Equivalents</b>                                     | <b>0.6%</b>  |
| <b>Total</b>  | <b>50.0%</b> |

\* Estimated figures for USD A share class



**Annex 4: Gross Exposure (in % of AUM) \***

| <b>Volatility Strategies</b>                                |              |               |
|---|--------------|---------------|
|   | Long         | 20.4%         |
| Mandatory convertible bond arbitrage                        | Short equity | 19.0%         |
|   | Short credit | 0.0%          |
|   | Long         | 4.9%          |
| Convertible bond arbitrage (incl. credit convertible bonds) | Short equity | 0.0%          |
|   | Short credit | 0.0%          |
|   | Long         | 8.7%          |
| Volatility trading  | Short        | 8.5%          |
|   | Long         | 0.6%          |
| Warrant arbitrage   | Short        | 0.1%          |
|   |              |               |
| <b>Equity Strategies</b>                                    |              |               |
| Risk Arbitrage / Special Situations                         | Long         | 50.3%         |
|   | Short        | 28.4%         |
| Long / Short trading with short-term catalyst / Value       | Long         | 45.6%         |
|   | Short        | 44.8%         |
| <b>Credit Strategies</b>                                    |              |               |
| Credit long / short   | Long         | 11.8%         |
|   | Short        | 4.8%          |
| Capital structure arbitrage                                 | Long         | 0.0%          |
|   | Short        | 0.0%          |
| Credit special situations                                   | Long         | 1.4%          |
|   | Short        | 0.0%          |
| <b>Trading</b>  |              |               |
| Quantitative equity trading                                 | Long         | 32.7%         |
|   | Short        | 31.0%         |
| Systematic trend following                                  | Long         | 35.9%         |
|   | Short        | 19.5%         |
| Index Rebalancing Arbitrage                                 | Long         | 15.1%         |
|   | Short        | 14.5%         |
| Trading using A.I   | Long         | 6.1%          |
|   | Short        | 2.4%          |
| Other   | Long         | 6.5%          |
|   | Short        | 2.4%          |
| <b>Gross Exposure</b>                                       |              | <b>415.4%</b> |

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

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

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

### USD A Share Class

| Year             | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep     | Oct    | Nov    | Dec    | YTD     | ITD <sup>(4)</sup> |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|---------|--------------------|
| <b>Sark Fund</b> |        |        |        |        |        |        |        |        |         |        |        |        |         |                    |
| 2003             | -      | -      | 0.67%  | 0.70%  | 0.77%  | 0.94%  | 0.84%  | 0.97%  | 1.15%   | 1.46%  | 1.01%  | 0.15%  | 9.00%   | <b>9.00%</b>       |
| 2004             | 1.00%  | -0.17% | 0.96%  | 0.13%  | 0.07%  | -0.35% | -0.47% | -0.47% | -0.24%  | -0.59% | 1.16%  | 1.06%  | 2.08%   | <b>11.27%</b>      |
| 2005             | 1.66%  | 1.08%  | 1.09%  | -0.64% | 0.31%  | 1.30%  | 1.22%  | 0.62%  | 1.06%   | -0.32% | 0.81%  | 0.89%  | 9.45%   | <b>21.79%</b>      |
| 2006             | -0.01% | 1.64%  | 1.78%  | 1.08%  | -0.29% | 1.49%  | 0.56%  | 1.74%  | 2.83%   | 3.06%  | 2.64%  | 3.01%  | 21.29%  | <b>47.72%</b>      |
| 2007             | 3.19%  | 1.58%  | 4.82%  | 0.89%  | 1.45%  | -2.15% | 0.97%  | -2.12% | -0.22%  | 1.92%  | -2.13% | -1.17% | 6.97%   | <b>58.02%</b>      |
| 2008             | -2.12% | -0.07% | -2.57% | 1.02%  | 0.98%  | -2.52% | -1.50% | 0.21%  | -10.63% | 0.16%  | -2.97% | 0.22%  | -18.56% | <b>28.69%</b>      |
| 2009             | 1.71%  | -0.31% | 0.84%  | 4.87%  | 4.29%  | 0.72%  | 2.01%  | 3.26%  | 3.48%   | 1.11%  | 0.21%  | 0.46%  | 24.96%  | <b>60.81%</b>      |
| <b>BG Fund</b>   |        |        |        |        |        |        |        |        |         |        |        |        |         |                    |
| 2010             | 1.24%  | 0.36%  | 1.58%  | 0.73%  | -1.41% | 0.77%  | 2.16%  | -0.33% | 0.67%   | 2.05%  | -0.15% | 1.88%  | 9.92%   | <b>76.77%</b>      |
| 2011             | 0.65%  | 0.35%  | 1.93%  | -0.15% | -0.12% | -1.35% | -1.00% | -0.30% | -2.72%  | 2.56%  | -4.41% | -0.40% | -5.04%  | <b>67.86%</b>      |
| 2012             | 4.03%  | 2.13%  | -0.23% | 0.49%  | -0.66% | -0.26% | 0.14%  | 1.08%  | 0.01%   | 0.87%  | 0.46%  | 0.20%  | 8.49%   | <b>82.12%</b>      |
| 2013             | 0.84%  | 0.65%  | -0.69% | 0.28%  | 1.19%  | 0.73%  | 1.02%  | 0.48%  | 1.16%   | 1.23%  | 1.97%  | 2.17%  | 11.56%  | <b>103.17%</b>     |
| 2014             | 2.41%  | 0.06%  | -1.01% | 0.60%  | 1.18%  | -1.07% | 0.20%  | 0.85%  | -0.69%  | -0.34% | 1.76%  | 0.25%  | 4.23%   | <b>111.75%</b>     |
| 2015             | 2.10%  | 0.87%  | -0.20% | 1.01%  | 1.76%  | -1.72% | 2.60%  | 0.81%  | -0.97%  | 0.51%  | 2.47%  | 1.12%  | 10.77%  | <b>134.56%</b>     |
| 2016             | 0.05%  | 2.04%  | 1.35%  | 0.86%  | 1.64%  | -0.55% | 1.16%  | 0.52%  | 0.14%   | -0.81% | 0.03%  | 1.35%  | 8.03%   | <b>153.39%</b>     |
| 2017             | 0.63%  | 1.59%  | 0.38%  | 3.93%  | 1.42%  | 0.09%  | 0.34%  | 0.05%  | -0.36%  | 0.01%  | -0.96% | 0.41%  | 7.73%   | <b>172.97%</b>     |
| 2018             | 0.82%  | 1.37%  | -0.34% | -0.35% | 0.24%  | -0.03% | -2.20% | 0.42%  | 0.56%   | -1.74% | -1.04% | -0.48% | -2.80%  | <b>165.33%</b>     |
| 2019             | -0.10% | -0.28% | 1.19%  | -0.42% | 0.94%* |        |        |        |         |        |        |        | 1.33%*  | <b>168.86%*</b>    |

\* Estimated figures

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

## EUR A Share Class

| Year             | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep     | Oct    | Nov    | Dec    | YTD     | ITD <sup>(4)</sup> |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|---------|--------------------|
| <b>Sark Fund</b> |        |        |        |        |        |        |        |        |         |        |        |        |         |                    |
| 2003             | -      | -      | 0.75%  | 0.76%  | 0.82%  | 1.04%  | 0.93%  | 1.06%  | 1.18%   | 1.55%  | 1.05%  | 0.17%  | 9.69%   | <b>9.69%</b>       |
| 2004             | 1.07%  | -0.12% | 1.03%  | 0.22%  | 0.14%  | -0.29% | -0.42% | -0.42% | -0.19%  | -0.49% | 1.18%  | 1.07%  | 2.81%   | <b>12.77%</b>      |
| 2005             | 1.70%  | 1.06%  | 1.09%  | -0.69% | 0.27%  | 1.27%  | 1.16%  | 0.50%  | 1.00%   | -0.44% | 0.71%  | 0.77%  | 8.70%   | <b>22.58%</b>      |
| 2006             | -0.18% | 1.56%  | 1.64%  | 0.86%  | -0.47% | 1.35%  | 0.40%  | 1.56%  | 2.73%   | 2.90%  | 2.34%  | 2.91%  | 18.99%  | <b>45.85%</b>      |
| 2007             | 3.14%  | 1.46%  | 4.67%  | 0.74%  | 1.39%  | -2.24% | 0.87%  | -2.20% | -0.31%  | 1.83%  | -2.15% | -1.24% | 5.85%   | <b>54.38%</b>      |
| 2008             | -2.08% | -0.01% | -2.35% | 1.10%  | 1.13%  | -2.33% | -1.39% | 0.21%  | -10.93% | -0.44% | -2.86% | 0.18%  | -18.58% | <b>25.69%</b>      |
| 2009             | 1.92%  | -0.28% | 0.90%  | 4.88%  | 4.10%  | 0.73%  | 1.99%  | 3.21%  | 3.48%   | 1.13%  | 0.22%  | 0.48%  | 25.13%  | <b>57.27%</b>      |
| <b>BG Fund</b>   |        |        |        |        |        |        |        |        |         |        |        |        |         |                    |
| 2010             | 1.26%  | 0.37%  | 1.60%  | 0.74%  | -1.49% | 0.74%  | 2.01%  | -0.34% | 0.62%   | 2.02%  | -0.14% | 1.85%  | 9.56%   | <b>72.31%</b>      |
| 2011             | 0.65%  | 0.38%  | 1.94%  | -0.09% | -0.07% | -1.27% | -0.95% | -0.24% | -2.86%  | 2.47%  | -4.50% | -0.49% | -5.08%  | <b>63.56%</b>      |
| 2012             | 4.01%  | 2.12%  | -0.28% | 0.47%  | -0.71% | -0.26% | 0.10%  | 1.03%  | -0.01%  | 0.84%  | 0.43%  | 0.17%  | 8.12%   | <b>76.84%</b>      |
| 2013             | 0.80%  | 0.65%  | -0.71% | 0.25%  | 1.19%  | 0.71%  | 0.99%  | 0.48%  | 1.11%   | 1.22%  | 1.97%  | 2.14%  | 11.31%  | <b>96.85%</b>      |
| 2014             | 2.47%  | 0.05%  | -1.01% | 0.61%  | 1.21%  | -1.06% | 0.20%  | 0.86%  | -0.71%  | -0.36% | 1.75%  | 0.27%  | 4.29%   | <b>105.30%</b>     |
| 2015             | 2.22%  | 0.85%  | -0.21% | 0.93%  | 1.79%  | -1.73% | 2.58%  | 0.78%  | -1.01%  | 0.47%  | 2.59%  | 0.96%  | 10.60%  | <b>127.06%</b>     |
| 2016             | 0.00%  | 1.98%  | 1.21%  | 0.79%  | 1.62%  | -0.65% | 1.07%  | 0.43%  | 0.03%   | -0.92% | -0.03% | 1.21%  | 6.91%   | <b>142.74%</b>     |
| 2017             | 0.51%  | 1.53%  | 0.26%  | 3.75%  | 1.24%  | -0.06% | 0.19%  | -0.10% | -0.47%  | -0.11% | -1.08% | 0.22%  | 5.97%   | <b>157.24%</b>     |
| 2018             | 0.67%  | 1.24%  | -0.55% | -0.53% | 0.04%  | -0.22% | -2.66% | 0.18%  | 0.46%   | -2.14% | -1.27% | -0.78% | -5.49%  | <b>143.11%</b>     |
| 2019             | -0.36% | -0.52% | 0.96%  | -0.69% | 0.68%* |        |        |        |         |        |        |        | 0.06%*  | <b>143.25%*</b>    |

## GBP A Share Class

| Year           | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | YTD    | ITD           |
|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| <b>BG Fund</b> |        |        |        |        |        |        |        |        |        |        |        |        |        |               |
| 2016           | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | 0.03%  | 1.26%  | 1.29%  | <b>1.29%</b>  |
| 2017           | 0.57%  | 1.57%  | 0.32%  | 3.74%  | 1.37%  | 0.01%  | 0.26%  | -0.01% | -0.46% | -0.06% | -1.02% | 0.29%  | 6.68%  | <b>8.05%</b>  |
| 2018           | 0.72%  | 1.32%  | -0.46% | -0.46% | 0.10%  | -0.16% | -2.51% | 0.29%  | 0.56%  | -2.03% | -1.14% | -0.69% | -4.44% | <b>3.25%</b>  |
| 2019           | -0.24% | -0.41% | 1.06%  | -0.58% | 0.79%* |        |        |        |        |        |        |        | 0.61%* | <b>3.88%*</b> |

\* Estimated figures

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

## General Stress Tests

|    | Scenario                      | Description  | Impact<br>% of NAV |
|----|-------------------------------|--|--------------------|
| 1  | Delta - spot up               | Spot : 10% ; Credit : 0% ; Vol : 0% ; Rates : 0%       | 1.51%              |
| 2  | Delta - spot down             | Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0%      | -0.48%             |
| 3  | Vega - vol up                 | Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0%       | 0.07%              |
| 4  | Vega - vol down               | Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0%      | -0.08%             |
| 5  | Credit spread widen           | Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0%       | -0.30%             |
| 6  | Credit spread tighten         | Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0%      | 0.33%              |
| 7  | Market crash 0.5              | Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0%     | -0.54%             |
| 8  | Market crash 1                | Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0%    | -0.96%             |
| 9  | Market crash 2                | Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0%    | -1.47%             |
| 10 | Market crash 3                | Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0%   | -1.89%             |
| 11 | Market crash, rates down 1    | Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -50%  | -0.88%             |
| 12 | Market crash, rates down 2    | Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -50%  | -1.44%             |
| 13 | Market crash, rates down 3    | Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -50% | -1.90%             |
| 14 | Market crash, rates up 1      | Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 50%   | -1.11%             |
| 15 | Market crash, rates up 2      | Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 50%   | -1.55%             |
| 16 | Market crash, rates up 3      | Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 50%  | <b>-2.11%</b>      |
| 17 | Equity Credit decorrelation 1 | Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0%       | 0.21%              |
| 18 | Equity Credit decorrelation 2 | Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0%      | 0.29%              |
| 19 | Equity Credit decorrelation 3 | Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0%     | 0.12%              |
| 20 | Equity Credit decorrelation 4 | Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0%    | 0.07%              |
| 21 | Equity Credit decorrelation 5 | Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0%   | -0.04%             |
| 22 | Equity Credit decorrelation 6 | Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0%      | -0.23%             |
| 23 | Equity Credit decorrelation 7 | Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0%     | -0.38%             |
| 24 | Market rally 1                | Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0%    | 0.76%              |
| 25 | Market rally 2                | Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0%      | 0.84%              |
| 26 | Market rally 3                | Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0%     | 0.92%              |
| 27 | Market rally 4                | Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0%   | 1.77%              |
| 28 | Market rally 5                | Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0%     | 1.84%              |
| 29 | Market rally 6                | Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0%    | 1.90%              |
| 30 | Market rally, Inflation 1     | Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 50%   | 0.41%              |
| 31 | Market rally, Inflation 2     | Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 50%     | 0.55%              |
| 32 | Market rally, Inflation 3     | Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 50%    | 0.69%              |
| 33 | Market rally, Inflation 4     | Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 50%  | 1.43%              |
| 34 | Market rally, Inflation 5     | Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 50%    | 1.19%              |
| 35 | Market rally, Inflation 6     | Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 50%   | 1.31%              |
| 36 | Market rally, Inflation 7     | Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 100%  | 0.04%              |
| 37 | Market rally, Inflation 8     | Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 100%    | 0.18%              |
| 38 | Market rally, Inflation 9     | Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 100%   | -0.30%             |
| 39 | Market rally, Inflation 10    | Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 100% | 0.51%              |
| 40 | Market rally, Inflation 11    | Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 100%   | 0.59%              |
| 41 | Market rally, Inflation 12    | Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 100%  | 0.70%              |
|    | <b>Worst</b>                  |  | <b>-2.11%</b>      |

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

## Hedge Funds Liquidation Stress Tests

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

- Small, Mid and Large caps adjustment

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

|                         | -5%  | -10% | -20% | -30% |
|-------------------------|------|------|------|------|
| <b>Small (&lt;1bn)</b>  | 2.00 | 1.75 | 1.50 | 1.30 |
| <b>Mid (1bn-5bn)</b>    | 1.50 | 1.50 | 1.25 | 1.20 |
| <b>Large (5bn-20bn)</b> | 1.20 | 1.15 | 1.10 | 1.05 |
| <b>Mega (&gt;20bn)</b>  | 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<br>% of NAV |
|----|-------------------------------|--|--------------------|
| 1  | Delta - spot up               | Spot : 10% ; Credit : 0% ; Vol : 0% ; Rates : 0%       | 1.92%              |
| 2  | Delta - spot down             | Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0%      | -4.06%             |
| 3  | Vega - vol up                 | Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0%       | 0.07%              |
| 4  | Vega - vol down               | Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0%      | -0.08%             |
| 5  | Credit spread widen           | Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0%       | -0.30%             |
| 6  | Credit spread tighten         | Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0%      | 0.33%              |
| 7  | Market crash 0.5              | Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0%     | -2.46%             |
| 8  | Market crash 1                | Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0%    | -4.80%             |
| 9  | Market crash 2                | Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0%    | -10.25%            |
| 10 | Market crash 3                | Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0%   | -13.41%            |
| 11 | Market crash, rates down 1    | Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -50%  | -4.72%             |
| 12 | Market crash, rates down 2    | Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -50%  | -10.22%            |
| 13 | Market crash, rates down 3    | Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -50% | -13.42%            |
| 14 | Market crash, rates up 1      | Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 50%   | -4.94%             |
| 15 | Market crash, rates up 2      | Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 50%   | -10.33%            |
| 16 | Market crash, rates up 3      | Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 50%  | <b>-13.62%</b>     |
| 17 | Equity Credit decorrelation 1 | Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0%       | 0.42%              |
| 18 | Equity Credit decorrelation 2 | Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0%      | 0.50%              |
| 19 | Equity Credit decorrelation 3 | Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0%     | 0.34%              |
| 20 | Equity Credit decorrelation 4 | Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0%    | -1.85%             |
| 21 | Equity Credit decorrelation 5 | Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0%   | -1.95%             |
| 22 | Equity Credit decorrelation 6 | Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0%      | -0.23%             |
| 23 | Equity Credit decorrelation 7 | Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0%     | -0.38%             |
| 24 | Market rally 1                | Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0%    | 0.97%              |
| 25 | Market rally 2                | Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0%      | 1.05%              |
| 26 | Market rally 3                | Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0%     | 1.13%              |
| 27 | Market rally 4                | Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0%   | 2.18%              |
| 28 | Market rally 5                | Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0%     | 2.24%              |
| 29 | Market rally 6                | Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0%    | 2.31%              |
| 30 | Market rally, Inflation 1     | Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 50%   | 0.63%              |
| 31 | Market rally, Inflation 2     | Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 50%     | 0.76%              |
| 32 | Market rally, Inflation 3     | Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 50%    | 0.90%              |
| 33 | Market rally, Inflation 4     | Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 50%  | 1.84%              |
| 34 | Market rally, Inflation 5     | Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 50%    | 1.60%              |
| 35 | Market rally, Inflation 6     | Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 50%   | 1.72%              |
| 36 | Market rally, Inflation 7     | Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 100%  | 0.26%              |
| 37 | Market rally, Inflation 8     | Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 100%    | 0.39%              |
| 38 | Market rally, Inflation 9     | Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 100%   | -0.08%             |
| 39 | Market rally, Inflation 10    | Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 100% | 0.93%              |
| 40 | Market rally, Inflation 11    | Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 100%   | 1.01%              |
| 41 | Market rally, Inflation 12    | Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 100%  | 1.11%              |
|    | <b>Worst</b>                  |  | <b>-13.62%</b>     |

**Annex 7: IFRS 13 Classification as of 30 April 2019**

|                                   | <b>% of NAV</b> | <b>Number of positions</b> |
|-----------------------------------|-----------------|----------------------------|
| <b>Assets</b>                     |                 |                            |
| Level 1                           | 38.6%           | 160                        |
| Level 2                           | 73.8%           | 3243                       |
| Level 3                           | 4.9%            | 66                         |
| Cash & cash equivalents           | 63.0%           | 8                          |
| <b>Total Assets</b>               | <b>180.4%</b>   | <b>3477</b>                |
| <b>Liabilities</b>                |                 |                            |
| Level 1                           | -77.2%          | 120                        |
| Level 2                           | -3.2%           | 158                        |
| <b>Total Liabilities</b>          | <b>-80.4%</b>   | <b>278</b>                 |
| <b>Total Assets + Liabilities</b> | <b>100.0%</b>   | <b>3755</b>                |

|  | <b>% of NAV</b> |
|--|-----------------|
| • Encumbered cash and cash equivalents     |                 |
| - Cash - Derivatives Clearing Organisation | 6.3%            |
| - Cash - Counterparties                    | 3.6%            |
| - Money market fund                        | 2.0%            |
| - Cash covering a short market value       | 25.0%           |
| • Unencumbered cash and cash equivalents   |                 |
| - Cash covering a short market value       | 26.2%           |
| - Short-term papers < 90 days              | 0.0%            |
| - Excess cash                              | 0.0%            |
| <b>Total Cash and cash equivalents</b>     | <b>63.0%</b>    |

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%          | 112%          |
| Gross method      | 200%          | 112%          |

## Disclaimer

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

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

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

You should always bear in mind that:

- all investment is subject to risk;
- results in the past are no guarantee of future results;
- the investment performance of BGHL may go down as well as up. You may not get back all of your original investment; and
- if you are in any doubt about the contents of this communication or if you consider making an investment decision, you are advised to seek expert financial advice.

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

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